

Virginia Retirement System 2004 Fiscal Impact Statement

1. **Bill Number** HB247

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. **Patron** Petersen

3. **Committee** Appropriations

4. **Title** Virginia Sickness and Disability Program; appeal of disability benefit

5. **Summary/Purpose:**

EFIS could not open the page for this bill on the LIS system.

6. No Fiscal Impact

7. **Budget amendment necessary:** No

8. **Fiscal implications:** Because of the few number of appeal under this program, the cost to implement this Bill is not actuarially significant.

9. **Specific agency or political subdivisions affected:** VRS

10. **Technical amendment necessary:** No

11. **Other comments:** When the General Assembly adopted the VSDP for state employees in 1999, it approved a new concept for state government disability benefits fashioned after a private sector model for short and long term disability benefits. The enabling legislation allowed the Board of Trustees to delegate its role as the decision maker to a TPA that would ultimately render a final case decision on each case. In the benefit design, the Virginia Retirement System's (VRS') benefit consultant suggested that an appeal process modeled after the appeals under the federal Employee Retirement Income Security Act (ERISA) would be more appropriate for the VSDP, given that the primary decision maker was a TPA. In agreeing with this design, the legislature provided for the establishment of an alternative appeal procedure for this program rather than the Administrative Process Act appeal procedure. Because the only appeal procedure in existence at that time for rendering a final case decision was the Administrative Process Act (APA), it was understood that the VSDP appeal process adopted by the Board was the alternative to the APA. The VSDP appeal process provides for an extensive review of the medical records of the claimant, the ability of the claimant and/or their treating medical professional to furnish new medical information for review during the appeal process, the possibility for an independent medical examination and an opportunity for two additional administrative reviews, although not face to face, before the Judicial review. In the five years that VSDP has been in existence, approximately 28,000 claims have been processed. Of those, there have been less than 50 appeals and only three cases have progressed to the Judicial review. Two of those are still under

consideration and the third was resolved in favor of the claimant. HB247 would restore the process under the APA for which the legislature gave VRS the ability to develop and adopt an alternative.

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