

Medical Premium Reimbursement

- ❖ RCW 41.26.510(5) and RCW 43.43.285(2)(b) state that qualified survivors and children of line-of-duty deaths (Survivors) in LEOFF 2 and WSPRS shall have medical premiums reimbursed from the retirement fund. The laws also provide that all survivors will be covered by the Public Employees Benefits Board (PEBB).
- ❖ RCW 41.26.470(10) states that LEOFF 2 members with total disabilities (Disabilities) and qualified family members shall have medical premiums reimbursed from the retirement fund.

The costs for these benefits are included in the results presented in this report. However, the benefits are funded through irrevocable trust funds, known as 401(h) accounts, from contribution rates selected by the Department of Retirement Systems (DRS) and the LEOFF 2 Board. These contribution rates are "carved out" of the total adopted contribution rates. DRS and the LEOFF 2 Board will periodically review the funding requirements for these benefits and adjust the 401(h) contribution rates as necessary.

The information below represents methods and assumptions tied directly to the medical premium reimbursement benefits. Please see the [2011 Other Post-Employment Benefits Actuarial Valuation Report](#) (OPEB Report) for assumptions referenced below.

Medical Inflation

- ❖ **Current and Future Survivors, and Future Disabilities:** Uniform Medical Plan (UMP) Medicare and Pre-Medicare assumptions (OPEB report).
- ❖ **Current Disabilities:** 5 percent per year.

Percent Married

- ❖ **Future Disabilities:** 85 percent.
- ❖ **Current Disabilities:** 100 percent.

Percent With Children

- ❖ **Disabilities and Survivors:** 100 percent, one child each.

Premium Percentages

When the data for members currently qualifying for total disability benefits does not provide information about how many family members are covered, we use the assumptions at right to split the total premium into each family member's share.

Premium Percentages (Current Disabilities)	
Family Member	Percent of Total Premium
Primary	34%
Spouse	49%
Child	17%
All	100%

Assumed Coverage Type, Future Disabilities

- ❖ Fifty percent covered by policies provided under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).
- ❖ Fifty percent covered by employer-provided policies.

Assumed Timing/Length of Coverage

Assumed Timing/Length of Coverage			
Coverage Type	Beneficiary Type	Start of Coverage	End of Coverage
COBRA			
	Future Disabilities	Upon Benefit Commencement	2.5 Years after Commencement*
	Current Disabilities	Upon Benefit Commencement	29 Months after Commencement
Employer/PEBB			
	Survivors and Spouses of Disabilities	Upon Benefit Commencement	Age 65**
	Disabilities	Upon Benefit Commencement	29 Months after Commencement
	Child	Upon Benefit Commencement	10 Years after Commencement**
Medicare			
	Future Disabilities	2.5 Years after Commencement*	Paid for Life
	Current Disabilities	29 Months after Commencement	Paid for Life
	Survivors and Spouses of Disabilities	Age 65**	Paid for Life**
State-Provided Medicare Subsidy***			
	Current and Future Disabilities	29 Months After Commencement	Paid for Life

*Because of a limitation in the model, we assume 2 years for 50% of members, and 3 years for 50% of members, depending on member's age at benefit commencement.

**Benefits paid to spouses and child(ren) of Disabilities for the life of the member.

***Whether member is covered by COBRA or other means, we assume the member is also covered under the state's explicit Medicare subsidy.

Assumed Premiums

Disabilities <i>(Used for Future Disabilities and Current Disabilities Who Have Missing Values)</i>			
Coverage Type	Family Member	Category	Annual Premium
COBRA			
	Member	Pre-Medicare	\$10,376.62
	Spouse	Pre-Medicare	5,807.57
	Child	Pre-Medicare	\$3058.40
Employer			
	Member	Pre-Medicare	\$12,895.81
		Medicare	7,854.30
	Spouse	Pre-Medicare	11,457.78
		Medicare	7,392.38
	Child	Pre-Medicare	\$3962.35
Total Disabilities			
State-Provided Medicare Subsidy			
	Age	Annual Subsidy	
	Less than 25	\$6472.80	
	25-27	4084.80	
	28 and Above	\$1,156.80	
Future Survivors <i>(Covered under PEBB Options)</i>			
		Annual Premium	
Family Member	Category	Medical	Dental
Survivor			
	Pre-Medicare	\$6,115.56	\$571.56
	Medicare	2,329.56	571.56
Child			
	Pre-Medicare	\$4,530.48	\$571.56