

Line of Duty Act Update

Impact of the 2017 Changes to the Act



VACORP

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**Chris Carey, Administrator
Stephanie Heintzleman, Member Services Director
Kathleen Guzi, Public Entity Specialist**

LODA Update - Agenda

- Review of Changes effective 7/1/17
- JLARC Study
- Workers' Comp Statistics
- Impact on Localities
- Recommended Solutions
 - Paid LODA Staff
 - LODA Volunteers
- Conclusions
- Questions



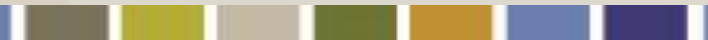
LODA Benefits

Line of Duty Death

- One time death benefit
- Continued health insurance for family

Line of Duty Injury (cannot return to covered position)

- Continued health insurance for claimant and family



Changes Effective July 1, 2017

- Claims Reported by Locality or Regional Jail
- Claims Administration by VRS
- Determinations by VRS
 - Fee more than doubled from \$1,575 to \$3,750
- Provision to Dispute Claims
- Recertify at 2 years, then 5 years:
 - Check if able to return to Covered Position
 - Means (salary) testing
 - Marriage status

Health Insurance Changes Effective July 1, 2017

- All LODA claimants/families on same health insurance plan
 - Children remain on plan until 26
- Significant increase in health insurance costs:
 - Current LODA employee/Former LODA Employee
 - Single \$958 / \$991
 - 2 person \$1,635 / \$1,667
 - Family \$2,318 / \$2,350
 - Medicare Primary \$371
- Loss of coverage when Medicare eligible
 - Claims before 7/1/2017 not affected
- Suspend eligibility when income greater than pre-disability
 - Claims before 7/1/2017 not affected
- Loss of coverage for Spouse if remarry after July 1, 2017

Locality/Regional Jail Responsibilities

- Purchase LODA coverage for all paid and volunteer public safety/emergency responders (§9.1-400 et seq. and state budget language)
- Pay for expenses associated with line of duty death and injuries to volunteer firefighters (§27-41 et seq.)
- Manage and record rosters of all volunteer firefighters with Circuit Court Clerk (§27-42)

JLARC Study

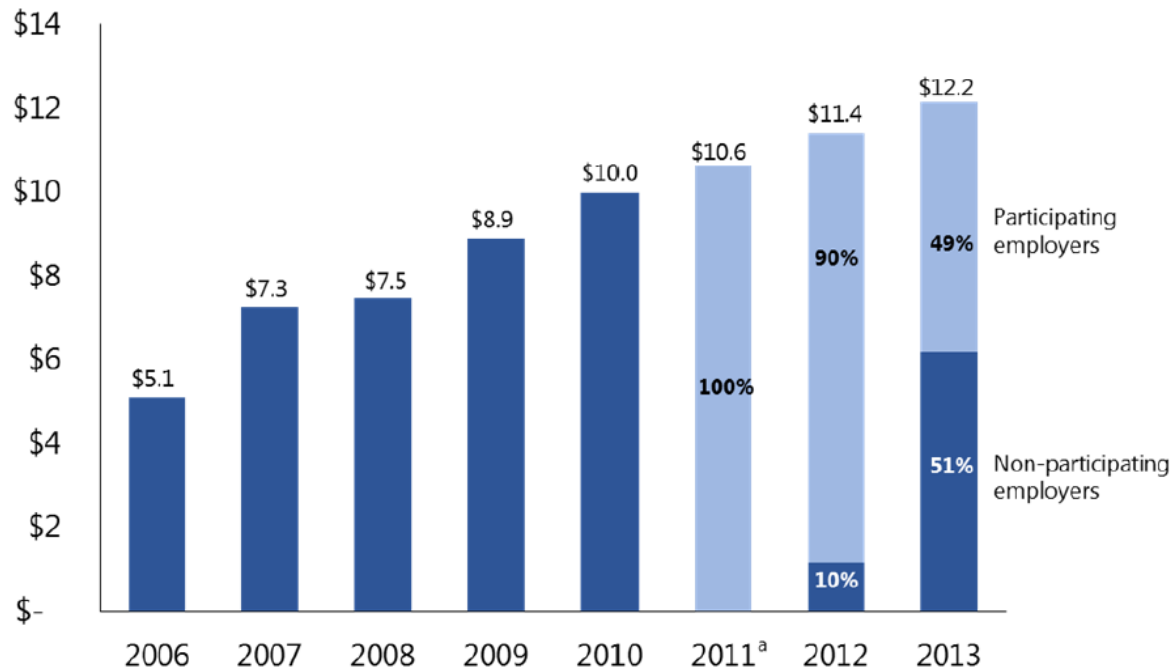
- Brief review of JLARC Study
- Growth of Claims costs and Number of LODA Participants
- Projected Growth of LODA costs for Localities and jail

“Costs are expected to more than double over next decade”

~JLARC Report

Number of beneficiaries and costs have grown since FY 2006 (by fiscal year)

Program costs (\$M)



Number of beneficiaries	2006	2007	2008	2009	2010	2011 ^a	2012	2013
	430	520	614	682	752	821	883	952

SOURCE: JLARC staff analysis of data provided by DOA, DPB, and non-participating localities.

