

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Governmental Oversight and Accountability

BILL: SB 158  
 INTRODUCER: Senators Latvala and Artiles  
 SUBJECT: Firefighters  
 DATE: January 23, 2017      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Ferrin	Ferrin	GO	<b>Pre-meeting</b>
2.	_____	_____	CA	_____
3.	_____	_____	AGG	_____
4.	_____	_____	AP	_____

**I. Summary:**

SB 158 provides that any condition or impairment of the health of a firefighter employed full-time by a state or local government which is caused by multiple myeloma, non-Hodgkin's lymphoma, prostate cancer, or testicular cancer and results in total or partial disability or death is presumed to have been accidental and to have been suffered "in the line of duty" unless the contrary is shown by competent evidence. In the line of duty retirement compensates an employee whose disability or death arises out of and in the actual performance of employment. In the line of duty retirement provides greater compensation to the firefighter or his or her dependents than would otherwise be available.

In order to be entitled to the presumption, a firefighter must have:

- Successfully passed a pre-employment physical examination that did not reveal any evidence of a health condition.
- Been employed as a firefighter with the current employer for at least 5 continuous years before becoming disabled or before the employee's death.
- Not used tobacco products for at least 5 years before becoming disabled or before the employee's death; and
- Not been employed during the preceding 5 years in any other position that is proven to create a higher risk for the named diseases.

A firefighter employed on July 1, 2017, is not required to meet the physical examination requirement in order to be entitled to the presumption.

The proposed changes result in an additional cost to the Florida Retirement System (FRS). A special actuarial study conducted in February 2016 projected the increased cost to the FRS to be

offset by a 0.01 percent increase in the employer contribution rate for the Special Risk class<sup>1</sup>, resulting in an approximate \$432,000 annual increase. To account for recent changes made to death benefits for Special Risk class members killed in the line of duty<sup>2</sup>, plan experience, and updated actuarial assumptions, a new special actuarial study has been requested.<sup>3</sup>

The additional costs to other public sector retirement plans has not been determined.

The fiscal impact of this legislation as it relates to workers' compensation benefits has not been determined.

## II. Present Situation:

### The Florida Retirement System (FRS)

The FRS is the fourth largest state retirement system in the United States.<sup>4</sup> It is a multi-employer, contributory plan, governed by the Florida Retirement System Act in ch. 121, F.S., and administered by the Department of Management Services (DMS).<sup>5</sup> The FRS was established in 1970 when the Legislature consolidated the Teachers' Retirement System, the State and County Officers and Employees' Retirement System, and the Highway Patrol Pension Fund. In 1972, the Judicial Retirement System was consolidated into the Pension Plan. In 2007, the Institute of Food and Agricultural Sciences Supplemental Retirement Program was consolidated under the Regular Class of the FRS as a closed group.<sup>6</sup>

As of June 30, 2016, the FRS had 630,350 active members, 394,907 annuitants, 16,248 disabled retirees, and 29,602 active participants of the Deferred Retirement Option Program (DROP).<sup>7</sup> As of June 30, 2016, the FRS consisted of 1,029 total employers; it is the primary retirement plan for employees of state and county government agencies, district school boards, Florida College institutions, and state universities, and also includes the 193 cities and 270 special districts that have elected to join the system.<sup>8</sup> Members of the FRS are required to make employee contributions of 3 percent of their salary.<sup>9</sup>

The membership of the FRS is divided into five membership classes:

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<sup>1</sup> Letter to Ms. Elizabeth Stevens, *Re: Blended Proposed Statutory Rates for the 2017-2018 Plan Year Reflecting a Uniform UAL Rate for All Membership Classes and DROP*, dated December 2, 2016 (on file with the Senate Committee on Governmental Accountability and Oversight).

<sup>2</sup> See Ch. 2016-213, Laws of Florida.

