

MINUTES

Disability Benefits Subcommittee Meeting  
November 19, 1981  
Room 57, State Office Building  
7 p.m.

PRESENT: Representative Frank Rodriguez

Representative Rodriguez opened the meeting and announced that due to the weather and other time commitments, those interested in the first item on the agenda, the "Improvement of Disability Benefit Coverage for Relief Associations with Below Average Disability Benefit Coverage", will be unable to attend, and the topic will be postponed.

Alternative to Current Relief Associations of Providing Disability Benefit Coverage Through a Statewide Insurance Plan

Larry Martin went through the memo which presented a overview of the topic. Some of the points were as follows:

a) Some advantages of using an insurance carrier would be that the cost of providing disability coverage should be lower because the loss would be spread over a larger number of persons; the funding requirements would be more reliable; use of an insurance company would provide a third opinion in the determination of a disability; and all relief associations would have the same disability coverage; and

b) Some disadvantages would be the lack of flexibility in designing disability coverage; there would be uncertainty over adequate coverage; and local differences could not be met.

Jim Ziebol, Saint Cloud Police, questioned the cost of using the insurance company alternative.

Larry Martin answered by commenting that the actual cost of the disability benefits now offered by relief associations are difficult to calculate because the cost of the disability benefit is the cost of providing a service pension type benefit before the assumed retirement date; the cost of the disability benefit is underwritten by the cost of the service pension.

Discussion then followed on the changes that might occur if insurance companies determined disability benefits. There were comments that insurance companies might award a disability quickly rather than expend sufficient effort to investigate the circumstances.

Jim Ziebol, Saint Cloud Police, indicated that he knew of one man who had an exam by an insurance doctor. The doctor said the man could not work, but gave no evidence. The relief association sent the man to three other doctors, all of whom agreed the man should go back to work.

Stan Peskar, League of Minnesota Cities, commented that he thought that cities would be reluctant to approve a statewide insurance plan unless they were assured that the insurance company would guarantee a strict determination of disability. Another problem would be that cities with good past experience would be grouped with cities with poor past experience. Thirdly, the cities should be given the option of pulling out of the plan and finding another insurance provider if the city becomes dissatisfied with the insurer.

Attendance by Municipal Officials at Relief Association Meetings

Karen Dudley went over the memo which listed the responses from various relief associations to a question concerning the attendance by municipal officials at meetings of the relief associations.

Stan Peskar, League of Minnesota Cities, commented on the spotty attendance by municipal officials at relief association and volunteer firefighter association meetings. He indicated that one reason for renewed interest by municipal officials is the current financial crisis. He stated that if the municipal finance officer would be the official appointed to the board that attendance would be better. He also stated that he thought that it was good for municipal officials to be appointed to many different boards because it helps the

different boards work together better. Finally, he encouraged other board members to encourage the municipal representatives to attend.

Jim Ziebol, Saint Cloud Police, commented that the municipal representatives on their board receive the same notice as all other board members.

Accident Prevention and Rehabilitation Programs

Karen Dudley went over the memo which contained information received from the various police and fire departments in the state concerning their accident prevention programs and training programs.

Stan Peskar, League of Minnesota Cities, asked if any comparisons have been done between the safety programs and physical fitness programs of the various cities. Representative Rodriguez responded that further study would be needed.

Additional Information Concerning PERA-P&F Disabilitants

Following the Rochester meeting of the Subcommittee, a request was made for further information concerning the dollar amount of the PERA-P&F disability benefits. The reply memorandum listed the requested information for the 33 PERA-P&F disabilitants.

Representative Rodriguez asked if anyone had further testimony on any issue before the Subcommittee.

Stan Peskar, League of Minnesota Cities spoke on the subject of offsets, suggesting that that area was a good one in which to make savings. He noted that numerous city officials had testified on the subject at the earlier Saint Paul meetings. He suggested that offsets for workers' compensation and social security benefits would do much to keep the cost of benefits in line. He suggested the Subcommittee look at the PERA-P&F experience for an example of how the offset provisions operate. He stated that he thought that fewer PERA-P&F members choose to take a disability benefit because the PERA-P&F benefit is not escalated as are the disability benefits of most local relief associations. PERA-P&F disabilitants only receive increases generated through the Post Retirement Fund. Finally, he suggested that the PERA-P&F offset provisions encourage members to stay on the job because subsequent earnings are offset against the disability pension.

Ron Ryan, Saint Paul Police, commented that he wondered if the Subcommittee had determined if there were any problems in the disability area and if any legislation was necessary.

Representative Rodriguez commented that he thought certain areas, such as the below average benefits paid by certain relief associations, required legislative action; but he could not speak for the other members of the Subcommittee. Other areas that require possible legislative action are the need to resolve inequities regarding light duty work and offsets.

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