NOTE: All figures inflation adjusted to 2013 dollars.

^a All benefits were paid with general funds prior to FY 2011 when the LODA Fund was created. Localities opted out at the end of FY 2011 and FY 2012.

Covered Occupations have Broadened

Original covered occupations are the majority of the LODA population

Year added	Covered occupation	Individuals covered as of FY 2013
1972	Law-enforcement officers	62,974
	Members of recognized fire companies and rescue squads	
1974	Virginia National Guard	7,595
1976	Correctional officers	7,622
	ABC special agents	
1977	Game wardens	167
1986	Commissioned forest wardens	137
1995	Virginia Marine Resources Commission employees with power to arrest	64
	Department of Conservation and Recreation conservation officers	98
	Regional jail officers and jail farm superintendents	3,133
1996	Department of Emergency Services hazardous materials officers	11
2003	Police chaplains	Unknown
	Local employees performing emergency management duties for declared state of emergency	Unknown
2012	DMV enforcement division sworn employees	68
Total		81,982

SOURCE: JLARC staff analysis of the Code of Virginia and data collected from VRS and non-participating localities.
 NOTE: Virginia National Guard figure includes members of fire companies protecting National Guard facilities added in 2012. Data collected did not distinguish police chaplains or emergency management personnel, but interviews indicate few if any are included in localities' counts of covered employees.

Covered Population

Covered Population

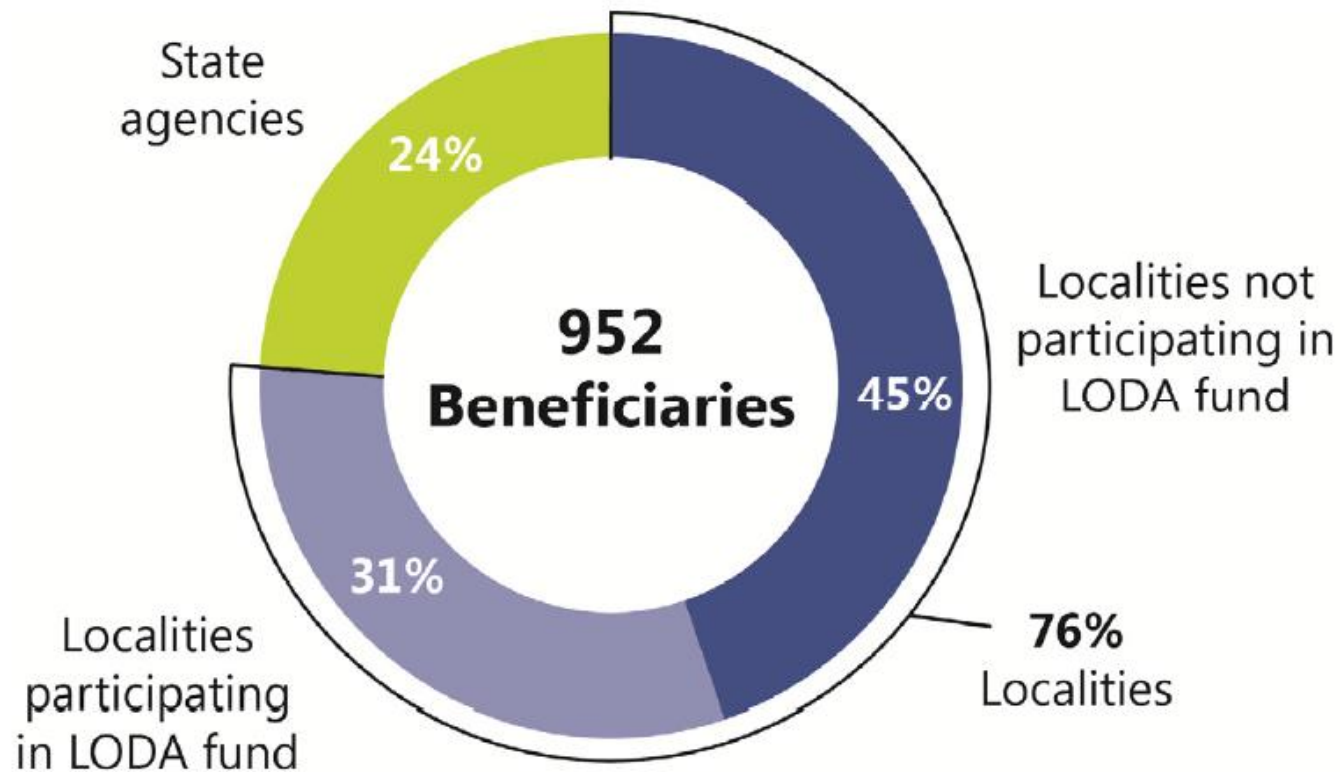
	Participating employers	Non-participating employers			Grand total
	VRS LODA Fund	Group self-insurance	Individual self-insurance	Total non-participating	
State agencies	19,451	--	--	--	19,451
Counties	2,448	26,804	11,565	38,369	40,817
Cities	6,303	2,503	7,264	9,766	16,069
Towns	603	1,667	--	1,667	2,270
Other local agencies	239	3,116	20	3,136	3,375
Total	29,044	34,089	18,849	52,938	81,982

