


**2019 REGULAR SESSION  
ACTUARIAL NOTE SB 107**

<p><b>Senate Bill 107 SLS 19RS-84 Enrolled</b></p> <p><b>Author: Senator Gatti Date: June 3, 2019 LLA Note SB 107.07</b></p> <p><b>Organizations Affected: Public Employees</b></p> <p><b>EN NO IMPACT APV</b></p>	<p>This Note has been prepared by the Actuarial Services Department of the Legislative Auditor with assistance from either the Fiscal Notes staff of the Legislative Auditor or staff of the Legislative Fiscal Office. The attachment of this Note provides compliance with the requirements of R.S. 24:521 as amended by Act 353 of the 2016 Regular Session.</p> <p style="text-align: center;"></p> <p><b>James J. Rizzo, ASA, MAAA Senior Consultant &amp; Actuary Gabriel, Roeder, Smith &amp; Company, Actuary for the Legislative Auditor</b></p>
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**Bill Header:** PUBLIC EMPLOYEES: Adds post traumatic stress disorder to the list of injuries which are compensable for injured public employees. (8/1/19)

**Cost Summary:**

The estimated net actuarial and fiscal impact of this proposed legislation on the retirement systems and their plan sponsors is summarized below. Net actuarial costs pertain to estimated changes in the *net actuarial present value of future benefit payments and administrative expenses incurred by the retirement system*. Net fiscal costs or savings pertain to changes to all cash flows over the next five year period including retirement system cash flows, OPEB cash flows, or cash flows related to other government entities.

An increase in actuarial costs is denoted throughout the actuarial note by “Increase” or a positive number. Actuarial savings are denoted by “Decrease” or a negative number. An increase in expenditures or revenues (fiscal impact) is denoted by “Increase” or a positive number. A decrease in expenditures or revenues is denoted by “Decrease” or a negative number.

**Estimated Actuarial Impact:**

The top part of the following chart shows the estimated change in the *net actuarial present value of future benefit payments and expenses*, if any, attributable to the proposed legislation. The bottom part shows the effect on cash flows (i.e., contributions, benefit payments, and administrative expenses).

<b>Net Actuarial Costs (Liabilities) Pertaining to:</b>		<b>Net Actuarial Cost</b>
The Retirement Systems		\$ 0
Other Post-employment Benefits (OPEB)		\$ 0
Total		\$ 0
<b>Five Year Net Fiscal Cost Pertaining to:</b>	<b>Expenditures</b>	<b>Revenues</b>
The Retirement Systems	\$ 0	\$ 0
Other Post-employment Benefits	\$ 0	\$ 0
Other Government Entities	\$ 0	\$ 0
Total	\$0	\$ 0

**Bill Information**

**Relevant Current Law**

Current law states that the services provided by volunteer fire departments are vital for fire prevention and suppression to the safety of the citizens of the state. The state fire marshal is required to obtain workers' compensation coverage for volunteer members who participate in the normal functions of the fire company.

In addition to workers' compensation coverage, Louisiana public pension and retirement systems, plans, and funds provide disability benefits to emergency medical services personnel, employees of a police department, or fire employees who are members in one of the retirement systems of Louisiana, and to every employee of the division of state police, except the head thereof [R.S. 40:1374], and who apply and qualify for retirement due to a disability. Under current law, retirement plans generally require the disability to have occurred (and possibly even the application made) during the period of covered employment.

**Proposed Law**

This Enrolled Actuarial Note was prepared with respect to the Original bill and incorporating the following amendments (hereinafter referred to as the “proposed legislation”, “proposed bill”, “proposed law” or simply “SB 107”):

- Senate Committee Amendment #1050 L&IR Adopted,
- Senate Floor Legislative Bureau Amendment #1111 Martiny Adopted,
- Senate Floor Amendment #1278 Gatti Adopted,
- Senate Floor Amendment #1471 Gatti Adopted,
- House Committee Amendment #2819 Adopted,
- House Floor Amendment #2921 Adopted, and
- House Floor Amendment #3403 Adopted.

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SB 107 augments current law by requiring that all workers' compensation coverage for *volunteer firefighters*, and for *any employee of the division of state police, excluding the head thereof*, include coverage for posttraumatic stress injury (PTSI) when caused by an event that occurred during employment.

