

**January 29, 2016**



## **Virginia's Line of Duty Act**

**Senate Finance Committee  
General Government/Technology Subcommittee**

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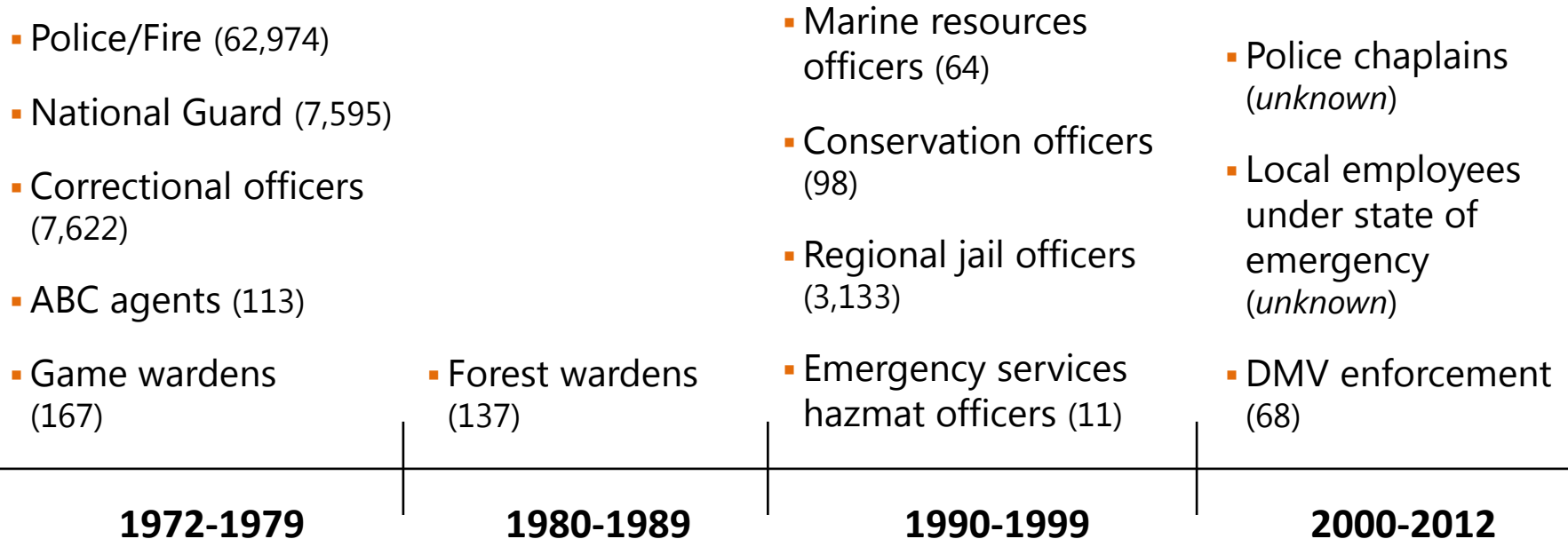
## Line of Duty Act program provides benefits to public safety officers and families

- Offers benefits to the families of those killed or permanently disabled in the line of duty
- Provides lump-sum death benefit and ongoing health insurance benefits
- Covers more than 82,000 state and local public safety officers

NOTE: Covered population as of FY 2013.

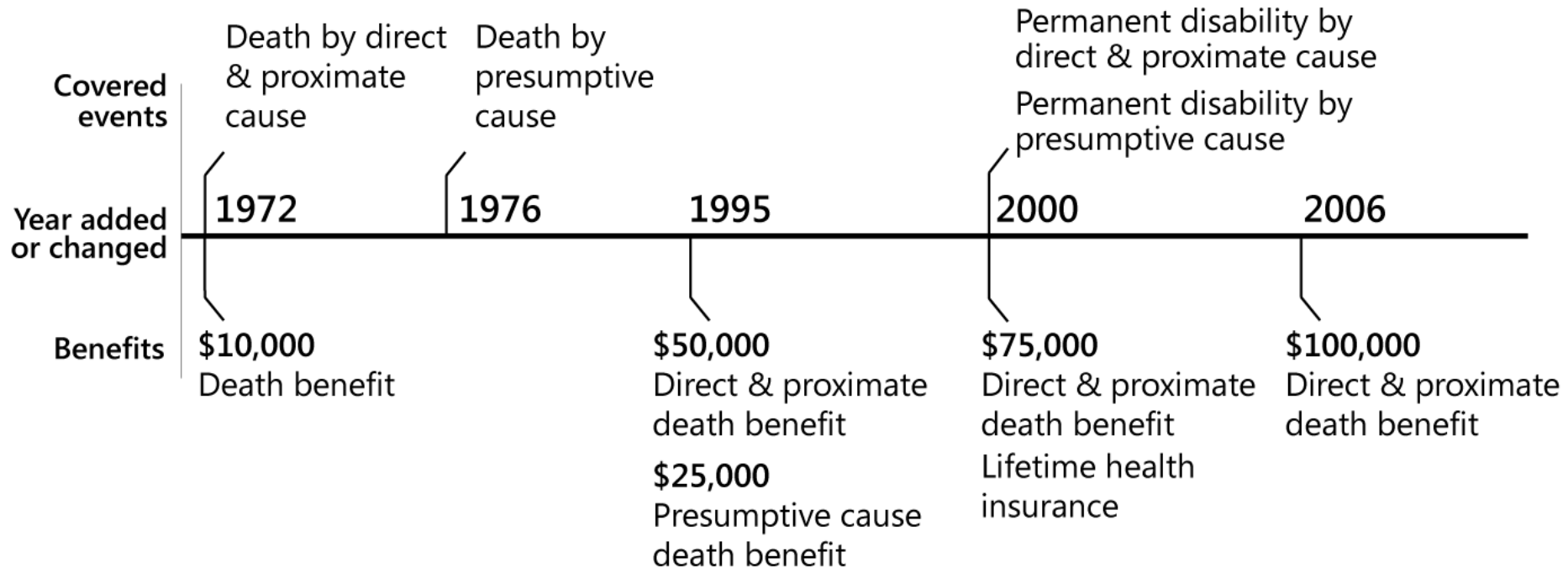
# Covered occupations expanded since inception

