

Adopted: December 12, 2001

## **Statewide Cost Estimate**

Labor Code Section 4856, Government Code Section 21635  
Statutes of 1996, Chapter 1120  
Statutes of 1997, Chapter 193

### *Health Benefits for Survivors of Peace Officers and Firefighters*

#### **Mandate Background**

Statutes of 1996, Chapter 1120 enacted Labor Code section 4856, which requires local agencies to provide lifelong health benefits to the survivors of peace officers and firefighters who die in the line of duty. Statutes of 1997, Chapter 193 further amended Labor Code section 4856 by applying this benefit retroactively. Additionally, Chapter 1120 amended Government Code section 21635, by deleting language exempting local agencies from collective bargaining under the Meyers-Milias-Brown Act with their employees for survivor health benefits

The City of Palos Verdes Estates filed the test claim on June 9, 1998. The Commission adopted the Statement of Decision on October 26, 2000, and the Parameters and Guidelines on March 29, 2001.

Statutes of 1996, chapter 1120, an urgency statute, became effective September 30, 1996. It requires that local agencies provide health benefits to the survivors of peace officers and firefighters killed in the line of duty *after* September 30, 1996. And it allows collective bargaining for the continued health benefits coverage of a surviving spouse. Therefore, costs incurred for Statutes of 1996, chapter 1120, are eligible for reimbursement on or after July 1, 1997.

Statutes of 1997, chapter 193, became effective on January 1, 1998. It requires that local agencies provide health benefits to the survivors of peace officers and firefighters killed in the line of duty *before* September 30, 1996. Therefore, cost incurred for Statutes of 1997, chapter 193, are eligible for reimbursement on or after January 1, 1998.

#### **Eligible Claimants**

1. Providing Survivor Health Benefits (Labor Code Section 4856)

Counties, cities, a city and county, and special districts, as defined in Government Code section 17518 that employ peace officers and firefighters, and school districts, as defined in Government Code section 17519, that employ peace officers are eligible claimants.

2. Collective Bargaining (Government Code Section 21635)

Counties, cities, a city and county, and special districts, as defined in Government Code section 17518 are eligible claimants.

## **Reimbursable Activities**

For each eligible claimant, all direct and indirect costs of labor, materials, supplies and services, training and travel for the performance of the following activities, are eligible for reimbursement:

### **Component A. Providing Survivor Health Benefits (Labor Code Section 4856)**

1. Developing or updating internal policies, procedures and manuals as necessary to provide health benefits to the deceased peace officer's or firefighter's surviving spouse and eligible dependents, as required under Labor Code section 4856 (one-time activity).
2. Upon the death of a peace officer or firefighter killed in the line of duty, the ongoing costs of maintaining files, manually or electronically, related to providing health benefits to the deceased peace officer's or firefighter's surviving spouse and eligible dependents, as required under Labor Code section 4856, is reimbursable.
3. Dependent Notification
  - a. Upon the death of a peace officer or firefighter killed in the line of duty, providing a one-time notification to the surviving spouse that the local government employer must continue providing health benefits to the deceased employee's spouse and minor dependents under the same terms and conditions provided before death, or prior to the accident or injury that caused death. If there is no surviving spouse, then providing a one-time notification to the minor dependents, or guardian, that the local government employer must continue providing health benefits until the minor dependents reach the age of 21 years.
  - b. Providing a one-time notice to the minor dependents of peace officers or firefighters killed in the line of duty, when they are no longer eligible for continued health benefits under the surviving spouse's coverage. Or, if there is no surviving spouse, when the minor dependents reach the age of 21 years.
  - c. Upon remarriage of the surviving spouse, providing a one-time notice to the surviving spouse that the new spouse or stepchildren cannot be added as family members under the continued health benefits coverage of the surviving spouse.
4. Upon the death of a peace officer or firefighter killed in the line of duty, communicating with the insurance plan provider for the purpose of notifying the insurance plan provider of the peace officer's or firefighter's death, and coordinating with the insurance plan provider to ensure that the deceased peace officer's or firefighter's surviving spouse and eligible dependents will continue receiving health benefits under the same terms and conditions as provided before death, or prior to the accident or injury that caused death.
  5. Upon the death of a peace officer or firefighter killed in the line of duty, the amount of the insurance premiums paid to HMOs, or the contributions to self-insured pools, for the continued health benefits coverage to the deceased peace officer's or firefighter's surviving spouse, as required under Labor Code section 4856, is reimbursable. Eligible minor dependents are provided health benefits under the surviving spouse's coverage. If there is no surviving spouse, eligible dependents are provided health benefits until the age of 21 years. A surviving