SOURCE: JLARC staff analysis of data provided by DOA, VRS, and non-participating localities.

NOTE: State agencies include institutions of higher education and state correctional centers. Other local agencies include regional jails and airport commissions. Numbers may not add due to rounding.

LODA Claims come from Localities

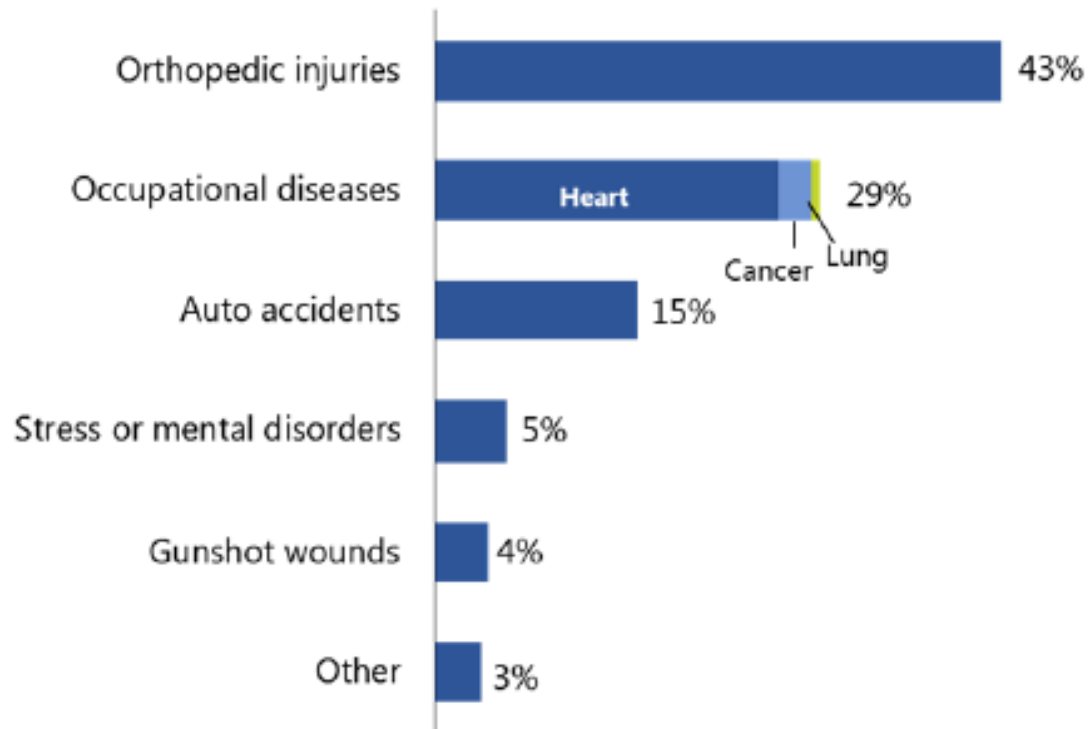
Most LODA beneficiaries are from localities (FY 2013)



SOURCE: JLARC staff analysis of data provided by DOA, VRS, and non-participating localities.

Qualifying Events and Injuries

Orthopedic injuries and occupational diseases are leading causes of deaths and disabilities for LODA beneficiaries (FY 2013)



SOURCE: JLARC staff analysis of data provided by DOA, VRS, and non-participating localities.

