

Department of Planning and Budget 2001 Fiscal Impact Statement

1. **Bill Number** HB 2448

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron** Clement

3. **Committee** General Laws

4. **Title** Line of Duty Act; definition of disabled employee.

5. **Summary/Purpose:** The bill would amend the definition of "disabled employee" under the Line of Duty Act to include any person who, as the direct or proximate result of the performance of his duty in any qualified position, has become mentally or physically incapacitated, on or after April 8, 1972, so as to prevent the further performance of duty where such incapacity is likely to be permanent.
6. **Fiscal Impact:** This bill could have a significant fiscal impact. Under current law, any eligible employee disabled on or after July 1, 2000, is entitled to receive health insurance coverage fully paid for by the Commonwealth. The bill would extend this benefit to all eligible employees disabled on or after April 8, 1972. The Code of Virginia also requires that any such payments for health insurance coverage be retroactive to the first date that the disability existed.

The legislation would thus create a potential liability with respect to claims for retroactive payments to reimburse eligible disabled employees for health insurance premiums paid prior to FY 2002. The Department of Planning and Budget (DPB) and the Department of Accounts (DOA) estimate that the state's total potential liability for these retroactive payments is approximately \$110 million. DPB and DOA further estimate that the state's potential liability with respect to future health insurance coverage (beginning in FY 2002) for eligible employees disabled on or after April 8, 1972, and before July 1, 2000, is about \$16 million in FY 2002 and about \$17 million in FY 2003. It should be noted, however, that these estimates are of maximum *potential* liability; the actual payments would depend on the number of claimants requesting reimbursement for past health insurance premiums paid and future health insurance coverage.

In addition, there could be additional costs to the Department of State Police associated with the need to conduct additional investigations, and DOA estimates that it could need additional staff to prepare the monthly premium payments for such eligible disabled employees. However, DPB cannot estimate the amount of any such additional costs because they would depend on the number of eligible disabled employees filing claims.

7. **Budget amendment necessary:** Yes.

8. Fiscal implications: The potential fiscal impact associated with this legislation is dependent upon a number of assumptions. To the extent that these assumptions are modified, the potential fiscal impact could be either greater or less. DPB and DOA used the following assumptions in developing these estimates:
- All qualified public safety officers disabled on or after April 8, 1972, would be eligible for reimbursement of any and all costs for health insurance coverage beginning on the date of their disability. However, for purposes of this estimate, only costs associated with eligible employees disabled on or after April 8, 1972, and before July 1, 2000, are attributed to this legislation. All qualified public safety officers disabled on or after July 1, 2000, are eligible for health insurance benefits under current law.
 - There are 80 disability retirements of public safety officers each year.
 - In determining the health insurance premium amounts, the full cost (employee and employer share) for family coverage under Key Advantage was used. The premium payment was deflated at a rate of 10 percent per year to determine retroactive costs, and inflated by 10 percent per year to determine future costs.
 - The estimates assume that the health insurance coverage would continue for an average of 25 years for each eligible disabled employee. It is further assumed that there are no surviving disabled public safety officers or eligible beneficiaries from years prior to FY 1977.
 - No adjustments have been made with respect to Medicare because it is unclear what the state's responsibilities and liabilities are under the Line of Duty Act when disabled public safety officers or their beneficiaries qualify for Medicare.
9. Specific agency or political subdivisions affected: Department of Accounts, Department of State Police.
10. Technical amendment necessary: No.
11. Other comments: This bill is identical to SB 812 as introduced.

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cc: Secretary of Finance
Secretary of Public Safety