

Disability Benefit Subcommittee Meeting  
December 14, 1981  
Room 81, State Office Building  
3 p.m.

Chairman Frank Rodriguez called the meeting to order.

PRESENT: Representatives Reding, Rodriguez and Sarna  
Senators Frederickson, Renneke, and Spear

The chairman opened the meeting with an announcement that the meeting was scheduled to go over the alternatives prepared by Mr. Martin on the various issues examined by the Subcommittee. He announced that although the audience was encouraged to ask questions concerning any alternatives, he did not intend to take testimony on the alternatives at this meeting.

Larry Martin then went through the Alternatives. (Attached to the minutes)

After hearing the alternatives, the members of the Subcommittee agreed that the chairman should present his recommendations taken from the alternatives to the Subcommittee at a meeting to be held on December 17th. The Subcommittee will then vote on the recommendations.

Karen Dudley  
Commission Staff

Proposed Recommendations of the Disability Benefit  
Subcommittee

The Disability Benefit Subcommittee was charged with the responsibility to consider the utilization of disability benefits among the local police and salaried firefighters relief associations, to determine if there is a high disability benefit utilization problem among these local relief associations, to examine varying interpretations of the term "disability" by the local relief associations, to recommend positive changes that could be made in the practices of the local relief associations and to determine whether or not any legislative remedies exist for the disability benefit problems of the local relief associations.

The Disability Benefit Subcommittee determines that there is both evidence of, and a public perception of, a high disability benefit utilization problem among some of the local police and salaried firefighters relief associations and that various aspects of this problem are open to legislative solutions. These are:

- 1) The recomputation of a disability benefit as a service pension when a disabilitant reaches a specified age;
- 2) The provision of less hazardous duty employment positions for marginally disabled police officers and firefighters;
- 3) The requirement that there be offsets from disability benefits in the event of the receipt of Workers Compensation benefits, employer financed disability benefit insurance coverage or subsequent gainful employment; and
- 4) The establishment of minimum disability benefits for local relief associations providing substantially below average disability benefit coverage.
- 5) The provision of service credit toward the calculation of a service pension for any period or periods of the receipt of a permanent disability benefit.

For a number of reasons, including the fact that the scope of the work of the Subcommittee was limited to local police and salaried firefighters relief associations, other aspects of the high disability benefit utilization problem deserve further study and should be addressed by the Legislative Commission on Pensions and Retirement following a more detailed examination in the future. These are:

- 1) The standardization of the definitions of what constitutes a disability and consequent entitlement to a disability benefit;
- 2) The revision of the procedures for determining the existence of a disability and consequent entitlement to a disability benefit to require greater medical information and expertise or in other ways tighten the procedure;
- 3) An increase in the pre-employment screening of newly employed police officers and firefighters for potential health problems; and
- 4) The establishment or enhancement of accident prevention programs for police officers and firefighters.

The Subcommittee also examined a number of additional aspects of disability benefit coverage and procedures, but determined that no revisions of or modifications in the coverage or procedures of the local relief associations is required or desirable. These are:

- 1) The revision of the current disability benefit denial appeal process

of the local relief associations by establishment of an additional administrative appeal process; and

- 2) The replacement of the disability benefit coverage currently provided by the various local relief associations with similar coverage underwritten and administered by one or more insurance carriers.

For the various aspects of the disability problem which are open to legislative solutions, the Subcommittee makes the following recommendations:

#### Minimum Disability Benefits for Relief Associations Providing Below Average Coverage

The disability benefit coverage for relief associations which provide coverage which is substantially below average should be upgraded.

The opportunity for upgraded disability benefit coverage for relief associations which provide coverage which is substantially below average should be provided through legislation to become effective when approved by the cities involved.

The appropriate minimum disability benefit coverage amount for all local relief associations should be equal to 40% of the salary of a top grade patrol officer or firefighter.

#### Recomputation of a Disability Benefit as a Service Pension

Disability benefits paid by local police and salaried firefighters relief associations shall be reclassified or recomputed as service pensions when the disability benefit recipients reach a specified age and attain a specified amount of service credit.