NOTE: N=952 deceased or disabled public safety officers. Numbers may not add due to rounding.

Entities with the Most Claims

A few large employers account for a disproportionately high number of LODA beneficiaries (FY 2013)

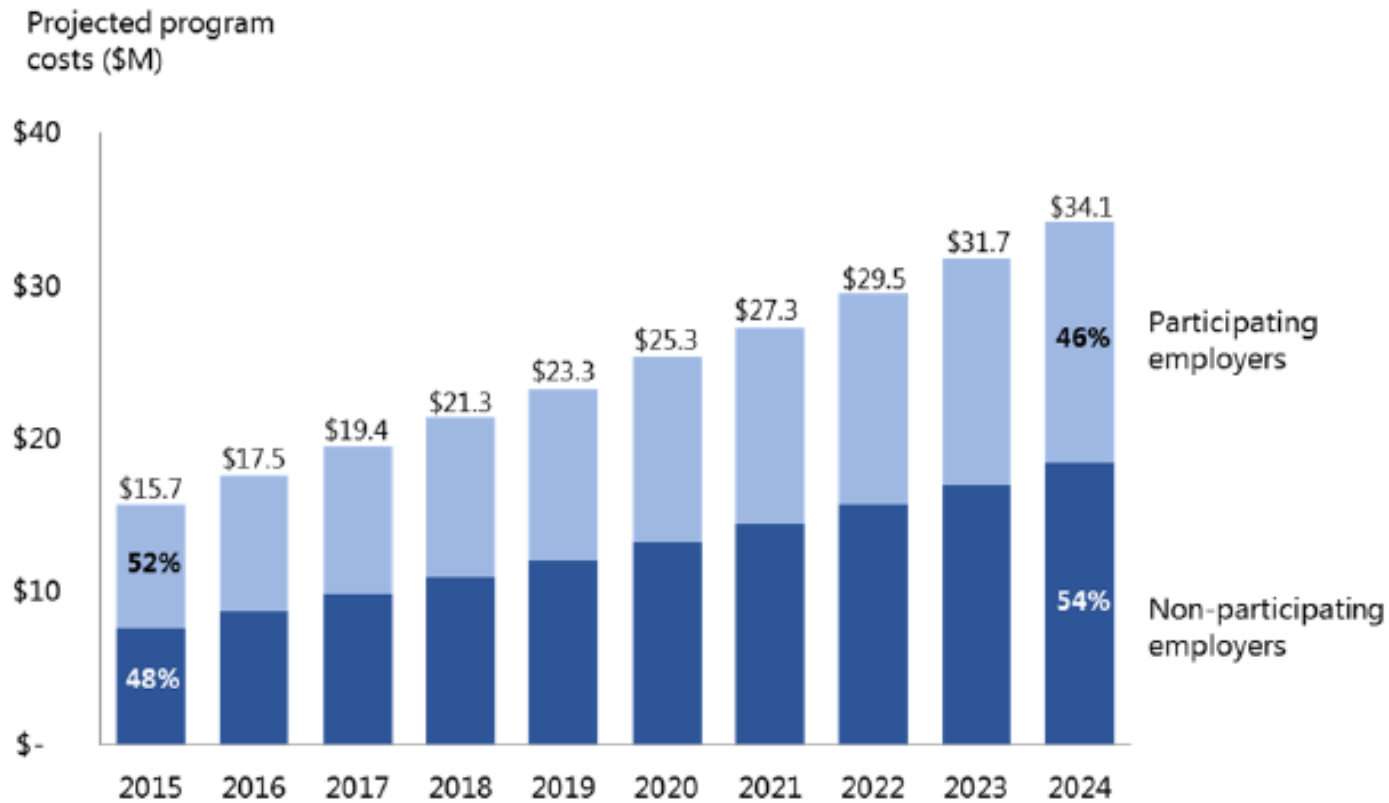
Employer	FY 2013 beneficiaries	FY 2013 covered population
Virginia State Police	195	1,950
City of Virginia Beach	93	1,715
City of Alexandria	58	744
Fairfax County	55	3,681
City of Chesapeake	51	1,112
Arlington County	50	902
City of Norfolk	45	1,791
Henrico County	41	1,612
Prince William County	33	1,801
City of Suffolk	21	702
Subtotal top 10 employers	642 (67%)	16,010 (20%)
Remaining employers (N=103)	310 (33%)	65,972 (80%)
Grand total	952	81,982

SOURCE: JLARC staff analysis of data provided by DOA, VRS, and non-participating localities.

NOTE: Total covered population for remaining employers includes all remaining employers, not just those with active beneficiaries (N=347).