<sup>3</sup> Letter to Chad Poppell *Re: Special Actuarial Study*, dated January 12, 2017 (on file with the Committee on Governmental Oversight and Accountability).

<sup>4</sup> The Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2016, at p. 6. Available online at: [https://www.rol.frs.state.fl.us/forms/2015-16\\_CAFR.pdf](https://www.rol.frs.state.fl.us/forms/2015-16_CAFR.pdf).

<sup>5</sup> Section 121.021(5), F.S.

<sup>6</sup> The Florida Retirement System Annual Financial Report, July 1, 2015 – June 30, 2016, at 29.

<sup>7</sup> *Id.*, at 120.

<sup>8</sup> *Id.*, at 154.

<sup>9</sup> Prior to 1975, members of the FRS were required to make employee contributions of either 4 percent for Regular Class employees or 6 percent for Special Risk Class members. Employees were again required to contribute to the system after July 1, 2011.

- The Regular Class<sup>10</sup> consists of 545,680 active members, plus 3,709 in renewed membership;
- The Special Risk Class<sup>11</sup> includes 70,695 active members;
- The Special Risk Administrative Support Class<sup>12</sup> has 76 active members;
- The Elected Officers' Class<sup>13</sup> has 2,026 active members, plus 115 in renewed membership; and
- The Senior Management Service Class<sup>14</sup> has 7,876 members, plus 143 in renewed membership.<sup>15</sup>

Each class is funded separately based upon the costs attributable to the members of that class.

Members of the FRS have two primary plan options available for participation:

- The defined contribution plan, also known as the Investment Plan; and
- The defined benefit plan, also known as the Pension Plan.

### ***The Special Risk Class of the FRS***

The Special Risk Class of the FRS consists of state and local government employees who meet the criteria for special risk membership. The class covers persons employed in law enforcement, firefighting, criminal detention, and emergency and forensic medical care who meet statutory criteria for membership as set forth in s. 121.0515, F.S.

In originally establishing the Special Risk Class of membership in the FRS, the Legislature recognized that persons employed in certain categories of positions:

are required to perform work that is physically demanding or arduous, or work that requires extraordinary agility and mental acuity, and that such persons, because of diminishing physical and mental faculties, may find that they are not able, without risk to the health and safety of themselves, the public, or their coworkers, to continue performing such duties and thus enjoy the full career and retirement benefits enjoyed by persons employed in other membership classes and that, if they find it necessary, due to the physical and mental limitations of their age, to retire at an earlier age and usually with less service, they will suffer an economic deprivation therefrom.<sup>16</sup>

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<sup>10</sup> The Regular Class is for all members who are not assigned to another class. Section 121.021(12), F.S.

<sup>11</sup> The Special Risk Class is for members employed as law enforcement officers, firefighters, correctional officers, probation officers, paramedics and emergency technicians, among others. Section 121.0515, F.S.

<sup>12</sup> The Special Risk Administrative Support Class is for a special risk member who moved or was reassigned to a nonspecial risk law enforcement, firefighting, correctional, or emergency medical care administrative support position with the same agency, or who is subsequently employed in such a position under the Florida Retirement System. Section 121.0515(8), F.S.

<sup>13</sup> The Elected Officers' Class is for elected state and county officers, and for those elected municipal or special district officers whose governing body has chosen Elected Officers' Class participation for its elected officers. Section 121.052, F.S.

<sup>14</sup> The Senior Management Service Class is for members who fill senior management level positions assigned by law to the Senior Management Service Class or authorized by law as eligible for Senior Management Service designation. Section 121.055, F.S.

<sup>15</sup> All figures from Florida Retirement System Annual Financial Report Fiscal Year Ended June 30, 2016, at 123.

<sup>16</sup> Section 121.0515(1), F.S.

A person who is a member in the Special Risk Class may retire at an earlier age and is eligible to receive higher disability and death benefits than Regular Class members.