The reclassification or recomputation of a disability benefit as a service pension shall occur either:

- (a) at the minimum retirement age for the relief association involved, which is typically age 50, if the disabled police officer or firefighter had at least the amount of service credit for active duty which would entitle the person to a service pension in an amount equal to the amount of the disability benefit, or
- (b) at the age attained by the disabled police officer or firefighter when the service credit of the person for active duty and the period of the receipt of a disability benefit equal the amount of service credit which would entitle the person to a service pension in an amount equal to the amount of the disability benefit if the disabled police officer or firefighter had less than that amount of service credit for active duty.

The reclassified or recomputed service pension shall be equal to the amount of the disability benefit without any benefit offsets which was payable immediately prior to the reclassification or recomputation.

Disability benefit coverage shall be limited to police officers or firefighters who become disabled prior to attaining the age and acquiring sufficient service credit for reclassification or recomputation, and in the event that a police officer or firefighter terminates active service after that point in time because of an injury or an illness, a service pension shall be payable which shall be equal to the amount of the disability benefit which would have been paid had the person been entitled to disability benefit coverage, or the amount of the service pension otherwise payable based on the service credit of the person, whichever is greater.

#### Service Credit for Periods of Disability

Disabled police officers and firefighters shall receive service credit toward the calculation of an eventual service pension for any period or periods of

the receipt of a disability benefit for a permanent disability if the person return to active service after the permanent disability.

The maximum service credit which a disabled police officer or firefighter shall receive during any period or periods of the receipt of a disability benefit for a permanent disability shall be the amount of service credit which, when added to the service credit of the person for active duty, equals the amount of service credit which would entitle the person to a service pension in an amount equal to the amount of the disability benefit.

The granting of service credit for any period or periods of the receipt of a disability benefit for a permanent disability shall apply to current active police officers and firefighters and current disabled police officers and firefighters who have not attained the age and acquired sufficient service credit for the reclassification or recomputation of a disability benefit as a service pension.

#### Less Hazardous Duty Employment Positions for Marginally Disabled Police Officers and Firefighters

Less hazardous duty employment positions for marginally disabled police officers or firefighters who are local relief association members should be provided.

This solution to disability benefit problems should be implemented by legislation which defines the terms "police officer" and "firefighter" to include traditional or potential less hazardous duty employment positions for marginally disabled police officers and firefighters.

The legislation shall differentiate between cities with large police or fire departments and cities with small police or fire departments.

The employment positions to be used as less hazardous duty employment positions for marginally disabled police officers and firefighters shall be limited to employment positions in the respective police or fire departments.

The compensation for less hazardous duty employment positions shall be the same compensation which the marginally disabled police officer or firefighter would have otherwise received as a regularly employed police officer or firefighter of the same rank and experience, as that salary is reset from time to time.

A marginally disabled police officer or firefighter shall be required to take any available less hazardous duty employment positions if the person's condition permitted in order to retain any eligibility for subsequent disability benefits.

The requirement to take any available less hazardous duty employment positions shall apply to both current and future disability benefit recipients.

#### Offsets from Disability Benefits

Offsets from disability benefits of a disabled police officer or firefighter in the event of the receipt of Workers' Compensation benefits, employer financed disability benefit insurance coverage or subsequent gainful employment should be required.

There shall be an offset against a disability benefit in the event that the disabled police officer or firefighter receives a Workers' Compensation benefit, receives an employer financed disability insurance benefit or is gainfully employed subsequent to becoming disabled and receives compensation from that employment, or any combination of those items. There would not be any offset against a disability benefit in the event that the disabled police officer or firefighter receives income from investments or in some other way unrelated to subsequent gainful employment.

The disability benefit shall be offset or reduced when the amount of the disability benefit and any offset items exceeds the gross salary which the disabled police officer or firefighter received immediately prior to the disability or the gross salary currently paid for the same or similar position as was held by the disabled police officer or firefighter at the time of the

disability, whichever is higher.

The disability benefit shall be offset or reduced by the amount which causes the total amount of the disability benefit and any offset items to exceed the offset measure.

Mandatory reporting by the disabled police officer or firefighter of any compensation earned from subsequent gainful employment by filing a copy of the person's federal income tax return or withholding form and by the city of any amounts payable under the Workers' Compensation law or from any employer financed insurance benefit coverage shall be required.

Any disability benefit offset provision shall only apply to disabled police officers or firefighters who commence receipt of disability benefits after the date of enactment of the provision.

Any disability benefit offset provision shall only apply during the duration of the payment of a disability benefit and shall not apply to a disability which is recomputed or reclassified as a service pension.