## Occupations added (individuals covered - FY 2013)

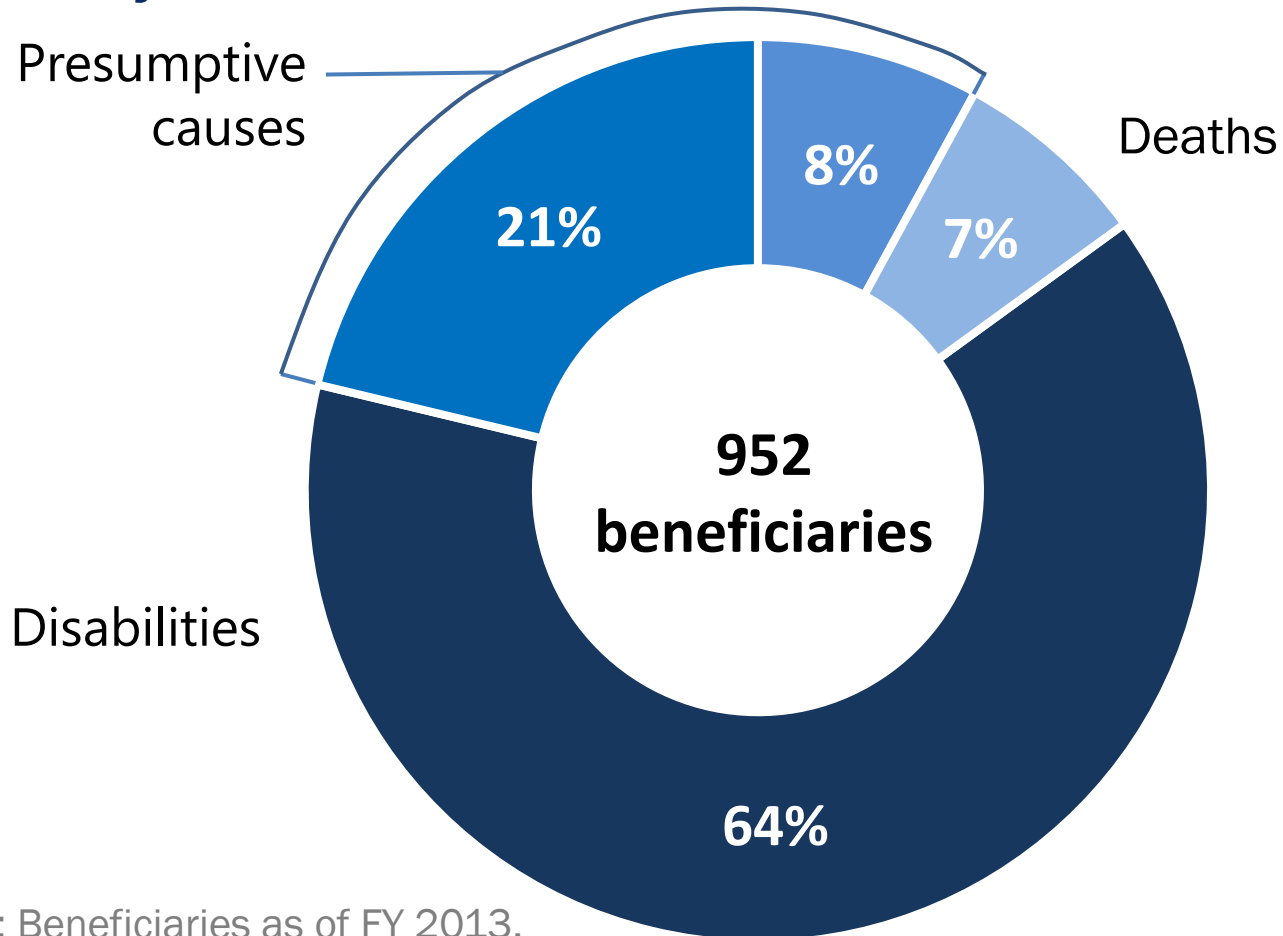


Total individuals covered as of FY 2013 – **81,982**

# Eligibility criteria and benefits expanded since inception



## Most beneficiaries are disabled public safety officers



NOTE: Beneficiaries as of FY 2013.

