Legislative Commission on Pensions and Retirement **Staff Memo**

To: Work Group Co-Chairs Representative Stier and Shane Myre

From: Susan Lenczewski, LCPR Executive Director

Date: September 9, 2026 (revised September 14, 2026)

Subject: Actuarial fee estimates for modeling health insurance coverage options

Copy: Members of the Work Group on Duty Disability and the Public Safety Officer's Benefit Account

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On August 25, 2026, the actuary for the Commission, VIA Actuarial Solutions, emailed LCPR staff the following table, which provides cost estimates to perform actuarial work to assist the Work Group in determining the percentage of pay to be contributed by active members of the PERA Police and Fire Plan to create a pool of money available to members when they need to pay for health insurance coverage and related medical expenses at retirement or upon duty disability.

Working with Commission Chair Nick Frentz, who approved the expenditure of LCPR funds, and LCPR staff, you determined that we should proceed with Part 2 and request that the actuary begin work immediately. That work has started and we anticipate receiving the report from the actuary on about September 18, 2026 *(Correction: we anticipate receiving the report on about September 24, 2026)*.

Item scope	Proposed cost	Timing
Part 1: Prepare estimate of payroll contribution rate to fund five years of **duty disability** health insurance coverage for current active employees. Estimated costs will be based on PEIP health premiums and will include the following: • Modeling of baseline projected costs for sample active employees at four different age/service scenarios • Sensitivity analysis for healthcare trend, investment return, and retirement/disability assumptions • Presentation to workgroup, including overview of retiree healthcare cost issues; summary of cost estimates; information on related risk issues like individual vs. pooled accounts	$22,000	4 weeks
Part 2: Prepare estimate of payroll contribution rate to fund up to ten years of **service retiree** health insurance coverage (ages 55-64) for current active employees.	$21,000	3 weeks after Part 1

Estimated costs will be based on PEIP health premiums, four sample employee profiles, and will include sensitivity analysis similar to Part 1.		
<u>Part 3:</u> Calculation of estimated duty disability and service retirement healthcare long-term liability amount for entire PERA Police and Fire active employee group. Note: these estimates will be based on direction from the workgroup regarding a set of baseline assumptions regarding the final proposed disability/retiree healthcare plan design	$19,000	3 weeks after Part 2
<u>Part 4:</u> Prepare estimate of expected Plan liability and payroll contribution rate to fund five years of **duty disability** health insurance coverage <u>for current duty-disabled members</u>. Estimated costs will be based on PEIP health premiums and will include sensitivity analysis similar to Part 1.	$14,500	3 weeks after Part 2 or 3
<u>Part 5:</u> Prepare estimate of expected Plan liability and payroll contribution rate to fund up to ten years of **service retiree** health insurance coverage (ages 55-64) <u>for current service retirees</u>. Estimated costs will be based on PEIP health premiums and will include sensitivity analysis similar to Part 1.	$14,500	3 weeks after Part 2 or 3

The Commission actuary and primary contact:

VIA

Mark W. Schulte, FSA, EA
Consulting Actuary
VIA Actuarial Solutions
www.VIAactuarial.com