

PUBLIC SAFETY EMPLOYEES'
SUPPLEMENTAL BENEFIT PLAN

2018 Annual Report
Pursuant to A.R.S. § 38-961 (J)
February 22, 2019

PUBLIC SAFETY EMPLOYEES' SUPPLEMENTAL BENEFIT PLAN

Report Background

This document reports activity for Fiscal Year 2018 (July 1, 2017 to June 30, 2018) of the Public Safety Employees' Supplemental Benefit Plan pursuant to A.R.S. § 38-961 (J), which reads:

The department of administration shall report by March 1 each year on the overall claim, appeal and payment history for state employee claims and appeals made pursuant to this section during the prior year. The report shall include claims made and claims resolved.

The plan was established by Laws 2012, Chapter 287 (HB 2643), which was signed by the Governor, on April 18, 2012. This bill was intended to provide additional workers' compensation benefits to public safety employees who are "...injured while on duty to the extent that the public safety employee cannot perform the functions of the position." As originally adopted, this plan was set to repeal automatically on October 1, 2014.

Arizona Department of Administration (ADOA) established policies and procedures for the Public Safety Employees' Supplemental Benefit Plan effective August 2, 2012. This plan provides an eligible injured employee with the difference between the employee's workers' compensation temporary disability benefits and the employee's base salary, as well as continued contributions for employee benefits and retirement in effect at the time of the qualifying injury and payment of the employee's portion of required retirement contributions to Public Safety Personnel Retirement System (PSPRS) or the Corrections Officer Retirement Plan (CORP). Eligible participants may enroll to receive benefits for a minimum of six months and a maximum of one year. As originally adopted, injury was defined as "the physical damage, harm or loss giving rise to the compensable workers' compensation claim."

Laws 2014, Chapter 190 (SB 1284) was signed by the Governor on April 23, 2014. This bill allows ADOA to establish an appeals process for the denial of public safety employees' supplemental benefits for employees injured while on duty, and requires ADOA to annually report on the overall claim and appeals and payment history for the prior year by March 1. As originally adopted, this bill extends the repeal date to October 1, 2017. In 2017, the Governor signed SB 1190 which extended the repeal date eight years to October 1, 2025.

Effective June 10, 2014, the policy for the Public Safety Employees' Supplemental Benefit Plan was updated to include the new appeals process. In addition, the scope of covered injuries was revised to cover only severe, catastrophic injury that results in serious injury or disfigurement in the line of duty, and adds language to take into consideration salary received for light-duty employment and other outside income.

Eligibility

Eligible employees are individuals employed at one of the following state agencies who are active members of the PSPRS or CORP at the following agencies in accordance with A.R.S. § 38-961:

- Department of Corrections
- Department of Public Safety
- Department of Juvenile Corrections
- Department of Game and Fish
- State Parks Board
- Department of Liquor Licenses and Control
- Attorney General, Department of Law
- Department of Emergency and Military Affairs

Claims Processing: Applications and Appeals

For the period: July 1, 2017 to June 30, 2018, cost and appeals for the original plan effective August 2, 2012 (incidents occurring prior to June 10, 2014) were as follows:

Applications and Appeals-Original Plan

Agency	Applications Received	Applications Approved	Percent of Total Approved	Active 6-30-18	Closed 6-30-18	Appeals
Department of Corrections	15	2	13.3	1	2	1
Department of Public Safety	0	0	N/A	0	0	0
Department of Juvenile Corrections	2	2	100	2	0	0
Game and Fish Department	0	0	N/A	0	0	0
State Parks Board	0	0	N/A	0	0	0
Department of Liquor Licenses and Control	0	0	N/A	0	0	0
Attorney General, Department of Law	0	0	N/A	0	0	0
Department of Military Affairs	0	0	N/A	0	0	0
Grand Total	17	4	23.5	3	2	1

Costs for Qualifying Applicants' Benefits

Costs for the program include four components. In addition to the supplemental benefit payment, agencies also incur employee related expenditures (benefits, payroll taxes, etc.) and the employee's share of retirement contributions for both the portion related to the supplemental benefit payment and the workers' compensation payment. For the two agencies with claimants who received benefits during fiscal year 2018, the associated costs for approved claims under the original and revised plans are as follows:

Department of Corrections	Expenditures
Supplemental Benefit Payments	\$12,011.42
Employee related Expenditures @ 55.8%	\$6,702.37
Supplemental Benefits Employee Share of Corp @ 8.41%	\$9,939.83
Work Comp: Employee Share of Corp @8.41%	\$9,939.83
TOTAL	\$38,593.45

Department of Juvenile Corrections	Expenditures
Supplemental Benefit Payments	\$6,394.81
Employee Related Expenditures @51.1%	\$3,267.75
Supp Ben: Employee Share of Corp @ 8.41%	\$2,790.74
Work Comp: Employee Share of Corp @ 8.41%	\$2,790.74
TOTAL	\$15,244.04

Summary

The number of approved applications in Fiscal Year 2018 decreased by 3 compared to Fiscal Year 2017. This equates to \$67172.14 less in total spend for the State. Total spend for Fiscal Years 2017, 2016 and 2015 were \$121,000.63, \$115,973.45, and \$392,038 respectively.