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**BILL ANALYSIS**

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Senate Bill 394 (Substitute-3 as passed by the Senate)
Sponsor: Senator Michelle A. McManus
Committee: Appropriations

Date Completed: 6-18-07

CONTENT

The bill would amend the Public Safety Officers Benefit Act to require the State to provide health care insurance to the surviving spouse and dependents of every law enforcement officer who has died or dies in the line of duty between October 1, 2003, and August 1, 2007, whose health insurance coverage was not continued by the public agency he or she served.

The health insurance would have to be comparable to that which the law enforcement officer was receiving at the time of his or her death. The insurance coverage would cease for the spouse if he or she qualified for comparable insurance from another provider, and for a dependant upon one of the following: on his or her 18th birthday or, if the dependant were enrolled as a full-time student at an accredited university or college, on his or her 25th birthday.

Under the Act, "law enforcement officer" means an individual involved in crime and juvenile delinquency control or reduction or enforcement of the criminal law. Law enforcement officer includes police, corrections, probation, parole, bailiffs, or other similar court officers.

MCL 28.632

FISCAL IMPACT

The bill would have a minor fiscal impact on the General Fund of the State, most likely in the low tens of thousands of dollars annually.

There are three reasons why the cost to the State would be minor. First, the death of a law enforcement officer in the line of duty is a relatively rare occurrence. According to the Michigan Council on Law Enforcement Standards (MCOLES), 16 police officers have been killed in the line of duty since the beginning of FY 2003-04 and none so far in FY 2006-07. Twelve corrections officers have been killed in the previous 75 years, the last being in 1998. In-service deaths of the other law enforcement officers who would be covered under the bill's provisions also are rare. Still, it must be noted that this is an uncontrollable variable; there can be years when multiple deaths occur among the occupational groups covered by the bill, and an act of terrorism or other disaster could send that number soaring, considering that 60 police officers lost their lives in the 9-11-01 terrorist attack in New York City.

The second reason why the bill's fiscal impact would be minor is that, according to an MCOLES survey of law enforcement officer health plans around the State under different levels of local government, it was found that virtually all of the officers had benefit plans

that would transfer health care coverage (and retirement benefits) to an officer's survivors on a lifetime basis in the event of the officer's death.

Nevertheless, it was found that there was a local governmental agency benefit plan that provided survivor health care costs only for three years. The bottom line, however, is the situation in which there is a gap in complete coverage for a survivor is quite rare.

Third, as a rule, people who lose health insurance coverage evidently lose that coverage for six months or less before re-obtaining it, further limiting the number of potential beneficiaries under the bill.

In the event that the State had to provide health care coverage for an individual surviving spouse, with or without dependents, who had fallen through the gaps of coverage, the annual cost would be between \$11,000 (average cost for a State employee) and \$15,000 (average cost for a Michigan State Trooper), depending upon the coverage of the deceased officer. To provide a conservative estimate, and assuming that one wished to cover a small number of unforeseen eligible cases (perhaps only one), the bill could be expected to cost the State between \$11,000 and \$40,000 per year from the General Fund.

It should also be noted that the policy precedent provided within the bill could increase the State's future financial burden, should local units of government decide not to fund their survivor health benefit costs if the State offered to assume them, if only between the dates of October 1, 2003, and August 1, 2007.

Fiscal Analyst: Bruce Baker

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.