

Douglas A. Ducey
Governor



Craig C. Brown
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

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February 19, 2016

The Honorable Douglas A. Ducey
Governor of Arizona
1700 West Washington Street
Phoenix, AZ 85007

Dear Governor Ducey:

Pursuant to A.R.S. § 38-961 (J), we are pleased to submit the Public Safety Employees' Supplemental Benefits Plan 2015 Annual Report.

Sincerely,

A handwritten signature in blue ink, appearing to read "C. Brown".

Craig C. Brown
Director

c: The Honorable Andy Biggs, President of the Senate
The Honorable David M. Gowan, Sr., Speaker of the House
The Honorable Don Shooter, Chairman, Senate Appropriations Committee
The Honorable Justin Olson, Chairman, House Appropriations Committee
Richard Stavneak, Director, Joint Legislative Budget Committee
Rebecca Perrera, Joint Legislative Budget Committee Staff
Lorenzo Romero, Director, Office of Strategic Planning and Budgeting
Chris Olvey, Office of Strategic Planning and Budgeting Staff
Paul Shannon, ADOA Assistant Director, Budget and Resource Planning
Marie Isaacson, Benefit Services Director

Attachment: Public Safety Employees' Supplemental Benefit Plan 2015 Annual Report

**PUBLIC SAFETY EMPLOYEES' SUPPLEMENTAL
BENEFIT PLAN**

**2015 Annual Report
Pursuant to A.R.S. § 38-961 (J)
February 19, 2016**

PUBLIC SAFETY EMPLOYEES' SUPPLEMENTAL BENEFIT PLAN

Report Background

This document reports activity for fiscal year 2015 (July 1, 2014 to June 30, 2015) 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.

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
- Game and Fish Department
- 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, 2014 to June 30, 2015, 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 at 6/30/15	Closed at 6/30/15	Appeals
Department of Corrections	3	3	100%	0	3	0
Department of Public Safety	0	0	N/A	0	0	0
Department of Juvenile Corrections	0	0	0	0	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 Emergency and Military Affairs	0	0	N/A	0	0	0
Grand Total	3	3	100%	0	0	0

For the period July 1, 2014 to June 30, 2015, applications and appeals for the revised plan (incidents occurring on or after June 10, 2014) were as follows:

Applications and Appeals-Revised Plan

Agency	Applications Received	Applications Approved	Percent of Total Approved	Active at 6/30/15	Closed at 6/30/15	Appeals
Department of Corrections	70	26	37%	7	19	1*
Department of Public Safety	0	0	N/A	0	0	0
Department of Juvenile Corrections	6	6	100%	2	4	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 Emergency and Military Affairs	0	0	N/A	0	0	0
Grand Total	76	32	42%	9	23	1*

*Employee withdrew appeal request.

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 2015, the associated costs for approved claims under the original and revised plans are as follows:

Department of Corrections -

Paid For	Original	Revised
Supplemental Benefit Payments	\$11,689	\$173,820
Employee Related Expenditures @ 51.1%	\$5,972	\$88,822
SUPP BEN: Employee Share of CORP @ 8.41%	\$983	\$14,618
WORK COMP: Employee Share of CORP @ 8.41%	\$1,966	\$29,237
Total Benefit	\$20,610	\$306,497

Department of Juvenile Corrections

Paid For	Original	Revised
Supplemental Benefit Payments	\$2,580	\$37,662
Employee Related Expenditures @ 17.00%/36.00%	\$439	\$13,558
SUPP BEN: Employee Share of CORP @ 8.41%	\$217	\$3,167
WORK COMP: Employee Share of CORP @ 8.41%	\$434	\$6,335
Total Benefit	\$3,670	\$60,722

Summary

The number of approved applications in Fiscal Year 2015 decreased by 33 compared to Fiscal Year 2014. This equates to \$172,842 less in total spend for the State. Total spend for Fiscal Years 2015 and 2014 were \$392,038 and \$564,880, respectively.