



THE PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Audits and Investigations

March 23, 2017

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: David H. Van Dyke *DHV*
County Auditor

FROM: Inez N. Claggett *INC*
Senior Legislative Auditor

RE: Fiscal Impact Statement
CB-003-2017 Volunteer Firefighters DR-2

Pursuant to your request, we have reviewed CB-003-2017 Proposed DR-2 to estimate its fiscal impact on Prince George's County, Maryland.

CB-003-2017 Proposed DR-2 seeks to amend the Prince George's County Code (the "Code") to provide for a medical presumption of occupational disease for volunteer firefighters and certain other benefits for volunteer fire and rescue squad members (the "member(s)").

CB-003-2017 Proposed DR-2 provides for the required procurement of a Blanket Life and Accident Insurance policy to cover members of all volunteer fire departments and rescue squads in the County, with a minimum death benefit of Fifty Thousand Dollars (\$50,000) payable upon death of a covered member under certain conditions. Notification of benefits to be paid under the policy shall be provided to all members by Fire Department staff. The County currently offers this insurance benefit through Provident Benefits, with an annual policy premium cost of approximately \$66,526, however, the requirement to annually procure the insurance policy is not codified as Law.

The proposed legislation removes the line of duty burden of proof for certain conditions, or impairments of health, suffered by eligible members which would qualify them, or their dependents, for certain disability benefits. Should an active volunteer firefighter or rescue squad member be diagnosed with a disability caused by lung disease, heart disease, hypertension, leukemia, prostate cancer, colorectal cancer, throat cancer, multiple myeloma, non-Hodgkin's lymphoma, brain cancer, testicular cancer, or breast cancer, that individual, will be presumed to have a service-connected disability and will become eligible to receive disability benefits as

outlined in the proposed Bill. To be considered active, a member must have earned at least fifty (50) Length of Service Award program points, with fifty percent (50%) of those points related to running service calls.

The proposed medical presumption of occupational disease shall only apply to members who have submitted a National Fire Protection Association 1582 physical, and an annual medical physical. Members currently employed as firefighters in other jurisdictions are exempt from submitting documentation to substantiate the completion of either physical. Former members shall be eligible for medical presumption of occupational disease if they provide the required documentation for the aforementioned physicals, and were active members within the last five (5) years preceding their diagnosis.

The proposed legislation provides for a burial benefit of \$10,000 to the surviving spouse, or estate of the decedent, for any member who has completed twenty-five (25) years of service or was qualified to receive benefits under Section 11-328 of the Code.

A death benefit of \$15,000 shall also be payable to any member as a one-time, lump sum payment within ten (10) calendar days from the member's date of death.

A \$3,000 per year line of duty death benefit shall be paid for each year a member served over ten (10) years of service, which shall increase to \$5,000 per year for each year served over fifteen (15) years.

The Volunteer Fire Commission informed us that there are approximately 1,000 active volunteer firefighters, and approximately 750 administrative and auxiliary volunteer members (10% of which are senior firefighters). There were twenty-five (25) members who died during fiscal year 2015, and twenty-seven (27) who died during fiscal year 2016. Of those deaths, one death occurred during the line of duty.

Under the proposed legislation, the approximate minimum death benefit payout by the County for a member qualifying to receive each of the aforementioned proposed benefits, would be \$28,000. Payouts may increase depending on an eligible member's years of service to the County's volunteer fire or rescue squad. For FY 2016, if we assume each of the twenty-seven (27) members received the minimum death benefit payout, the County would have paid an approximate total of \$756,000 (27 X \$28,000) in death benefits. Please note that while our assumption implies that each member who dies will receive a minimum payout of \$28,000, this is not a representative portrayal because each member may not qualify for all of the death benefits proposed under CB-003-2017, and a member may qualify for an additional payout amount as a result of their years of service.

Enactment of CB-003-2017 will have an adverse fiscal impact on the County. Allowing a presumption of a service-connected disability to be applied to certain conditions, or impairments of health that are commonly reoccurring conditions or impairments, will increase the County's financial burden for the payout of disability benefits. However, due to the many environmental or occupational factors which could cause an eligible volunteer fire department or rescue squad member to suffer a condition, or impairment of health which would be considered a service-connected disability, as defined within the proposed legislation, we are unable to determine the Bill's approximate fiscal impact on the County related to a service-connect disability.

Robert J. Williams, Jr.

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We are also not able to determine the approximate number of volunteer firefighter or rescue squad members who may die and become eligible for payment of benefits under this proposed legislation.

The annual cost of the Blanket Accident and Life Insurance Policy is currently accounted for within the County's Internal Service Fund budget which accounts for employee benefits offered by the County. Therefore, the insurance policy's premium will not have an adverse fiscal impact on current County resources.

If you require additional information, or have questions about this fiscal impact statement, please call me.