

MEMORANDUM

To: House Financial Institutions and Pensions
From: Alan D. Conroy, Executive Director
Date: March 11, 2019
Subject: SB 15; Changing the definition of "service-connected" for the Kansas Policemen and Firemen's (KP&F) retirement system

SB 15, as amended by the Senate Financial Institutions and Insurance Committee, adds to the definition of "service-connected" as it pertains to a death or any physical or mental disability of KP&F members by adding "bloodborne pathogen" (i.e. hepatitis, HIV/AIDS) and specifying cancers of the brain, skin, digestive system, hematological system and genitourinary system and creating the basis for establishing if the contraction of the bloodborne pathogen or the specified cancers is service-connected.

The new definition would apply to all KP&F members, including Emergency Medical Services personnel who are members under K.S.A. 74-4954a.

SB 15, as amended, is identical to HB 2031, as amended by this Committee.

Proposed Changes to Current Law

Current statutory language includes cancer as service-connected if the cancer that caused the death or disability is a type of cancer that "may, in general, result from exposure to heat, radiation, or a known carcinogen."

The changes in SB 15, as amended, specify the list of cancers considered service-connected as cancers of the:

- Brain
- Skin
- Digestive system
- Hematological system
- Genitourinary system.

SB 15, as amended, also defines bloodborne pathogen as any disease that is present in human blood and is designated as infectious or contagious by the Secretary of the Kansas Department of Health and Environment through rules and regulations.



Potential Cost Impact

KP&F death and disability benefits are a part of the pension plan design. Any changes to the number of KP&F members eligible for service connected death or disability benefits could impact the overall cost of benefits.

A quick review of our records indicates we received 122 KP&F disability applications and approved 112 during the five-year period including calendar years 2013-2017. Only 1 claim was denied. For the 9 remaining claims, 3 members voluntarily returned to work before the application process was completed and 6 did not complete the process for various reasons (i.e. opted to retire rather than apply for disability).

Any change in the cost of benefits will be reflected in the actuarial required contributions. Since KP&F employers are required by statute to pay the full actuarial required contribution rate, SB 15 could affect future employer contributions.

However, SB 15 is narrowly focused and is estimated to affect a small number of KP&F members. Therefore, SB 15 is expected to have no meaningful actuarial impact.

House Bill

The policy in SB 15 was also introduced in the House in HB 2031. This Committee heard and recommended passage of HB 2031 as amended. The House Committee amendments were identical to the Senate Committee amendments. SB 15, as amended, is identical to HB 2031 as it passed the House last month.

I would be pleased to respond to any questions the Committee may have.