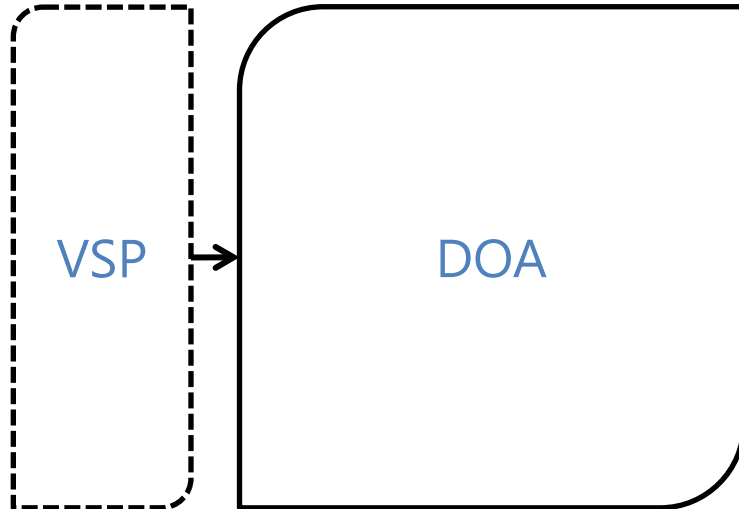
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## Majority of benefit payments are health insurance premiums to local beneficiaries

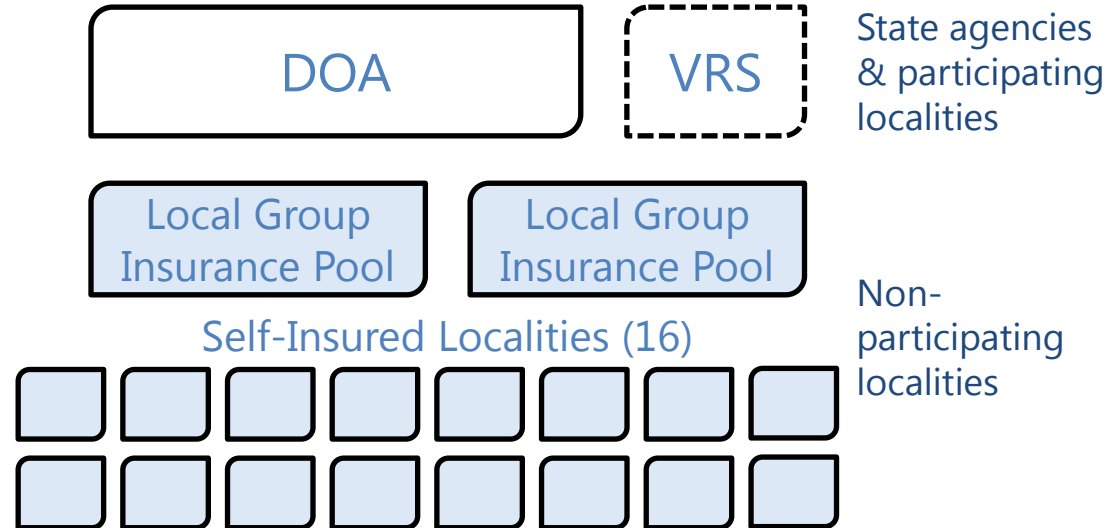
- \$12.2 million in total benefit payments in FY 2013
- Vast majority of benefits (92%) for health insurance premiums
- Most benefits (81%) paid to the families of deceased or disabled local public safety officers

# Program administration involves multiple state and local agencies

## Eligibility Determination



## Ongoing Administration



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## DOA's mission and expertise not related to disability or health insurance programs

- DOA's mission and expertise is to protect the state's financial management infrastructure
- Line of Duty Act is primarily a disability health insurance benefit