In addition it requires that disability benefits which cover *emergency medical services personnel, employees of a police department, or fire employees who are eligible for disability benefits in one of the retirement systems of Louisiana*, shall include coverage for PTSI when caused by an event that occurred during employment. However, SB 107 specifically excludes disability benefits payable under any Louisiana public pension or retirement systems, plans, or funds from this change. Therefore, only disability benefits for these employees that are provided outside of the Louisiana state and statewide retirement systems shall include coverage for PTSI presumptively as an occupational disease.

**Implications of the Proposed Changes**

SB 107 adds posttraumatic stress injury to the list of workers' compensation benefits and other disability benefits, when caused by an event that occurred during employment.

SB 107 does not alter the eligibility rules, procedures, or benefits for disability retirement under the Louisiana state or statewide retirement systems.

SB 107 has no actuarial effect on the state and statewide retirement systems.

**I. ACTUARIAL ANALYSIS SECTION**

**A. Analysis of Net Actuarial Costs  
(Prepared by LLA)**

This section of the actuarial note pertains to net actuarial costs or savings associated with the retirement systems and with OPEB.

**1. Retirement Systems**

The net actuarial cost or savings of the proposed legislation associated with the retirement systems is estimated to be \$0. The actuary's analysis is summarized below.

The Proposed law has been amended in ways to avoid actuarial effects on the Louisiana state or statewide retirement systems.

**2. Other Post-employment Benefits (OPEB)**

The net actuarial cost of the proposed legislation associated with OPEB, including retiree health insurance premiums, cannot be determined. It is therefore recorded as zero in the Actuarial Note Tables. The actuary's analysis is summarized below.

The liability for post-retirement medical insurance protection provided to retirees cannot be determined without detailed information concerning all employers' respective OPEB programs.

**B. Actuarial Data, Methods and Assumptions  
(Prepared by LLA)**

A detailed review of the actuarial data, methods or assumptions applicable to LASERS was not made or required for the preparation of this Actuarial Note.

**C. Actuarial Caveat  
(Prepared by LLA)**

There is nothing in the proposed legislation that will compromise the signing actuary's ability to present an unbiased statement of actuarial opinion.

**II. FISCAL ANALYSIS SECTION**

This section of the actuarial note pertains to fiscal (annual) costs or savings associated with the retirement systems (Table A), with OPEB (Table B), and with other fiscal costs or savings incurred by other government entities (Table C). Fiscal costs or savings in Table A include benefit-related actuarial costs and administrative costs incurred by the retirement systems. The total effect of SB 107 on fiscal costs, fiscal savings, or cash flows is presented in Table D.

**A. Estimated Fiscal Impact – Retirement Systems  
(Prepared by LLA)**

**1. Narrative**

Table A shows the estimated fiscal impact of the proposed legislation on the retirement systems and the government entities that sponsor them. A fiscal cost is denoted by "Increase" or a positive number. Fiscal savings are denoted by "Decrease" or a negative number. A revenue increase is denoted by "Increase" or a positive number. A revenue decrease is denoted by "Decrease" or a negative number.

**Retirement System Fiscal Cost: Table A**

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<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

<b>REVENUES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

The proposed legislation will have the following effects on retirement related fiscal costs and revenues during the five year measurement period.

2. Expenditures:

No effect on retirement system related Fiscal Costs.

3. Revenues:

No effect on retirement system related Fiscal Costs.

**B. Estimated Fiscal Impact – OPEB  
(Prepared by LLA)**

1. Narrative

Table B shows the estimated fiscal impact of the proposed legislation on actuarial benefit and administrative costs or savings associated with OPEB and the government entities that sponsor these benefit programs. A fiscal cost is denoted by “Increase” or a positive number. Fiscal savings are denoted by “Decrease” or a negative number. A revenue increase is denoted by “Increase” or a positive number. A revenue decrease is denoted by “Decrease” or a negative number.

**OPEB Fiscal Cost: Table B**

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

<b>REVENUES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

The proposed legislation will have the following effects on OPEB related fiscal costs and revenues during the five year measurement period.

2. Expenditures:

No effect on OPEB related Fiscal Costs. For the reasons stated in the Actuarial Analysis Section I.A.2, the OPEB Fiscal Cost Expenditures cannot be determined and are, therefore, recorded as zero in the Actuarial Note Tables.