Projected Program Costs

Program costs projected to increase for all LODA employers (by fiscal year)

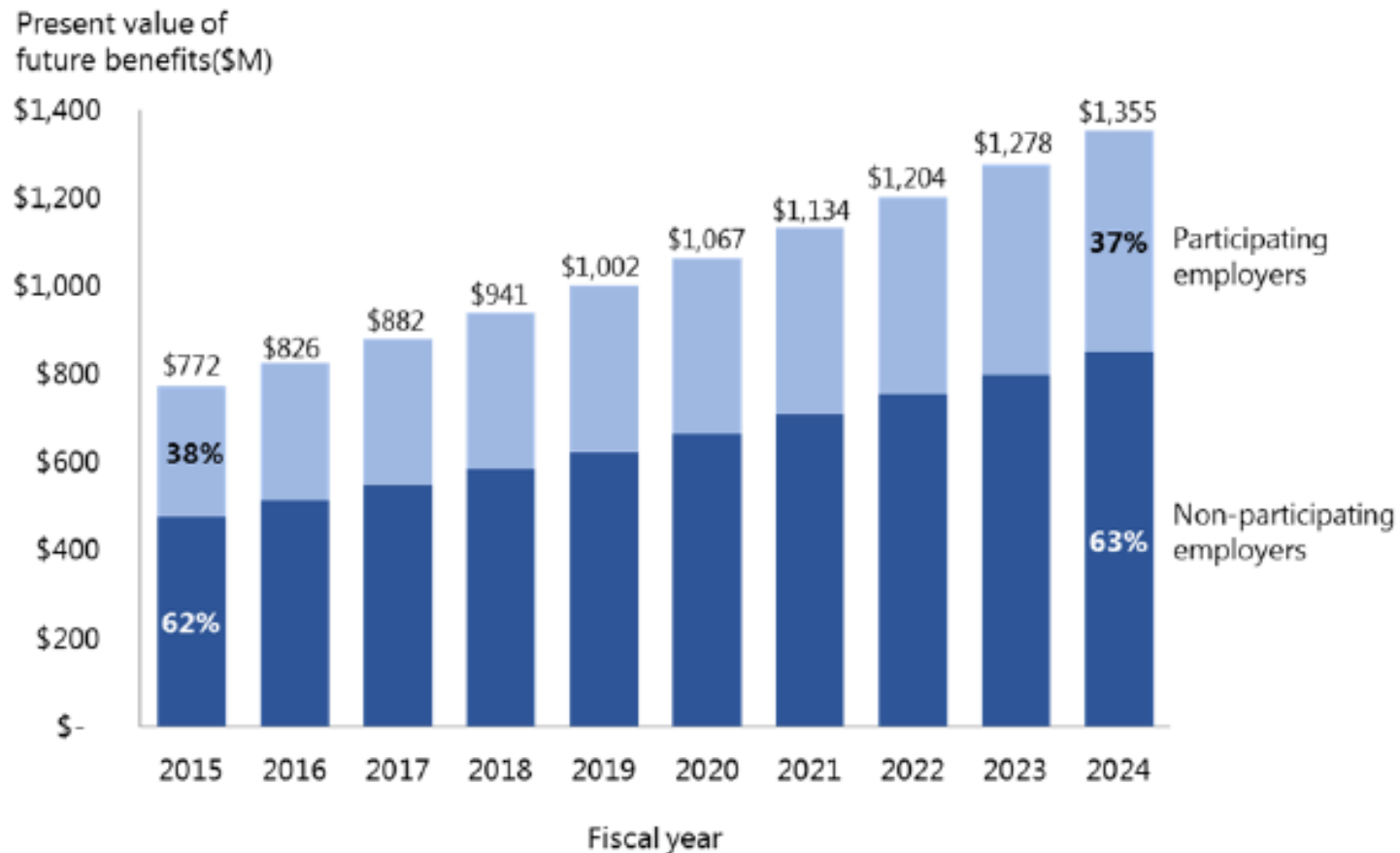


Projected number of beneficiaries	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	1,065	1,110	1,155	1,198	1,238	1,278	1,316	1,352	1,387	1,420

SOURCE: JLARC staff analysis of Cavanaugh Macdonald Consulting actuarial projection.