### ***Disability Retirement Benefits for Special Risk Members of the FRS***

There are two types of disability retirement available under the Florida Retirement System: in the line of duty disability retirement and regular disability retirement. To qualify for either type of disability retirement, members must be totally and permanently disabled to the extent that they are unable to work. An employee who is physically or mentally unable to continue performing in his or her present occupation, but is able to perform another type of work, will not qualify for disability benefits.<sup>17</sup> To be eligible for regular disability retirement under the FRS, members must complete 8 years of creditable service.<sup>18</sup>

Under the FRS pension plan, the minimum benefit under regular disability retirement is 25 percent of the employee's average final compensation.<sup>19</sup> In contrast, in the line of duty disability benefits are available to members on their first day of employment. There is no vesting period. Special Risk Class members receive a minimum in the line of duty disability benefit of 65 percent of their average final compensation.<sup>20</sup>

Under the investment plan, the disability benefits are in lieu of the normal benefits (the accumulations of contributions and investment earnings in the member's account).<sup>21</sup> Instead, the member must transfer all of the member's accumulations to the investment plan disability account and will receive a monthly benefit calculated the same as a similarly situated pension plan member.<sup>22</sup>

### ***Death Benefits for Special Risk Members of the FRS***

Section 121.091(7), F.S., provides death benefits for active members of the FRS pension plan who die before retirement. If an employee dies before vesting, the employee's spouse receives only the accumulated FRS contributions that were made on the employee's behalf. For vested employees, the employee will be assumed to have retired on the date of death, and the spouse may elect one of the annuity options that provide payment to survivors. Because those annuity options are based on the number of years of service and are discounted based on the age of the annuity recipient, the beneficiary of younger employees with few years of service receive a relatively small monthly amount.

The FRS currently provides death benefits for surviving spouses and/or eligible dependents of active members of the pension plan. Death benefits may be paid for an active member of the FRS pension plan who dies before retirement.<sup>23</sup> Certain health conditions for firefighters, law enforcement, correctional and correctional probation officers are deemed accidental and suffered

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<sup>17</sup> Florida Retirement System Employer Handbook, Disability Retirement, Ch. 10-3, available at [https://www.rol.frs.state.fl.us/forms/EH\\_ch10.pdf](https://www.rol.frs.state.fl.us/forms/EH_ch10.pdf) (last visited Jan. 19, 2017).

<sup>18</sup> Sections 121.091(4)(a) and 121.591(2)(b), F.S.

<sup>19</sup> Section 121.091(4)(f), F.S.

<sup>20</sup> *Id.*

<sup>21</sup> Section 121.591(2), F.S.

<sup>22</sup> Section 121.591(2)(g), F.S.

<sup>23</sup> Section 121.091(7), F.S.

in the line of duty.<sup>24</sup> If the injury or illness arises out of and in the actual performance of duty required by his or her job, the member's surviving spouse and/or eligible dependent(s) are entitled to in the line of duty death benefits.

If an active FRS member (regardless of vested status) dies in the line of duty, the surviving spouse receives a monthly benefit for his or her lifetime equal to one-half the member's monthly salary at death.<sup>25</sup> If an active FRS member in the Special Risk class is killed in the line of duty on or after July 1, 2013, the surviving spouse receives an additional monthly benefit equal to one-half of the member's monthly salary; making the monthly benefit equal to the member's entire monthly salary at death<sup>26</sup>.