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3. Revenues:

No effect on OPEB related Fiscal Costs. For the reasons stated in the Actuarial Analysis Section I.A.2, the OPEB Fiscal Cost Revenues cannot be determined and are, therefore, recorded as zero in the Actuarial Note Tables

**C. Estimated Fiscal Impact: Other Government Entities (other than the retirement systems or OPEB)**

**(Prepared by Tanesha Morgan, Legislative Fiscal Office, and Bradley Cryer, Director of Local Government Services, LLA)**

1. Narrative

Proposed law provides that any workers' compensation policy which provides coverage for an employee of the division of state police shall include coverage for posttraumatic stress injury (PTSI). Proposed law also addresses PTSI coverage for local government emergency medical services, police, and fire employees.

**Fiscal Costs for Other Government Entities: Table C**

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

<b>REVENUES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

The proposed bill will have the following effects on fiscal costs and revenues related to other government entities during the five year measurement period.

2. Expenditures:

- a. For state or federal funding sources there is no anticipated direct material effect on governmental expenditures as a result of this measure.
- b. The bill's provisions regarding proposed changes to R.S. 33:2581.2 are not just limited to worker's compensation but include "any benefit payable...shall include coverage for posttraumatic stress injury." Accordingly, there may be a local funds cost for employers that provide additional benefits to employees, other than workers' compensation and pensions. The number of local government employers impacted and the magnitude of the impact on those local government employers cannot be accurately determined.

Fiscal Cost Expenditures for other Government Entities cannot be determined and are, therefore, recorded as zero in the Table B, C and D.

3. Revenues:

There is no anticipated direct material effect on governmental revenues as a result of this measure.

**D. Estimated Fiscal Impact – All Retirement Systems, OPEB, and All Government Entities**

**(Prepared by LLA)**

1. Narrative

Table D shows the estimated fiscal impact of the proposed legislation on all government entities within the state of Louisiana. Cell values in Table D are the sum of the respective cell values in Table A, table B, and Table C. A fiscal cost is denoted by "Increase" or a positive number. Fiscal savings are denoted by "Decrease" or a negative number. A revenue increase is denoted by "Increase" or a positive number. A revenue decrease is denoted by "Decrease" or a negative number.

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**Total Fiscal Cost: Table D (Cumulative Costs from Tables A, B, & C)**

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

<b>REVENUES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**Credentials of the Signatory Staff:**

James J. Rizzo is a Senior Consultant and Actuary with Gabriel, Roeder, Smith & Company, which is currently serving as the actuary for the Louisiana Legislative Auditor. He is an Enrolled Actuary, a member of the American Academy of Actuaries, an Associate of the Society of Actuaries and has met the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein.

**Actuarial Disclosure: Risks Associated with Measuring Costs**

This Actuarial Note is an actuarial communication, and is required to include certain disclosures in compliance with Actuarial Standards of Practice (ASOP) No. 51. Risk disclosures otherwise required by ASOP No. 51 do not apply to this Actuarial Note because the proposed bill does not significantly change the types or levels of risks of the retirement system.

**Information Pertaining to Article (10)(29(F) of the Louisiana Constitution**

SB 107 contains a retirement system benefit provision having an actuarial cost.

No member of any Louisiana public retirement system will receive a larger benefit with the enactment of SB 107 than what he would have received without SB 107.

**Dual Referral Relative to Total Fiscal Costs or Total Cash Flows:**

The information presented below is based on information contained in Table D for the first three years following the 2019 regular session.

**Senate**

**House**

13.5.1 Applies to Senate or House Instruments.  
If an annual fiscal cost  $\geq$  \$100,000, then bill is dual referred to:  
**Dual Referral: Senate Finance**

6.8F Applies to Senate or House Instruments.  
If an annual General Fund fiscal cost  $\geq$  \$100,000, then the bill is dual referred to:  
**Dual Referral to Appropriations**

13.5.2 Applies to Senate or House Instruments.  
If an annual tax or fee change  $\geq$  \$500,000, then the bill is dual referred to:  
**Dual Referral: Revenue and Fiscal Affairs**

6.8G Applies to Senate Instruments only.  
If a net fee decrease occurs or if an increase in annual fees and taxes  $\geq$  \$500,000, then the bill is dual referred to:  
**Dual Referral: Ways and Means**