Projected Growth of Obligations

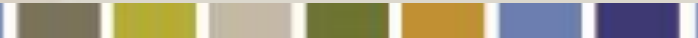
Total cost of future obligations projected to exceed \$1 billion by FY 2019



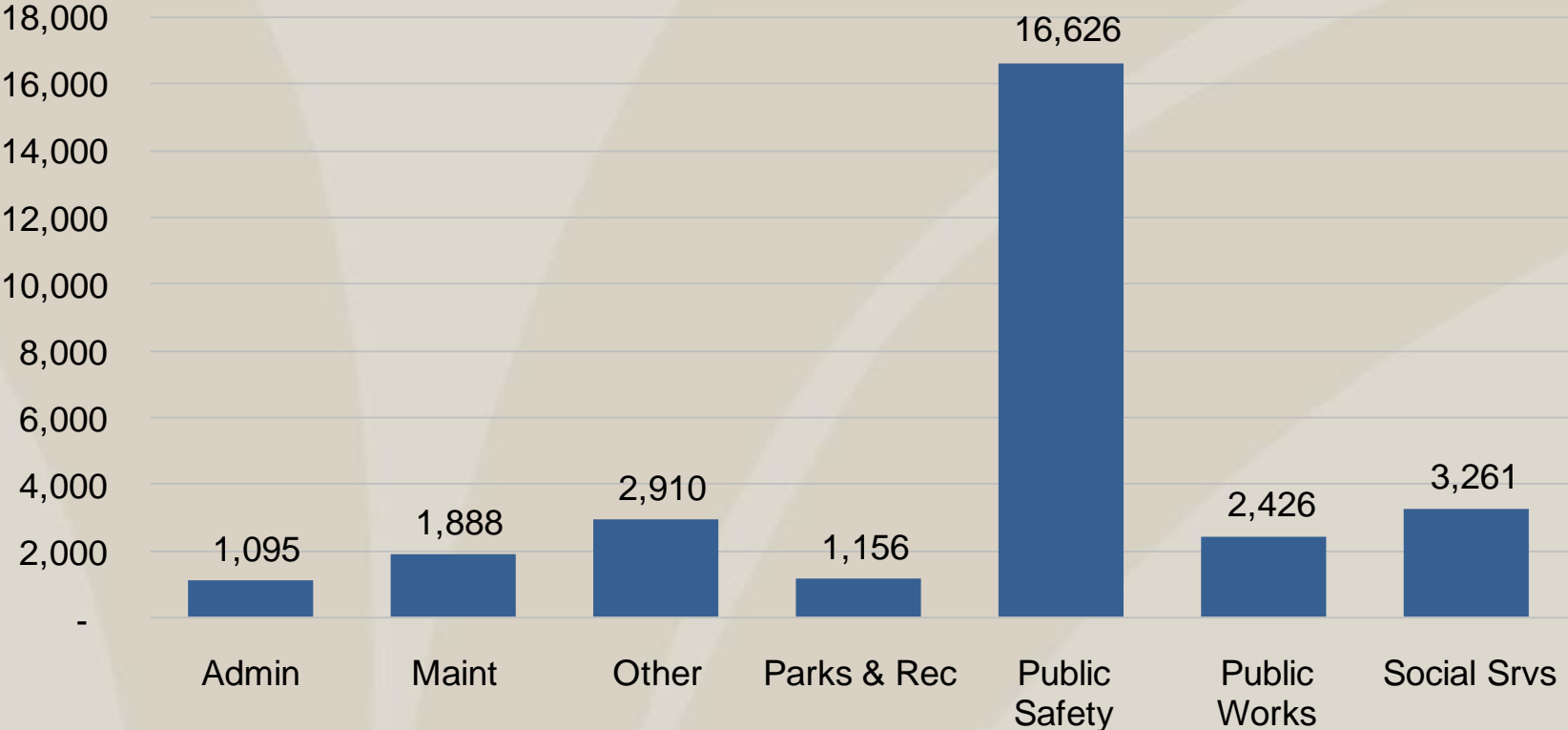
SOURCE: JLARC staff analysis of Cavanaugh Macdonald Consulting actuarial projection.