spouse's new spouse or stepchildren are ineligible for continued health benefits under the surviving spouse's coverage.

Component B. Collective Bargaining for the Continued Health Benefits Coverage of a Surviving Spouse (Government Code Section 21635)

1. Developing or updating internal policies, procedures and manuals as necessary to collectively bargain with local employee representatives (one-time activity).
2. Maintaining files manually or electronically related to collective bargaining.
3. The cost of up to five employer representatives and the cost of up to five employee representatives will be reimbursed for the following activities if a representative of a recognized employee organization requests that the local governmental employer meet and confer in good faith.
  - a. Reviewing the recognized employee organization's initial contract proposal.
  - b. Developing and presenting the local government employer's response to the recognized employee organization's initial contract proposal.
  - c. Participating in negotiating planning sessions in preparation of pending negotiations with the recognized employee organization's representatives.
  - d. Negotiating with the recognized employee organization's representatives.
  - e. Holding public hearings, pursuant to Government Code 3505.1, so that the governing board can approve the memorandum of understanding.
  - f. Reproducing and distributing to employer representatives (supervisory, management, and confidential) that portion of the final contract agreement. Reproducing and distributing copies of the final contract to collective bargaining unit members are not reimbursable.

**Assumptions**

Staff made the following assumptions:

- The claiming data is accurate, although unaudited.
- There will not be any late claims filed.<sup>1</sup>

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<sup>1</sup> If the Legislature appropriates the amount of the statewide cost estimate and actual claims exceed this amount, the State Controller's Office will prorate the claims. If the deficiency funds are not appropriated in the Budget Act, the Controller will report this information to the legislative budget committees and the Commission on State Mandates. The Commission will then include the deficiency in its report to the Legislature in order to ensure that it is included in the next claims bill.

## Methodology

To arrive at the total statewide cost estimate:

- Staff used unaudited actual claim totals filed with the State Controller for prior fiscal years (FYs) by eligible claimants.<sup>2</sup>
- Staff projected totals for FY 2001-02 by multiplying the FY 2000-01 claim total filed by claimants with the State Controller's Office times the implicit price deflator for 2001-02 (2.7%), as forecasted by the Department of Finance. Staff projected totals for FY 2002-03 by multiplying the 2001-02 estimate by the implicit price deflator for 2002-03 (2.1%).

## Staff Recommendation

Staff recommends that the Commission adopt the proposed statewide cost estimate of \$745,000 for costs incurred in complying with the *Health Benefits for Survivors of Peace Officers and Firefighters* provisions.

Following is a breakdown of estimated total costs per fiscal year:

<b>Fiscal year</b>	<b># Claims Filed With SCO</b>	<b>Claim Totals</b>
1997-98	21	\$59,343.00
1998-99	26	\$124,663.00
1999-00	26	\$137,517.00
2000-01	21	\$137,600.00
2001-02 (2.7% <sup>3</sup> )	n/a	\$141,315.00
2002-03 (2.1% <sup>4</sup> )	n/a	\$144,283.00
Total		\$744,721.00
<b>Statewide Cost Estimate Total (Rounded)</b>		<b>\$745,000.00</b>

Because the reported costs are prior to audit and partially based on estimates, the statewide cost estimate of \$744,721 has been rounded to \$745,000.

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<sup>2</sup> State Controller's Office data as of November 1, 2001.

<sup>3</sup> Implicit Price Deflator as forecast by Department of Finance.

<sup>4</sup> *ibid.*