SB 153-FN - AS INTRODUCED

2021 SESSION

21-1067
10/04

SENATE BILL ***153-FN***

AN ACT relative to retirement benefits for a police officer or firefighter disabled as a result of a violent injury.

SPONSORS: Sen. Carson, Dist 14

COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill establishes a disability retirement benefit and a medical insurance benefit for a group II police or fire member who is violently injured in performance of duties.

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Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

21-1067
10/04

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT relative to retirement benefits for a police officer or firefighter disabled as a result of a violent injury.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 New Paragraph; Retirement System; Disability Retirement; Group II Violently Injured Disability. Amend RSA 100-A:6 by inserting after paragraph II the following new paragraph:

II-a. Group II Violently Injured Disability.

(a) Upon the application of a group II member in service or of his or her employer, any such member who has, during the performance of their duties, sustained a serious and permanent bodily injury as a direct result of a violent attack upon such member by means of a dangerous weapon to include but not limited to a firearm, knife, automobile, explosive device, personal weapon, or other dangerous weapon, shall be retired by the board of trustees on a violently injured disability retirement allowance, not less than 30 nor more than 90 days subsequent to the filing of such application; provided that a physician or physicians designated by the board of trustees, after a medical examination of such member, shall certify, and the board shall find that the member should be retired.

(b) Upon a violently injured disability retirement, the group II member shall receive a disability retirement allowance which shall be equal to 66 2/3 percent of the member's highest year of earnable compensation; provided, however, that such allowance shall not be less than $60,000.

(c) If the board of trustees is unable to grant a violently injured disability retirement benefit after review of medical and factual information submitted by the member and by a physician designated by the board, then the member shall be entitled to a hearing before the board in order to determine whether the member qualifies for violently injured disability retirement benefits. The hearing before the board may be designated to a presiding officer. The presiding officer designated by the board shall not be the same person who made an initial disability determination and recommendation to the board based on the medical and factual information submitted by the member and physician as stated above.

2 New Subparagraph; Retirement; Death Benefits; Spouse and Children. Amend RSA 100-A:8, II by inserting after subparagraph (b) the following new subparagraph:

(c) Upon the death of a violently injured police or fire member the amount of the state annuity payable shall be equal to 50 percent of the member's highest year of earnable compensation.

3 Maximum Benefit Limitation; Reference Added. Amend RSA 100-A:6-a to read as follows:

100-A:6-a Maximum Retirement Benefit. Notwithstanding any other provision of this chapter to the contrary, for members who commenced service before July 1, 2009, or have attained vested

status prior to January 1, 2012, a member's initial calculation of the retirement benefit granted under the provisions of RSA 100-A:5 or RSA 100-A:6 shall not exceed 100 percent of the member's highest year of earnable compensation. For members who commenced service on or after July 1, 2009 and have not attained vested status prior to January 1, 2012, a member's maximum retirement benefit granted under the provisions of RSA 100-A:5 or RSA 100-A:6 shall not exceed the lesser of 85 percent of the member's average final compensation or $120,000. Nothing in this section shall affect the ability of a member to receive disability benefits pursuant to RSA 100-A:6, II(b) and (c) ***or RSA 100-A:6, II-a***. This provision shall not limit the application of supplemental allowances.

4 Medical Insurance Benefits; Violently Injured Police or Fire. Amend RSA 21-I:30; VII to read as follows:

VII. For the purposes of this section, "retired employee" also means each group II state employee who:

(a) Retires if the employee's state service began prior to July 1, 2010 or who retires with at least 20 years of creditable service for the state if the employee's state service began on or after July 1, 2010; or

(b) Dies or retires and is eligible for accidental death or accidental disability retirement benefits, regardless of the state employee's age or number of years of creditable service; or

(c) Dies or retires and is eligible for violently injured disability retirement benefits, regardless of the state employee's age or number of years of creditable service, and provided in such instance the medical benefits shall be paid in full to include all premiums, deductibles, copays, and any other related medical expenses. Said medical benefits shall continue for the life of the police or fire employee, spouse, and authorized coverage years of eligible dependents; or

[~~(c)~~] ***(d)*** Retires and is eligible for ordinary disability retirement benefits, regardless of the state employee's age; or

[~~(d)~~] ***(e)*** Dies and is eligible for ordinary death retirement benefits, if the state employee was eligible for service retirement at the time of his or her death, if the state employee had at least 20 years of creditable service for the state if the employee's state service began on or after July 1, 2010.

5 Group II Members; Political Subdivision Employers. Each collective bargaining agreement adopted after the effective date of this act for active duty police and fire employees retired on a violently injured disability retirement shall provide for medical insurance coverage similar to that provided for state employees retired on a violently injured disability retirement under RSA 21-I:30, VII(c).

6 Effective Date. This act shall take effect July 1, 2021.

LBA
21-1067
Revised 2/10/21

SB 153-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to retirement benefits for a police officer or firefighter disabled as a result of a violent injury.

FISCAL IMPACT: [X] State [X] County [X] Local [ ] None

	Estimated Increase / (Decrease)			
STATE:	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**
Appropriation	$0	$0	$0	$0
Revenue	$0	$0	$0	$0
Expenditures	$0	Indeterminable	Indeterminable	$132,000+
Funding Source:	[X] General	[ ] Education	[ ] Highway	[ ] Other

POLITICAL SUBDIVISIONS:

Revenue	$0	$0	$0	$0
Expenditures	$0	Indeterminable	Indeterminable	$485,000+

*The New Hampshire Retirement System states it is not able to separate the fiscal impact of this legislation between county and local government, therefore the fiscal impact is shown together as political subdivisions.