Workers' Comp Statistics – Public Safety

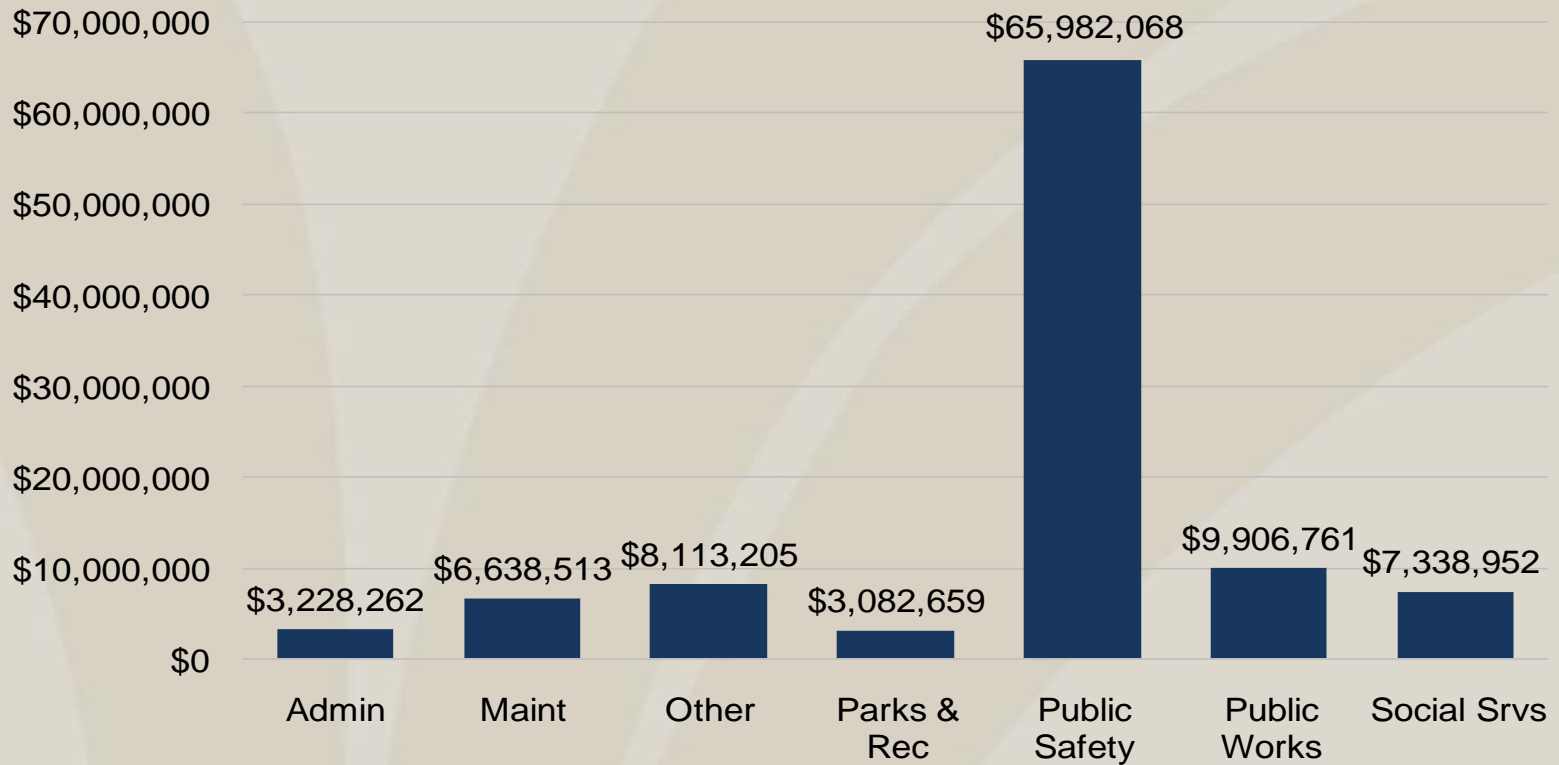
- Information taken from 10 years of data
- Correlates with potential LODA claims
- Potential financial impact on public entities