If the spouse dies, the benefit continues until the member's youngest child reaches 18 or is married, whichever occurs first.<sup>27</sup> If the child is unmarried and enrolled as a full time student, the benefit continues until he or she turns 25.<sup>28</sup> If the deceased member is entitled to a higher normal retirement benefit based on service credit, the normal retirement benefit is payable to the joint annuitant.<sup>29</sup>

For instances relating to in the line of duty deaths, the surviving spouse or eligible dependent(s) may purchase credit for any service which could have been claimed by the member at the time of the member's death.<sup>30</sup> If a member dies within one year of vesting, the surviving spouse or other eligible dependent may use the member's annual, sick, or compensatory leave, or service eligible for purchase, to purchase enough service credit to vest the member posthumously.<sup>31</sup>

Under most employee classes in the investment plan, no minimum death benefit is payable to a surviving spouse or children. Accumulations in the member's account are payable to the designated beneficiary.<sup>32</sup>

When killed in the line of duty, the surviving spouse or children of an investment plan member in the Special Risk Class may opt into the FRS investment plan survivor benefits program in lieu of receiving normal retirement benefits under the FRS investment plan.<sup>33</sup> By participating in the survivor benefits program, the surviving spouse and children are eligible to receive annuitized benefits much like the survivor benefits afforded to Special Risk Class members of the FRS pension plan. The investment plan survivor benefits program is funded by additional employer-paid contributions to the survivor benefits account of the FRS Trust Fund.<sup>34</sup>

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<sup>24</sup> Section 112.18(1)(a), F.S., provides any condition of health caused by tuberculosis, heart disease or hypertension resulting in the total or partial disability or death shall be presumed to have been accidental and suffered in the line of duty.

<sup>25</sup> Section 121.091(7)(d), F.S. If vested posthumously, the surviving spouse or dependent would be entitled to a death benefit.

<sup>26</sup> Section 121.091(7)(i), F.S.

<sup>27</sup> Section 121.091(7)(d) and (i), F.S.

<sup>28</sup> *Id.*

<sup>29</sup> Section 121.091(7)(b) and (d), F.S.

<sup>30</sup> Section 121.091(7)(e), F.S.

<sup>31</sup> Section 121.091(7)(f), F.S.

<sup>32</sup> Section 121.591(3), F.S.

<sup>33</sup> Section 121.591(4), F.S.

<sup>34</sup> *Id.*

## **Retirement Plans for Municipalities and Special Districts**

Chapters 175 and 185, F.S., provide funding mechanisms for municipal firefighters' and police officers' pension plans. Both chapters provide a uniform retirement system for firefighters and police officers and set standards for operating and funding of pension systems through a trust fund supported by a tax on insurance premiums. Most Florida firefighters and local law enforcement officers participate in these plans. Two types of plans are governed by each of these chapters—charter plans and local law plans. To be considered totally and permanently disabled, charter plan employees must only be found disabled from rendering useful and efficient service as a firefighter or police officer.<sup>35</sup> Under local law plans, the standards may vary for determining eligibility for disability retirement, death benefits, and the benefits paid, although all plans must abide by minimum standards established under ss. 175.351 and 185.35, F.S., respectively.

## **Workers' Compensation under Chapter 440, F.S.**

The employer must pay compensation or furnish benefits if the employee suffers an accidental compensable injury or death arising out of work performed in the course and scope of employment.<sup>36</sup> The injury, its occupational cause, and any resulting disability must be established to a reasonable degree of medical certainty, and the accidental compensable injury must be the major contributing cause of any resulting injuries.<sup>37</sup>

Compensation for permanent total disability is equal to two-thirds of the employee's average weekly wages payable to the employee during the continuance of the total disability.<sup>38</sup>

Compensation for temporary total disability is equal to two-thirds of the employee's average weekly wages payable to the employee during the continuance of the total disability but not to exceed 104 weeks. At the earlier of the 104<sup>th</sup> week or the employee reaching maximum medical improvement, the temporary disability payment will cease and the injured employee's permanent impairment will be determined.<sup>39</sup>

Where the disability or death of an employee results from an "occupational disease," it will be treated as an injury by accident.<sup>40</sup> The employee or his survivors will be entitled to compensation. "Occupational disease" is defined to be "only a disease for which there are epidemiological studies showing that exposure to the specific substance involved, at the levels to which the employee was exposed, may cause the precise disease sustained by the employee."<sup>41</sup>

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<sup>35</sup> Sections 175.191 and 185.18, F.S.