METHODOLOGY:

This bill creates a disability retirement benefit and a medical insurance benefit for Group II members of the New Hampshire Retirement System who have suffered a serious and permanent disability as a result of a violent injury while on duty. Group II employees who die or retire and are deemed eligible for such retirement benefits and their spouses and eligible dependents would be considered "retired employees" pursuant to RSA 21-I:30. The retirement allowance would equal 66-2/3 percent of the member's highest year of earnable compensation or $60,000, whichever is greater, or 50% of the member's highest year of earnable compensation upon the employee's death. The state health benefit plan would provide full medical benefits to such employees, spouses and eligible dependents for the life of such employee and spouse and for the authorized coverage years of eligible dependents. This provision applies regardless of age or years of creditable service. The bill requires that for political subdivisions, medical insurance coverage for their Group II members retired on a violent injury disability must be included in collective bargaining agreements adopted after July 1, 2021.

The Department of Administrative Services states the health benefit plan will be responsible for "all premiums, deductibles, copays, and an other related medical expenses". The Department

cannot estimate the cost of these broadly defined provisions due to the following unknown elements:

- The number of employees who may become eligible for this benefit and the associated health care costs.
- Cost for development and administration of an exclusive plan designed for the enumerated benefits.
- Interaction with Medicare Parts A and B premiums and deductibles.

The New Hampshire Municipal Association states the new violent injury disability retirement benefits are greater than the current benefits for an accidental disability retirement. The new violent injury disability medical benefits include all premiums, deductibles, copays, and an other related medical expenses to such employees, spouses and eligible dependents for the life of such employee and spouse and for the authorized coverage years of eligible dependents. NHMA does not know how these benefits would affect future NHRS employer contribution rates.

The New Hampshire Retirement System's consulting actuary has no data available for the frequency of violent disabilities suffered by Group II members. The actuary assumes that 50% of disabilities occurring in the line of duty are the result of violence and the proposed new death benefit and the proposed new disability benefit would be in lieu of existing benefits and not in addition to such benefits. This supplemental actuarial valuation for the proposed system change was based upon data furnished by NHRS for the June 30, 2019 contribution rate setting actuarial valuation. Actuarial methods and assumptions were the same as those used in the annual actuarial valuation as of June 30, 2019. In particular:

- The assumed rate of interest of 6.75%
- The valuation method was the Entry Age Actuarial Cost Method; and
- Payroll growth assumed to be 2.75% per year(2.25% for Teachers)

The New Hampshire Retirement System's actuary determined the following increases:

Employer Pension Rates as a Percent of Payroll - State			
	Current 2024-2025 Rates	**Impact of Proposal**	**Proposed 2024-2025 Rates**
Employees	13.75%	0.00%	13.75%
Police	30.67%	0.13%	30.80%
Fire	29.78%	0.10%	29.88%
State Total	**16.05%**	**0.03%**	**16.08%**

State Estimated Employer Increase/(Decrease) Due to Proposal		
	FY 2024	**FY 2025**
Employees	$0	$0

Police	$127,000	$130,000
Fire	$5,000	$5,000
State Total	**$132,000**	**$135,000**

Employer Pension Rates as a Percent of Payroll - Political Subdivisions			
	Current 2024-2025 Rates	**Impact of Proposal**	**Proposed 2024-2025 Rates**
Employees	13.75%	0.00%	13.75%
Teachers	19.48%	0.00%	19.48%
Police	30.67%	0.13%	30.80%
Fire	29.78%	0.10%	29.88%
Political Subdivisions Total	**19.48%**	**0.03%**	**19.51%**

Political Subdivisions Estimated Employer Increase/(Decrease) Due to Proposal		
	FY 2024	**FY 2025**
Employees	$0	$0
Teachers	$0	$0
Police	$339,000	$349,000
Fire	$146,000	$150,000
Political Subdivisions Total	**$485,000**	**$499,000**

Expected NHRS UAAL Increase (Decrease) Due to Proposal ($ Millions)			
	Current	**Impact of Proposal**	**Proposed**
Employees	$1,925.0	$0	$$1,925.0
Teachers	$2,511.4	$0	$2,511.4
Police	$1,038.4	($4.7)	$1,033.7
Fire	$417.4	($1.8)	$415.6
Total	**$5,892.2**	**(6.5%)**	**$5,885.7**

Expected NHRS Funded Ratio Increase (Decrease) Due to Proposal			
	Current	**Impact of Proposal**	**Proposed**
Employees	61.4%	0.00%	61.4%
Teachers	57.0%	0.00%	57.0%
Police	63.9%	0.1%	64.0%
Fire	68.2%	0.1%	68.3%
Total	**60.8%**	**0.0%**	**60.8%**

The actuary notes the increases to the contribution rate and funded ratio and decrease to the unfunded liabilities is due to Entry Age Normal calculations and the valuation of normal cost rate of increase compared to total present value of benefits. Normal cost will ultimately increase by 0.21% of payroll for police members and 0.18% of payroll for fire members.

AGENCIES CONTACTED:

New Hampshire Retirement System, Department of Administrative Services, and New Hampshire Municipal Association