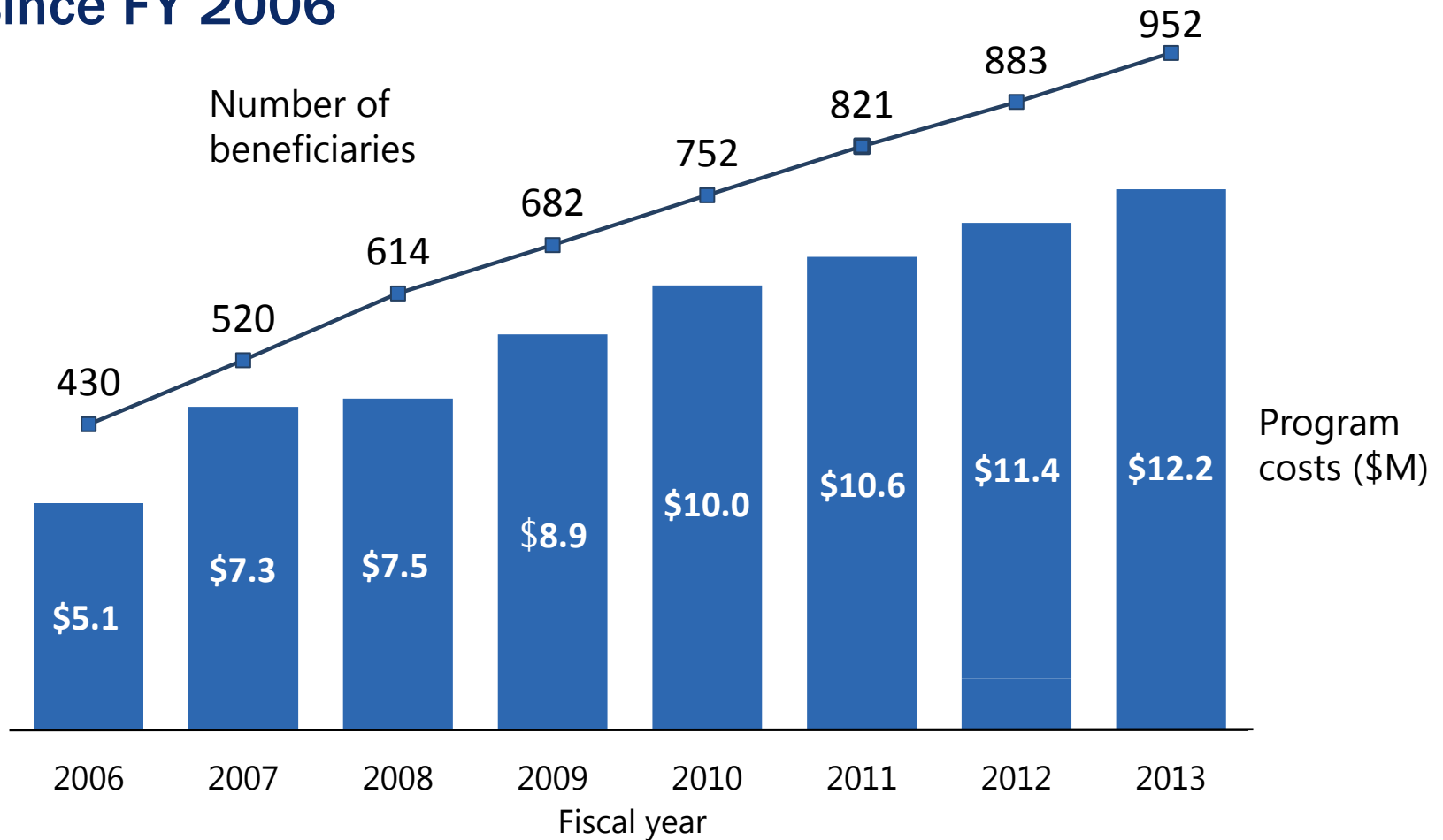
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# Recommendations

The General Assembly may wish to consider:

