

Pennsylvania State Association of Boroughs



Act 46 of 2011 PA Workers Compensation Law

“Cancer Presumption for Firefighters”

presented to

PA House Veterans Affairs and Emergency Preparedness &

PA House Labor & Industry Committees

Wednesday, December 18, 2013

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Act 46 of 2011: *a perspective*

House Veterans Affairs and Emergency Preparedness

House Labor and Industry Committees

Good Morning members of the House Veterans Affairs and Emergency Preparedness and House Labor and Industry committees. Thank you for the opportunity to offer testimony on the implementation of Act 46/2011 amending the Workers' Compensation law in regards to volunteer firefighters cancer presumption coverage.

Since we have both the Veterans Affairs & Emergency Preparedness as well as the Labor & Industry committees joining together for the gathering of information related to this Act, I would share that PSAB has both solicited letters from borough members as well as conducted anecdotal surveys pertaining to the Act. Further, PSAB has been closely monitoring the implementation and impacts of the law, compiling information helpful to understanding the outcomes of this law change. Accordingly, boroughs throughout the Commonwealth continue to comply with the mandate of Act 46 and have provided us with useful information as they have implemented the law.

However, most helpful to the discussion this morning would be just a few observations resulting from our survey conducted this summer. Our brief survey this past summer included very basic questions to establish the fiscal impact of the law. Our survey was made available by email, website and fax and presented to the 958 boroughs throughout the commonwealth. Of those boroughs 205 responded with complete, qualified surveys (the actual returned surveys numbered 217) resulting in a **22.6% response rate**. Of these *205 qualified responses* were surveys from boroughs located in 56 of 67 or **83.5% of counties**. We believe the sample of the survey provides a generalized participation rate with a geographically broad representation therefore serving as an accurate source for data.

Our generalized survey questions sought to answer the simple fiscal impact of Act 46/2011 in regards to its actual *experienced* cost. I use the term *experienced* as our data was discreet having been obtained through borough practitioners such as secretaries, managers & administrators who plainly, *write the checks* for these expenditures.

Our first step in processing survey data was to establish a quantitative baseline mean for annual premium of Workers' Compensation (WC) coverage ***prior to the enactment*** of the Act in 2011. That

amount was: **\$6,527,186¹⁴**. Next was to establish a similar baseline for the *post-enactment* period of the Act. That amount was: **\$8,329,299⁰⁰**, this resulted in an unmodified increased WC premium difference of **\$1,793,768⁸⁶** or roughly an increase over **27.7%**.

Drilling down into the data we developed averages to help prepare for any anticipated premium changes impacting our membership. One of the most helpful averages that we determined was that associated with the level of the potential increase to WC premiums. In the range of percentage of increase in premium our sample average deviation was **34.8%**. This figure establishes *a probable window for percentage increase* in premium to our boroughs. In considering this number in the budget process a borough will be able to plan more effectively for future costs. While this number, (34.8%) was slightly higher than the increased WC premium difference established by the survey (27.7%), it should not be confused with that figure as it serves to illustrate the range of potential premium increase which members may experience.

We also developed a model borough based on the survey results. The population of that model would be roughly 3000 residents, with an annual budget estimate of \$2.4 million and a real estate tax millage of 8.5 mills. Based upon survey results the *pre-act* Workers Compensation premium for the model would be around \$32,000, it would increase to roughly \$40,000, with the enactment of Act 46. The budget planners of the borough could prepare for the estimated increase in premium costs by estimating a maximum 35% increase in WC in the budget plan.

Of all the modeling estimates and approximations which municipalities may develop, the private insurance provider, currently absent or faintly present, is bound to initiate a dynamic to consider upon reentry. As PSAB is supportive of the fire service, and its volunteers, we seek to keep the boroughs whole in shouldering these costs. Comparable insurance mandates impacting our public servants have been placed upon boroughs in the past. PSAB would encourage the consideration of those past resolutions in addressing Act 46 compliance. Other remedies may include tailoring the Act to narrow types and timeframes for claims.

PSAB looks forward to working with the committee and stakeholders in establishing fair, reasonable and effective standards for Workers' Compensation coverage to our volunteers. Their service is extremely valued and worthy of such support. Thank you again for this opportunity to speak with the committee and I am available for any questions you may have.