<sup>36</sup> Section 440.09(1), F.S.

<sup>37</sup> *Id.*

<sup>38</sup> Section 440.15(1)(a), F.S.

<sup>39</sup> Section 440.15(2)(a), F.S.

<sup>40</sup> Section 440.151(1)(a), F.S.

<sup>41</sup> Section 440.151(2), F.S.

## **Presumptions and Burdens of Proof Relating to “in the line of duty” Disability and Death**

### ***Existing In the Line of Duty Presumptions for Firefighters***

Section 112.18, F.S., provides a presumption applicable to any state, municipal, port authority, special tax district, or fire control district firefighter or any law enforcement officer, correctional officer, or correctional probation officer that any such employee qualifies for in the line of duty disability or death benefits if such disability or death is the result of tuberculosis, heart disease, or hypertension.

Section 175.231, F.S., provides a similar presumption for the firefighters in any municipality, special fire control district, chapter plan, local law municipality, local law special fire control district, or local law plan under ch. 175, F.S., whose death or disability is the result of tuberculosis, heart disease, or hypertension.

Section 112.181, F.S., provides a presumption applicable to any emergency rescue or public safety worker, including a firefighter, that such employee qualifies for in the line of duty disability or death if such disability or death is due to hepatitis, meningococcal meningitis, or tuberculosis.

Successful passage of a pre-employment physical examination is required for these presumptions.

### ***Burden of Proof for In the Line of Duty Benefits***

Absent one of the existing presumptions, the FRS member employee has the burden of proof when claiming in the line of duty disability or death benefits. The employee must show by competent evidence that the death or disability occurred in the line of duty in order to receive the higher benefits.<sup>42</sup> If the employee or the employee’s survivors cannot meet the burden of proof, the employee or the employee’s survivors are entitled only to the lesser benefits available under regular death or disability benefits.

Under existing law, a firefighter that is disabled or dies as a result of cancer must show that the cancer was contracted due to some factor directly related to the employment as a firefighter. Due to latency periods,<sup>43</sup> it may be difficult for an employee to meet this burden.

### **Studies on the Incidence of Cancer in Firefighters**

The 2015-2016 General Appropriations Act contained a \$965,000 appropriation funding a cancer study by the University of Miami-Sylvester Comprehensive Cancer Center through the Division of the State Fire Marshal. The study’s goals are to provide firefighters access to cancer screenings, enable prevention and earlier detection of the disease, identify exposures that account

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<sup>42</sup> Sections 121.091(4)(c) and (7)(d), F.S.

<sup>43</sup> “The time between first exposure to a cancer-causing agent and clinical recognition of the disease is called the latency period. Latency periods vary by cancer type, but usually are 15 to 20 years, or longer. Because of this, past exposures are more relevant than current exposures as potential causes of cancers occurring in workers today. Often, these exposures are hard to document.” The National Institute for Occupational Safety and Health (NIOSH), *available at* <http://www.cdc.gov/niosh/topics/cancer/clusters.html> (last visited January 20, 2017).

for increased cancer risk, and develop new technology and methods to test and measure exposure in the field. A progress report<sup>44</sup> was submitted to the President of the Senate, Speaker of the House of Representatives, the Chief Financial Officer, and the Governor on June 15, 2016. Additionally, the 2016-2017 General Appropriations Act contained a \$1.5 million appropriation to continue the study. Another report will be submitted to the President of the Senate, the Speaker of the House of Representatives, the Chief Financial Officer, and the Governor by June 15, 2017.