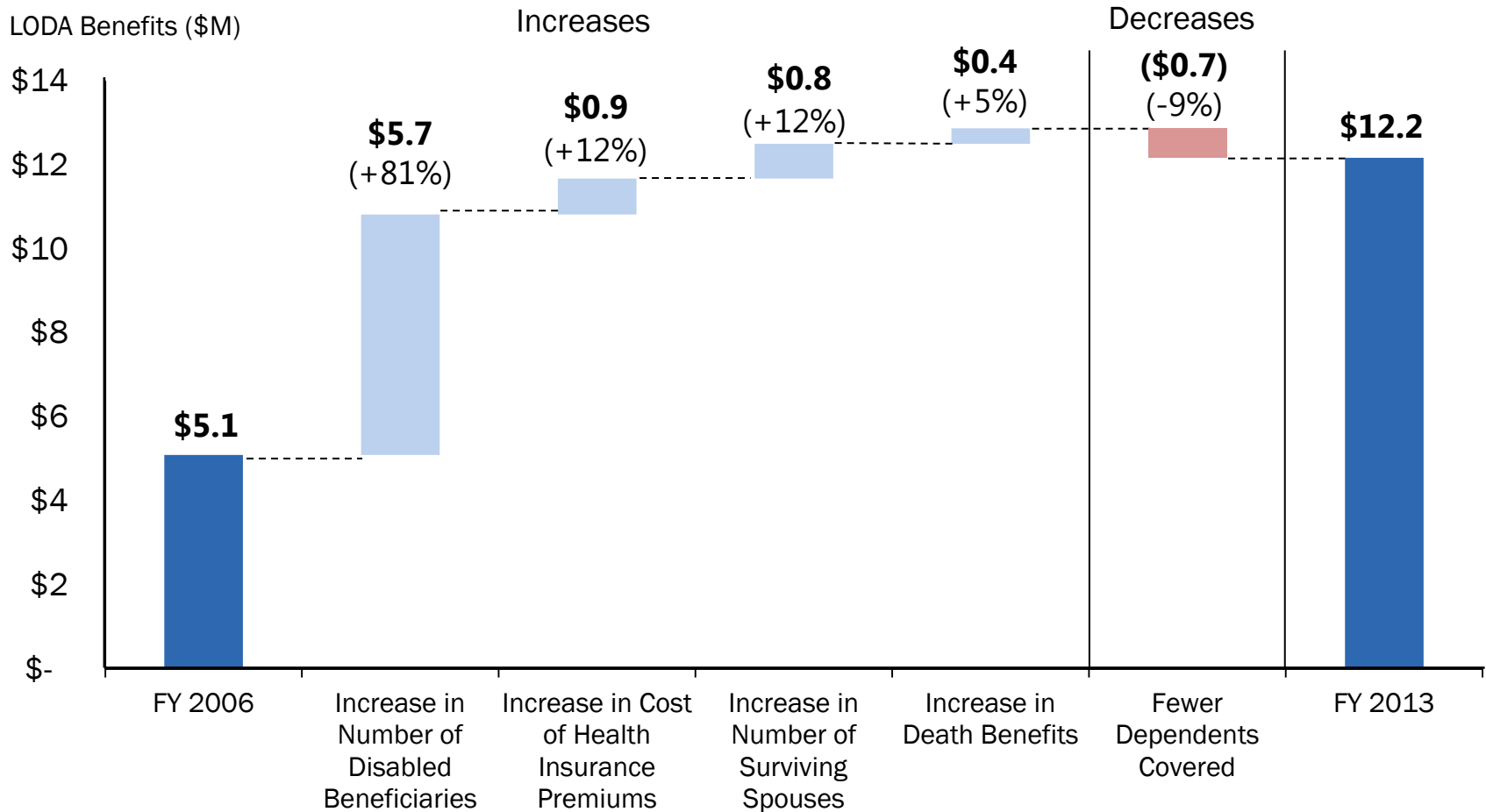
- transferring responsibility for determining eligibility to VRS and
- transferring responsibility for benefits administration to DHRM.

