

# Testifier handout

*from*

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Members of the Legislative Commission on Pensions and Retirement  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
600 State Office Building  
St. Paul, MN 55155  
By email – [lisa.diesslin@lcpr.mn.gov](mailto:lisa.diesslin@lcpr.mn.gov)

**Re: Duty Disability Adequacy Study, Laws of Minnesota 2022, chapter 65, article 7**

Dear Members of the Legislative Commission on Pensions and Retirement:

The League of Minnesota Cities Insurance Trust (LMCIT) and the Minnesota Counties Intergovernmental Trust (MCIT) are self-insurance pools providing workers' compensation coverage to almost all cities, counties, and standalone police departments in Minnesota, except for nine large, self-insured cities and seven large, self-insured counties. LMCIT and MCIT are public entities, owned and managed by our members, with no shareholders or private owners. We are writing in advance of the February 13, 2023 hearing on the draft duty disability study to provide additional context and information.

We appreciate the work done by the University of Minnesota Humphrey School of Public Affairs representatives and the efforts of the Minnesota Department of Labor and Industry to further this discussion. Law enforcement has faced many challenges in recent years and they deserve our support. Nevertheless, disability benefits and workers' compensation are difficult and complex areas. The report itself suggests that in its uncertainty as to whether benefits are taxable and by whom. This complexity, and the interdependencies between the various programs, is why it is crucial to be fully informed and take great care with any potential changes, lest unintended consequences occur.

As a starting point, it is important to note what the study did and didn't do. The Legislature mandated that it "consider workers' compensation, disability, and pension benefits and the adequacy of these benefits for Minnesota police officers." It did not define "adequacy," though, and that is not something that can be determined by simple arithmetic.

To the contrary, it requires a thorough consideration of all of the economic and social costs and advantages of different types and amounts of benefits; wage replacement, vocational rehabilitation, medical expense coverage, dependent support, tuition reimbursement, pension benefits, private disability insurance, federal benefits, union agreements, health insurance continuation, and the tax treatment, coordination, and offsets of all of these. Those, in turn, must be evaluated against the backdrop of cost to employers and the public, administrative burdens, potential externalization of costs, and public policy that encourages people to work if they can.

The Legislature has worked hard to create a system of workers' compensation, pension, and other disability benefits that fairly compensates injured employees without imposing an unsustainable financial burden on

employers. That has been based on the work of this Commission, the Workers' Compensation Advisory Council, testimony from employer and employee representatives, the expertise of State legislative and administrative staff, and hundreds or thousands of hours of legislative deliberation. Measuring "adequacy" without this context, as was effectively required by the legislation's timeline and parameters, omits an essential foundation for the analysis.

Furthermore, whether benefits are adequate in the case of a work-related disability is not limited to local law enforcement. That same financial question faces every injured employee in Minnesota - nurses, truck drivers, machinists, and warehouse workers among them.<sup>1</sup> Many of these other employees must rely solely on workers' compensation, without access to the employer-paid health insurance or federal Public Safety Officer Benefits available to certain disabled law enforcement officers, benefits which can be worth hundreds of thousands of dollars. Whether current benefit levels are set at the appropriate levels may be open to debate, but if that discussion is to occur, it should apply to all employees in all sectors and be had with input from private employers and business organizations, labor groups, government employers, and a full range of other stakeholders.

That said, law enforcement has unique risks. It is important to mitigate those risks and help people recover when they are injured. To that end, LMCIT and MCIT have invested significant time, money, and effort in providing mental and physical wellness resources to public safety personnel. Additionally, LMCIT has hired a retired officer who works full-time on public safety mental health issues. LMCIT is a founding member of the MN Public Safety Wellness Initiative, which also includes the Minnesota Sheriffs' Association, the Minnesota Chiefs of Police Association, the Minnesota State Fire Chiefs Association, the National Alliance on Mental Illness Minnesota, the Minnesota POST Board, and various other local government organizations. We offer peer support consultation and training. Both organizations offer, an employee assistance program, safety officer training, loss control field consultations, wellness education and training, and have conducted research into ways to reduce public safety injuries and enable injured employees to return to work. We collaborate with each other, with state agencies, and with national self-insurance and local government organizations to identify, develop, and implement best practices in public safety risk management. This work is one of the most important things we do and one of our members' highest priorities.

Nevertheless, our organizations, and many self-insured cities and counties, have seen an unprecedented jump in public safety workers' compensation costs in recent years, much of that the result of post-traumatic stress disorder (PTSD) claims. Too many of these individuals do not return to work – beyond workers' compensation costs, this puts additional strain on local governments responsible for lifetime health insurance benefits under Minnesota Statutes, Chapter 299A. Finally, it is leading to questions about the impact on the public safety pension funds within this Commission's purview.

The cost of all this falls directly on taxpayers. LMCIT's workers' compensation program, for example, has incurred almost \$47 million in PTSD costs; MCIT's cost per resolved claim has doubled to in excess \$100,000 since 2018. That is money that can't be used by cities and counties for transportation infrastructure, youth and senior offerings, enhanced health and human service programs, property tax relief, or any of the other needs local elected officials identify within their communities.

At least as important, the health outcomes our employees incur are a disservice to those injured workers and their families. And money is a poor substitute for health. The mission of our organizations is to be prepared

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<sup>1</sup> State troopers and firefighters notably objected to the limited scope of the current study.

to support our employer-members and their employees who are injured, sometimes permanently and totally disabled on the job. In recent years, though, too often injured employees are not getting the treatment they need, not taking advantage of the vocational rehabilitation opportunities available, and not fully re-engaging with their families, communities, and workplaces. We must do better at helping people heal, and efforts like HF 1234, which encourages and covers treatment costs and associated salary and benefit continuation for public safety personnel, are an important step in that direction.

The public safety benefit/workers' compensation system is in danger of breaking, and with it, the ability of local communities to provide public safety services. Like many employers, local government in general and public safety in particular are already facing serious staffing obstacles in light of a tight labor market and an evolving workplace. When coupled with the financial pressures of the last few years, this is leading to elimination or consolidation of small police and fire departments, while sheriffs' offices are finding themselves unable to fill vacancies and pick up the slack. The current path is unsustainable and increasing benefits at the expense of local taxpayers will only make the problem worse.

Ultimately, an expanded safety net for law enforcement officers will have costs to taxpayers that will be substantial. That expanded safety net is not the current workers' compensation or pension system, and we cannot indefinitely provide ever-increasing benefits within our existing structures. Health and disability insurers are funded, staffed, operated, and reinsured differently than workers' compensation pools and carriers, the costs are spread differently, and the laws and rules governing them are designed differently.

If, on the other hand, that type of safety net is indeed the goal, then the Legislature needs to have an honest and full conversation about what that will cost, how it will work, and whether it is what stakeholders prefer. As we learned from the history of PTSD in workers' compensation and 299A health insurance continuation, we cannot simply rely on hopes that a change in the law will have minimal impact.

We hope this information is helpful. If we can be of further assistance, please let us know.

Respectfully,



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