A National Institute for Occupation Safety and Health (NIOSH) study of cancer among U.S. firefighters has shown higher rates of certain types of cancer among firefighters than the general U.S. population.<sup>45</sup> These types of cancer were mostly digestive, oral, respiratory, and urinary cancers, although there were about twice as many firefighters with malignant mesothelioma, which is a rare type of cancer caused by exposure to asbestos.<sup>46</sup>

### **Special Actuarial Study of Firefighter in line of duty Cancer Presumption**

On February 11, 2016, a special study<sup>47</sup> was completed to determine the contribution rates necessary to fund the FRS benefits that may be paid based on the presumptions proposed under Senate Bill 456 as filed during the 2016 Regular Session.<sup>48</sup> The results of this study determined that the contribution rates for the Special Risk Class (for both the pension plan and the investment plan) needed to be increased by 1 basis points (0.01 percent) to fund associated costs.

Chapter 2016-213, Laws of Florida, made changes to death benefits for FRS members in the Special Risk class. Survivor benefits available to the spouses and children of Special Risk members in the pension plan killed in the line of duty were increased from 50 percent of the member's monthly salary at the time of death to 100 percent of the member's monthly salary at the time of death. Surviving spouses and children of Special Risk members in the investment plan killed in the line of duty were permitted to opt into the FRS investment plan survivor benefits program, which provides annuitized benefits, in lieu of receiving normal retirement benefits under the FRS investment plan.

On January 13, 2107, a new or updated special actuarial study was requested to determine if the changes to death benefits for Special Risk members of the FRS made in 2016 will change the contribution rates necessary to fund benefits that may be paid under the provisions in this bill.

### **III. Effect of Proposed Changes:**

**Section 1** creates s. 112.1816, F.S., to provide a presumption that any condition or impairment of the health of a firefighter employed full time by the state, a municipality, county, port authority, special taxing district, or fire control district which is caused by multiple myeloma, non-

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<sup>44</sup> Sylvester Comprehensive Cancer Center, *Fiscal Year 2015-2016 Progress Report of Firefighters Cancer Initiative (FCI)*, dated June 15, 2016 (on file with the Committee on Governmental Oversight and Accountability).

<sup>45</sup> National Institute for Occupation Safety and Health (NIOSH) study summary *available at* <https://www.cdc.gov/niosh/firefighters/ffcancerstudy.html> (last visited January 20, 2017).

<sup>46</sup> *Id.*

<sup>47</sup> Milliman, *Re: Special Actuarial Study of Firefighter ILOD Cancer Presumption*, dated February 11, 2016 (on file with the Committee on Governmental Oversight and Accountability).

<sup>48</sup> The cancers included in the study are multiple myeloma, non-Hodgkin's lymphoma, prostate cancer, and testicular cancer.



Hodgkin's lymphoma, prostate cancer, or testicular cancer and results in total or partial disability or death was accidental and was suffered in the line of duty. The presumption can be overcome by competent evidence to the contrary. This presumption shifts the burden of proof from the employee or their survivors to the employer.

The bill provides that in order to be entitled to the presumption, a new employee must have:

- Successfully passed a pre-employment physical examination that did not reveal any evidence of such a health condition.
- Been employed as a firefighter with the current employer for at least 5 continuous years before becoming disabled or before the employee's death.
- Not used tobacco products for at least 5 years before becoming disabled or before the employee's death; and
- Not been employed during the preceding 5 years in any other position that is proven to create a higher risk for the named diseases.

If the employing agency fails to provide a physical examination prior to employment or immediately thereafter, the firefighter is entitled to the presumption if the firefighter otherwise meets the criteria noted above. This physical examination requirement does not apply to firefighters employed on July 1, 2017. In addition, the presumption does not apply to benefits payable under or granted in a life insurance or disability insurance policy unless the insurer and insured have negotiated for the additional benefits to be included in the policy contract.

**Section 2** states that the Legislature will review the current status of research programs, funded by state monies, which study the incidence of cancer in firefighters prior to the 2018 Regular Session of the Legislature.