## Number of beneficiaries and costs more than doubled since FY 2006

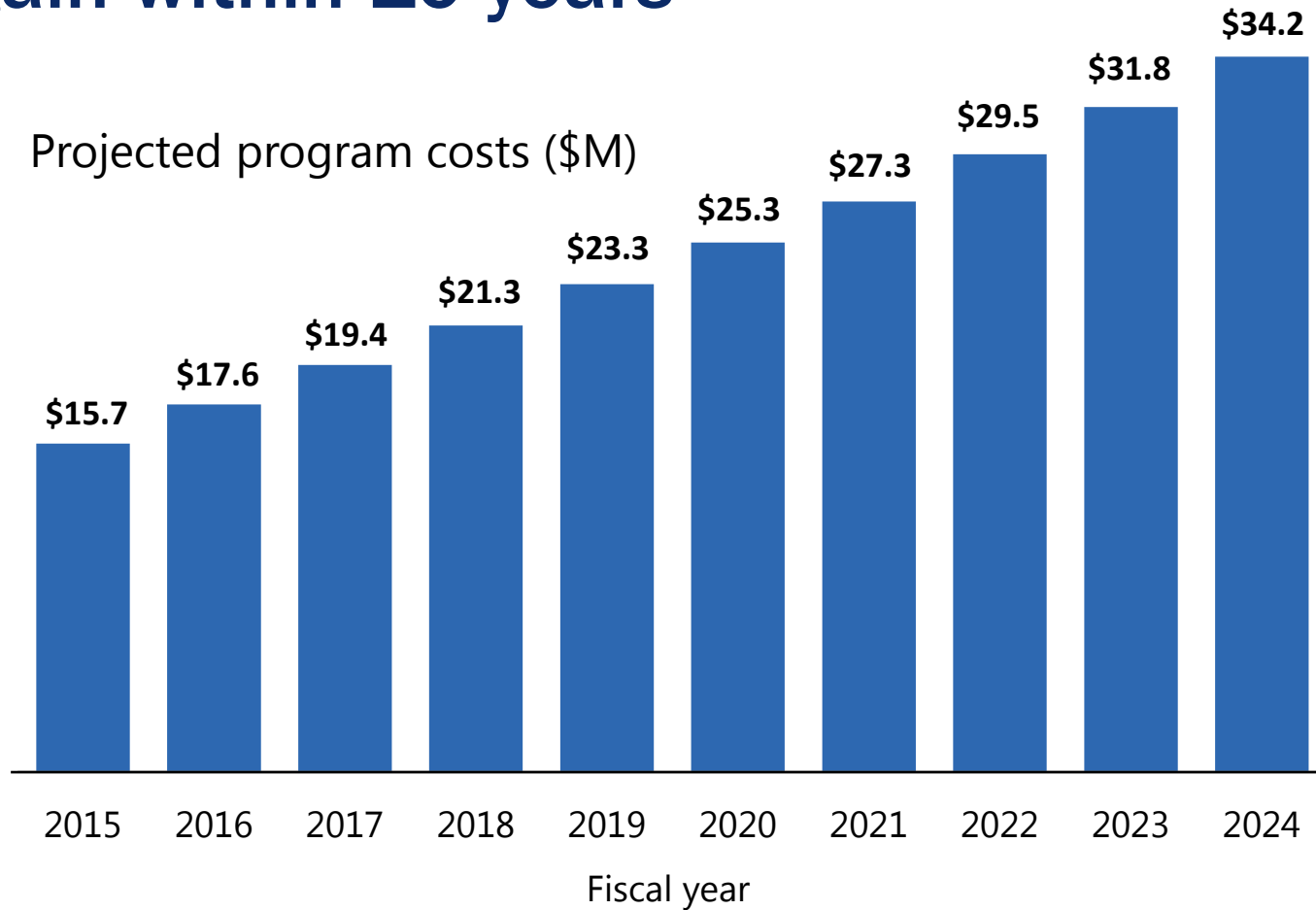


NOTE: Inflation adjusted FY 2013 dollars

# Increase in number of disabled beneficiaries was leading driver of cost growth



# Annual statewide cost projected to double again within 10 years

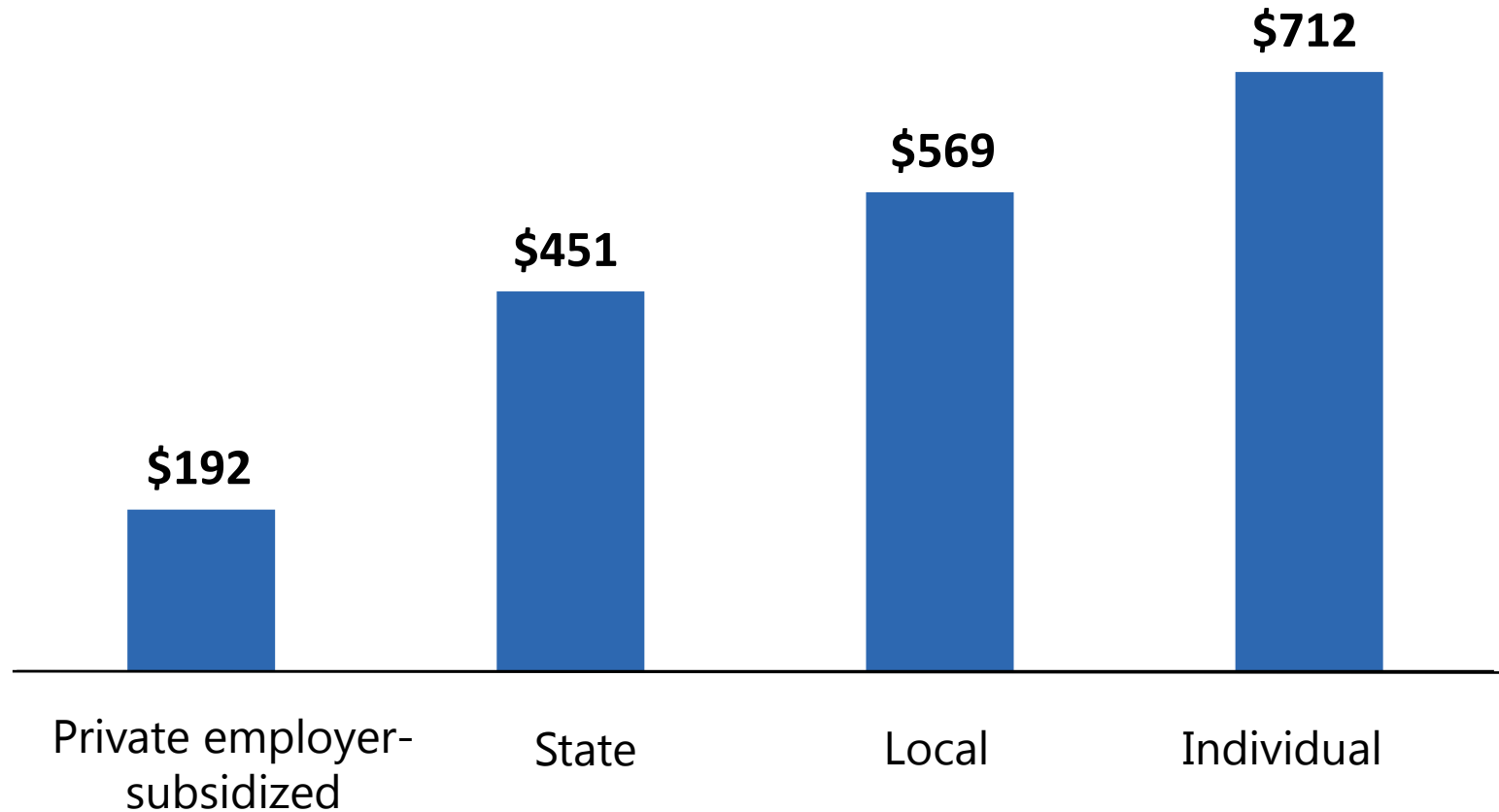


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## Finding

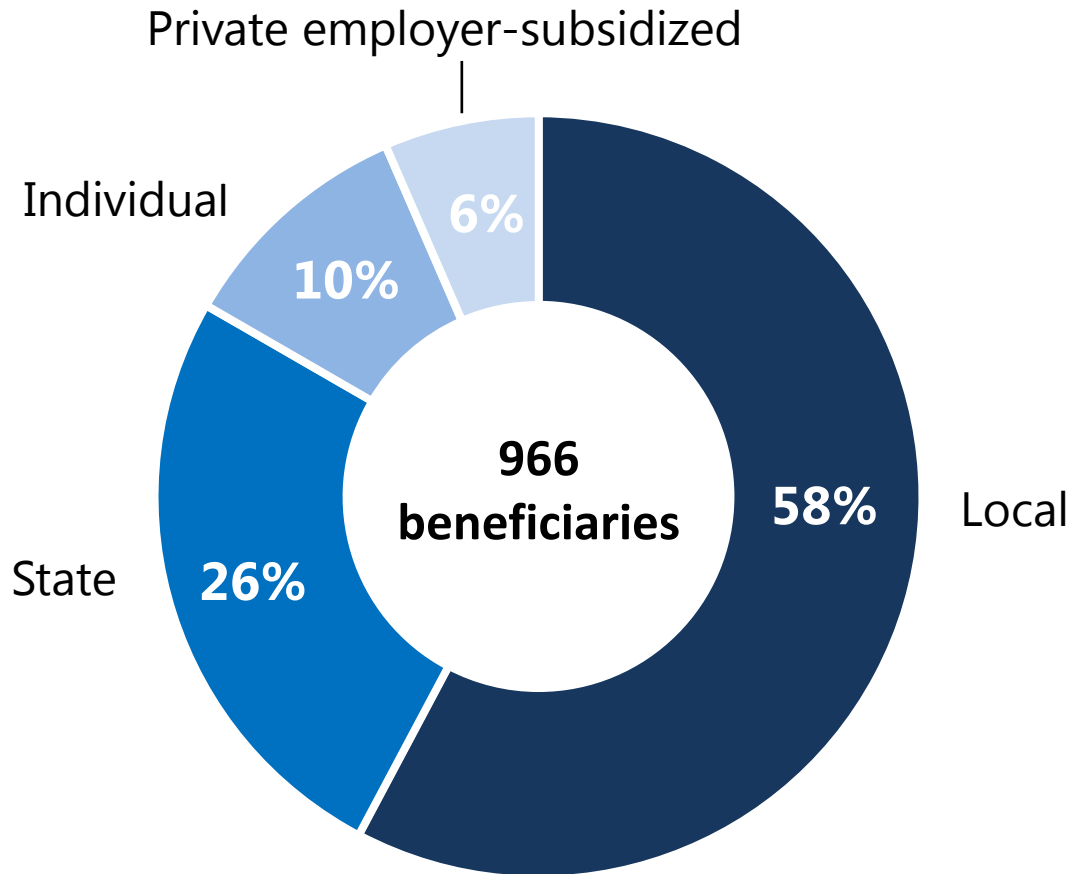
Line of Duty Act beneficiaries do not all use the least costly health insurance plan.

## Individual health insurance plans are the most costly to line of duty act



NOTE: Average monthly premium charged to LODA Fund for a 'Single' health plan (FY 2012).

## Some beneficiaries are enrolled in high cost individual plans



## Option

The General Assembly could consider requiring all LODA beneficiaries to enroll in a separate health insurance plan administered by DHRM.