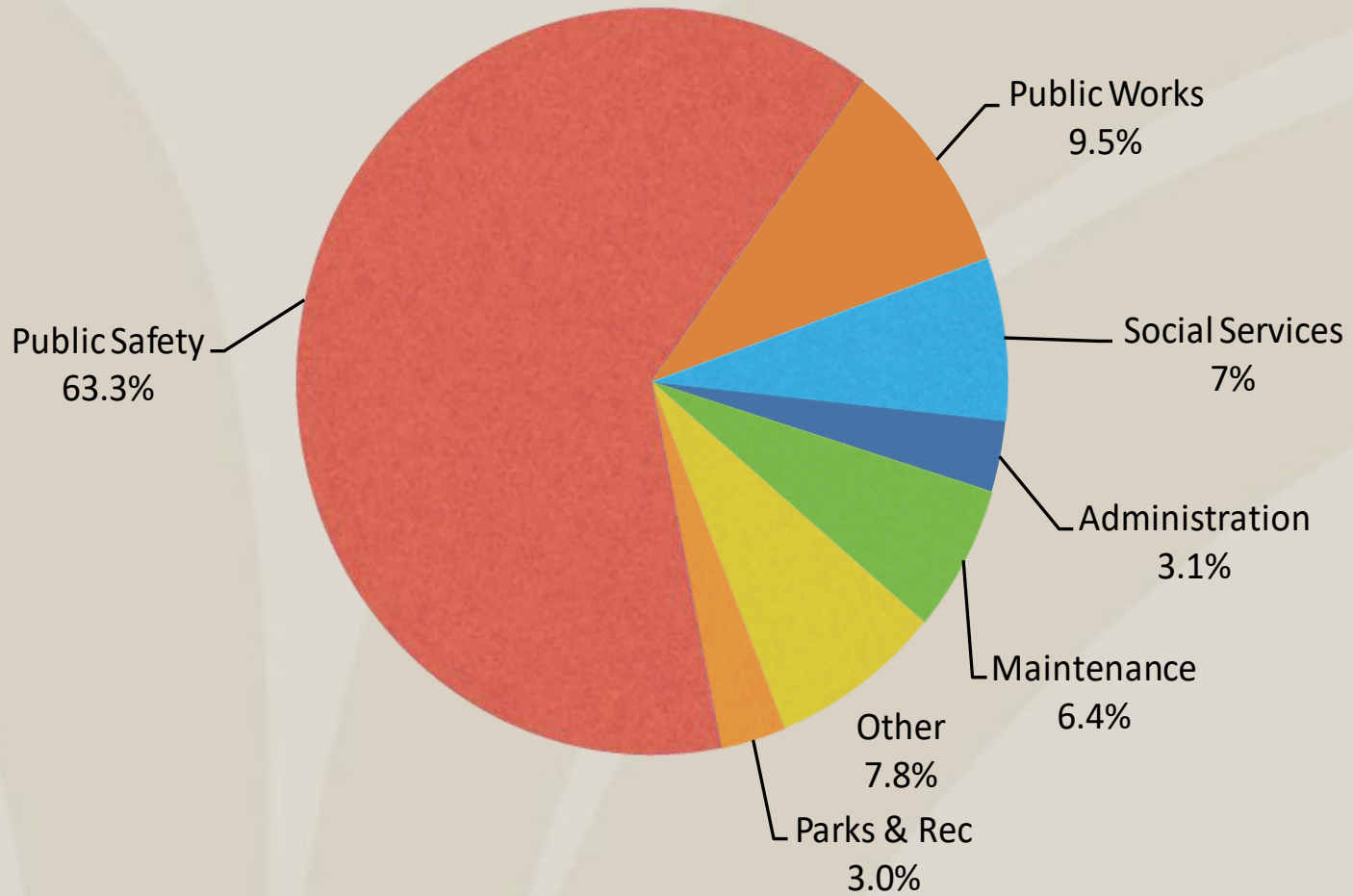
WC Claims Frequency (last 10 years)



WC Claims Severity (cost of claims last 10 years)



WC Claims by Department (last 10 years)



What does this mean for Public Entities?

- You must play an active role in managing these losses, including becoming more involved with volunteer responders
- You must plan ahead to minimize potential injuries and associated costs
- You now have the opportunity to participate during LODA eligibility determination
- Observe recommendations to limit future costs

Recommendations – Career Personnel

- Establish internal policy on reporting LODA claims to VRS
 - Similar to Workers' Compensation
 - Risk Management, Finance, or Human Resources
 - LODA claim has corresponding WC claim
 - coordinate with WC provider
 - request disability to be recertified, if the circumstances warrant
- Adopt procedures for tracking wages (means testing)
- Implement LODA training
 - Upon employment, then every five years
 - Training MUST be documented
 - Online training provided at VALODA.org

Recommendations – Volunteer Personnel

- Become the buyer of WC/Accident & Sickness for volunteers
- Establish eligibility criteria
 - Manage volunteer company rosters, file with the court clerk
 - Consider implementing pre-volunteer medical testing
- Establish internal policy on reporting LODA claims to VRS
 - Similar to Workers' Compensation
 - Risk Management, Finance, or Human Resources
 - LODA claims usually have a corresponding accident or workers' comp claim
 - coordinate with provider
 - request disability to be recertified, if the circumstances warrant
- Adopt procedures for tracking wages (means testing)
- Implement LODA training
 - When they first volunteer then every five years
 - Training MUST be documented
 - Online training provided at VALODA.org

Conclusion

- We have analyzed all aspects of LODA before developing these recommendations.
- LODA carries a massive price tag.
- It warrants active management.
- This includes purchasing WC/accident and sickness coverage for volunteers.
- Appropriately managed, we believe LODA costs will stabilize over time.

Questions?



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1315 Franklin Rd., SW | Roanoke, VA 24016

Phone: (888) 822-6772 | FAX: (877) 212-8599