**Section 3** increases the employer-paid contribution rate for the Special Risk Class of the FRS by 0.01 percentage point<sup>49</sup>. This is intended to offset the additional costs to the FRS resulting from the legislation's establishment of the presumption that firefighters with certain cancers qualify for in the line of duty disability and death benefits.

**Section 4** provides a legislative determination that the act fulfills an important state interest.

**Section 5** provides an effective date of July 1, 2017.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

Article VII, section 18(a) of the Florida Constitution provides in pertinent part that "no county or municipality shall be bound by any general law requiring such county or municipality to spend funds . . . unless the legislature has determined that such law fulfills an important state interest and unless:

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<sup>49</sup> 0.01 percentage point increase is based on Milliman, *Re: Special Actuarial Study of Firefighter ILOD Cancer Presumption*, dated February 11, 2016 (on file with the Committee on Governmental Oversight and Accountability).

- The law requiring such expenditure is approved by two-thirds of the membership in each house of the legislature; or
- The expenditure is required to comply with a law that applies to all persons similarly situated.”

The bill contains a finding that the bill fulfills an important state interest (section 4). The bill appears to apply to all persons similarly situated (those employers employing firefighters), including state agencies, school boards, community colleges, counties, municipalities and special districts. If this exception does not apply, the bill must be approved by two-thirds vote of each chamber to be binding upon the counties and municipalities participating in the FRS.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**D. Other Constitutional Issues:**

Article X, section 14 of the Florida Constitution provides:

A governmental unit responsible for any retirement or pension system supported in whole or in part by public funds shall not after January 1, 1977, provide any increase in the benefits to the members or beneficiaries of such system unless such unit has made or concurrently makes provision for the funding of the increase in benefits on a sound actuarial basis.

Section 3 of the bill increases the employer-paid contributions to the FRS necessary to offset the costs to the FRS resulting from this legislation. Actuarial impact statements for local government pension plans are also required.

**V. Fiscal Impact Statement:**

**A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

None.

**C. Government Sector Impact:**

Based on the study conducted in February 2016<sup>50</sup> and projected contribution rates for fiscal year 2017-2018<sup>51</sup>, the costs associated with the FRS will increase by at least \$432,000 annually. This includes \$93,000 paid by state agencies and about \$309,000 paid by counties.

The presumption could have a significant impact on worker's compensation because the threshold eligibility test for workers' compensation is whether the disability arose "out of and in the course of employment." If the disability did not arise "out of and in the course of employment," the employee is not eligible to receive workers' compensation benefits. There is no provision under ch. 440, F.S., for a non-duty related disability as may be found in many retirement plans.

Additional workers' compensation claims costs for firefighters contracting the cancers listed in this bill are difficult to predict. The frequency, severity, and cost estimates vary widely due to factors such as age, gender, type of treatment, and recovery period<sup>52</sup>. The Department of Financial Services estimates average costs for 58 months of treatment (not until final resolution) at<sup>53</sup>:

- \$28,988.27 for testicular cancer;
- \$115,378.06 for non-Hodgkin's lymphoma;
- \$53,357.66 for prostate cancer; and
- Between \$126,000-\$256,000 for multiple myeloma.

If successful workers' compensation claims increase due to the presumption afforded by the bill, assessments paid by carriers and employers of the Special Disability Trust Fund may increase.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following section of the Florida Statutes: 112.1816.

<sup>50</sup> Milliman, *supra* at p. 2 of Table 2.

<sup>51</sup> Letter to Ms. Elizabeth Stevens, *Re: Blended Proposed Statutory Rates for the 2017-2018 Plan Year Reflecting a Uniform UAL Rate for All Membership Classes and DROP*, dated December 2, 2016 (on file with the Senate Committee on Governmental Accountability and Oversight).

<sup>52</sup> Department of Financial Services, *Senate Bill 158 Legislative Bill Analysis*, 4 (Jan. 5, 2017)

<sup>53</sup> *Id.*

**IX. Additional Information:**

- A. **Committee Substitute – Statement of Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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