Reduces benefits	Narrows eligibility criteria	% of beneficiaries affected	Projected 10-year cost savings (\$M)
<b>No</b>	<b>No</b>	<b>100%</b>	<b>\$33.8 (14%)</b>



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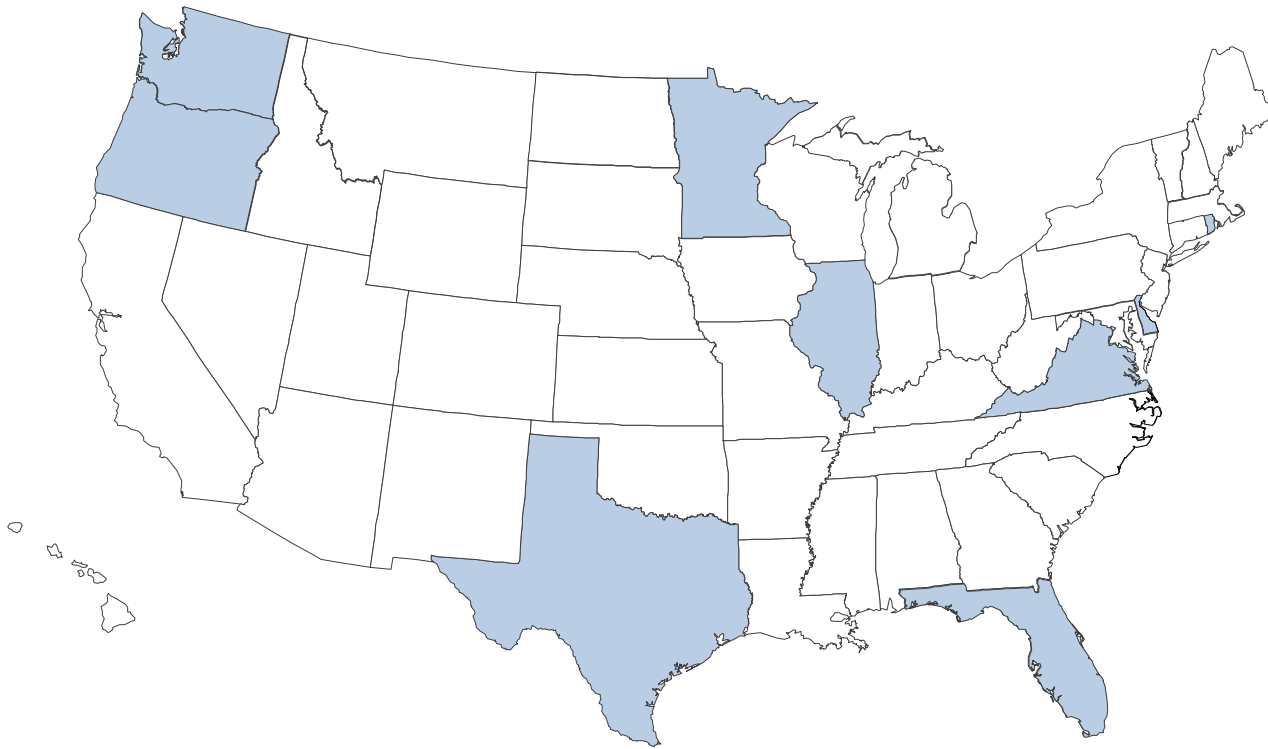
## Finding

Eligibility criteria for the Line of Duty Act are more inclusive than for comparable programs, and beneficiaries continue to receive benefits under more circumstances.

# Virginia is in minority of states offering death benefits and health insurance benefits



8 states provide both benefits to state and local public safety officers



# Virginia's eligibility criteria are less restrictive than criteria in similar states

State	Covers:			Benefits continue if:			
	Death	Disability	Presumptive cause	Claimant recovers from disability	Claimant has access to other insurance	Spouse remarries	Reach age 65 (Medicare)
Virginia	✓	✓	✓	✓	✓	✓	✓
Florida	✓	✓	✓	✓	✓		✓
Washington	✓	✓	✓		✓	✓	
Illinois	✓	✓			✓		✓
Minnesota	✓	✓				✓	
Oregon	✓	✓		✓			
Delaware	✓				✓		
Texas	✓				✓		

## Other programs eliminate benefits when beneficiaries are able to work or are earning income

*Example: Public safety officer earned \$50,000 prior to disability*

Benefits continue if claimant is:	SSDI	Workers' Compensation	VSDP	Disability Retirement	LODA
Able to work in an alternative occupation	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
Earning less than pre-disability salary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
Earning more than pre-disability salary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
Able to work in a public safety occupation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Full benefits ●      Partial benefits ◐      No benefits ○

NOTE: VSDP criteria based on the “own occupation” standard, which occurs for first 24 months of benefits.

# Options

The General Assembly could consider narrowing the initial eligibility criteria by:

- redefining “line of duty” to include only public safety duties
- redefining “disabled person” to include only the most severe disabilities
- eliminating presumptive causes
- eliminate benefits at age 65

Reduces  
benefits

Narrows  
eligibility criteria

% of beneficiaries  
affected

Projected 10-year  
cost savings (\$M)

**No**

**Yes**

**Varies**

**Varies**

# Recent LODA legislation

## HB 2204 (2015)

- Transferred responsibility for program administration to VRS and DHRM
- Directed VRS and DHRM to work with stakeholders to develop recommendations to improve LODA administration and financial sustainability
- Changes do not go into effect unless reenacted by the 2016 General Assembly

Multiple bills addressing eligibility, benefits, and administration in 2016 General Assembly

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# Questions?

For more information...

<http://jlarc.virginia.gov>

(804) 786-1258