



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

**Bill:** S.B. 66 of the 128th G.A.

**Date:** March 31, 2009

**Status:** As Introduced

**Sponsor:** Sen. Faber

**Local Impact Statement Procedure Required:** No — No local cost

**Contents:** To provide health insurance benefits to dependents of volunteer firefighters killed in the line of duty

### State Fiscal Highlights

STATE FUND	FY 2010	FY 2011	FUTURE YEARS
<b>Volunteer Fire Fighters' Dependents Fund (Fund 7085) – Department of Commerce</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase, potentially in the hundreds of thousands	Increase, potentially in the hundreds of thousands	Increase, potentially in the hundreds of thousands

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- The bill would increase expenditures from the Volunteer Fire Fighters' Dependents Fund to pay for health insurance benefits for eligible dependents of a volunteer firefighter killed in the line of duty or who dies from exposure or injury received in the line of duty.

### Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

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## Detailed Fiscal Analysis

The bill requires the Board of Trustees of the Ohio Police and Fire Pension Fund (OP&F) to contract for health insurance benefits for the dependents of a volunteer firefighter killed in the line of duty. The bill specifies that the benefits will be paid out of the Volunteer Fire Fighters' Dependents Fund (Fund 7085), in the budget of the Department of Commerce. The bill does not make, or increase, any appropriation for this purpose. To be eligible for this benefit, the bill specifies that a dependent must be neither covered under any other health benefit plan nor eligible for coverage under (1) any employer-sponsored health benefit plan, (2) Medicaid, or (3) Medicare.

### Fiscal Effect

The bill would increase the benefits paid from Fund 7085 to pay for health insurance benefits to such eligible individuals. The bill would have no direct fiscal impact on local governments.

Currently, Fund 7085 pays certain benefits to volunteer firefighters that have been totally and permanently disabled while discharging the duties of a volunteer firefighter, their surviving spouse, and the parent, guardian, or other persons upon whom a child of such volunteer firefighter is dependent for principal support. The fund receives funding from assessments collected from each political subdivision or fire district that maintains a volunteer fire department. Therefore, the bill may have an indirect fiscal impact as such assessments may need to be increased in the future to maintain payment of benefits.

According to a Department of Commerce official, there are currently 57 surviving spouses, 14 children under the age of 23, and 2 disabled firefighters receiving benefits from Fund 7085. If the surviving family members that are currently receiving benefits paid from the Fund are eligible for health coverage, it would increase the Fund's expenditure by approximately \$500,000 in FY 2009 to pay for such benefits.<sup>1</sup>

The estimate assumed that health insurance premiums and other costs related to such coverage would be borne by Fund 7085. The estimated healthcare costs are calculated based on the costs of the OP&F monthly full premium for medical and prescription coverage in 2009 (for individuals not eligible for Medicare). The estimated costs do not include supplemental dental and eye coverage costs. The costs to provide health benefits to surviving family members may increase each year, as the costs of healthcare increase and if the number of eligible individuals increases.

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<sup>1</sup> The bill does not define "dependents."

Table 1 provides the estimated healthcare costs while Table 2 shows the full monthly premiums of the OP&F healthcare and prescription drug coverage in 2009.

<b>Table 1: Estimated Total Health Care Costs Paid in 2009</b>			
	Not Eligible for Medicare		
	Healthcare Coverage	Prescription Drug Coverage	Total
57 surviving spouses	\$287,513	\$162,252	\$449,764
14 children	\$36,908	\$11,846	\$48,754
<b>Total</b>	<b>\$324,420</b>	<b>\$174,097</b>	<b>\$498,518</b>

<b>Table 2: Monthly Premiums for OP&amp;F-Sponsored Medical and Prescription Drug Coverage*</b>		
	Not Eligible for Medicare	
	Healthcare Coverage	Prescription Drug Coverage
Spouse	\$420.34	\$237.21
Child	\$219.69	\$70.51

\* Does not include supplemental dental and vision coverage.  
Source: OP&F Member's Guide to Health Care Coverage for 2009.

Furthermore, the bill may increase the OP&F Board's administrative costs. The bill does not specify whether the OP&F Board is to be compensated or reimbursed for administrative expenses related to such benefits. If there is any such increase, it would likely be minimal, and would be paid from the Ohio Police and Fire Pension Fund, which is not in the state treasury.

## **Background**

According to a query of the Fallen Firefighters Memorial Database conducted on March 27, 2009, there were 34 volunteer firefighter fatalities in Ohio from 1981 to 2008. At the time of death, their ages ranged from 20 to 69 years. About two-thirds of the fatalities involved volunteer firefighters aged between 20 and 50 years. In addition, according to the National Fire Department Census Database, there are over 42,400 active firefighters statewide. Of the total number, approximately 15,743, or 37.1%, are active volunteer firefighters. Both databases are administered by the U.S. Fire Administration (USFA), an entity of the Department of Homeland Security's Federal Emergency Management Agency.