



[HF 2482](#) – 411 Retirement System, Cancer Presumption (LSB5786HV.1)
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Fiscal Note Version – As amended and passed by the House

Description

[House File 2482](#) expands the definition of “cancer” in Iowa Code chapters [97A](#) and [411](#) to include all types of cancer. “Cancer,” as defined in the Bill, means a group of diseases involving abnormal cell growth with the potential to invade or spread to other parts of the body.

The Bill makes changes to the requirements for cities providing hospitalization and medical attention for members of the Municipal Fire and Police Retirement System of Iowa (MFPRSI).

Background — Municipal Fire and Police Retirement System of Iowa

Effective July 1, 1992, 87 local fire and police retirement systems in 49 cities were consolidated into a single statewide system, commonly referred to as either the 411 System or the MFPRSI. The MFPRSI is governed by a nine-member Board of Trustees and four legislative members as required by Iowa Code section [411.36](#). The voting members of the Board include two fire and two police representatives, four city representatives, and a private citizen.

Based on the July 1, 2023, actuarial valuation, the MFPRSI covers approximately 4,168 active members, 1,206 disabled members, 3,227 retired members and beneficiaries, and 465 vested, terminated members. The current funded ratio is 84.57%. The current actuarial accrued liability is \$3.802 billion, the actuarial value of assets is \$3.215 billion, and the unfunded actuarial liability is \$586.8 million.

For FY 2025, MFPRSI’s members’ estimated contributions at the current rate of 9.40% total \$35.2 million, and the cities’ estimated contributions at 22.66% total \$84.7 million. Total covered payroll is \$374.8 million.

Background — Peace Officers’ Retirement, Accident, and Disability System

Based on the July 1, 2023, actuarial valuation, the Peace Officers’ Retirement, Accident, and Disability System (PORS) covers approximately 588 active members; 679 retired members, beneficiaries, and disabled members; 44 inactive vested members; and 10 inactive nonvested members. The current funded ratio is 77.92%. The current actuarial accrued liability is \$935.2 million, the actuarial value of assets is \$728.7 million, and the unfunded actuarial liability is \$206.5 million.

For FY 2025, PORS members’ estimated contributions at the current rate of 11.40% total \$6.0 million, and the State’s estimated contributions at 37.00% total \$18.7 million. In addition to the employer contribution for the PORS, there is also an annual \$5.0 million standing limited appropriation from the General Fund.

Figure 1 below shows the contribution rates for FY 2021 to FY 2025.

Figure 1 — Contribution Rates by System, FY 2021 – FY 2025

411 Retirement System Contribution Rates					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Employer Contribution Rate	25.31%	26.18%	23.90%	22.98%	22.66%
Employee Contribution Rate	9.40%	9.40%	9.40%	9.40%	9.40%
Total	<u>34.71%</u>	<u>35.58%</u>	<u>33.30%</u>	<u>32.38%</u>	<u>32.06%</u>
Peace Officer Retirement System Contribution Rates					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Employer Contribution Rate	37.00%	37.00%	37.00%	37.00%	37.00%
Employee Contribution Rate	11.40%	11.40%	11.40%	11.40%	11.40%
Total	<u>48.40%</u>	<u>48.40%</u>	<u>48.40%</u>	<u>48.40%</u>	<u>48.40%</u>

Per Iowa Code section [411.8](#), the MFPRSI member contribution rate will be increased for any statutory changes, if the increase cannot be absorbed within the current contribution rates, to a maximum of 11.35%. Costs would then be applied 60/40 between the employer and employee.

Cities are responsible for the payment of all medical costs related to MFPRSI claims under Iowa Code section [411.15](#). Cities cannot use workers' compensation to cover short-term indemnity or medical cost exposure. Iowa Code section [85.1\(4\)](#) states that workers' compensation does not apply to "persons entitled to benefits pursuant to Iowa Code chapters [410](#) and [411](#)."

Since adoption of the MFPRSI's current definition of "cancer" on July 1, 2009, there have been three ordinary disabilities and one ordinary death that would qualify as an accidental disability or accidental death under this Bill.

Iowa Code section [97A.8\(1\)\(e\)\(8\)\(vi\)](#) states that cancer is presumed to have been contracted while on active duty as a result of that duty. Payment of medical costs related to PORS claims is derived from the PORS Fund. Therefore, medical costs related to the expanded definition of "cancer" provided would be covered by this Bill.

Assumptions

- Expanding the number of disabilities eligible for an accidental disability will reduce the funded ratio of the Fire and Police Retirement Fund by 0.01%, from 84.57% to 84.56%, and may reduce the funded ratio of the PORS Fund, but the degree to which the reduction will occur cannot be determined at this time.
- Based on the most recent MFPRSI actuarial valuation report as of July 1, 2023, no increase in costs can be absorbed within the existing contribution rates for FY 2025. The FY 2025 employee contribution rate would need to increase from 9.40% to 9.41%, an increase of 0.01%.
- All other actuarial assumptions going forward will be met.
- The MFPRSI does not expect to see an increase in administrative costs related to medical exams.
- Expanding the definition of "cancer" may result in additional medical and administrative costs and short-term wages being covered by city employers.
- It is not known how many ordinary disabilities or deaths will qualify as accidental disability or death for the PORS under this Bill.

- The PORS will require an actuarial study to determine the impact of the Bill on the members of the PORS and the PORS Fund.
- The Iowa Public Employees' Retirement System (IPERS) Public Protection and Sheriffs and Deputies membership groups may increase costs for the Iowa Public Employees' Retirement Fund or medical costs for the employers of the membership groups.

Fiscal Impact — Municipal Fire and Police Retirement System of Iowa

The unfunded actuarial accrued liability of the Municipal Fire and Police Retirement Fund is estimated to increase in FY 2025 by approximately \$552,000, and the funded ratio would decrease from 84.57% to 84.56%.

The FY 2025 cost for increasing the members' contribution rate from 9.40% to 9.41% is approximately \$37,000, or \$9 per employee. In subsequent fiscal years, this cost may increase based on covered payroll.

Cities under the MFPRSI are required to provide hospital, nursing, and medical attention for members of the police and fire departments. The fiscal impact of HF 2482 on cities for additional medical costs and short-term wages cannot be determined at this time, but may be significant.

Fiscal Impact — Peace Officers' Retirement, Accident, and Disability System

House File 2482 may increase the unfunded actuarial accrued liability of the PORS Fund and may increase the members' contribution rate, but any fiscal impact cannot be estimated at this time.

Fiscal Impact — Iowa Public Employees' Retirement System

House File 2482 may increase the IPERS Protection Occupation and Sheriffs and Deputies membership groups' costs to the Iowa Public Employees' Retirement Fund or the cost for medical expenses for the groups' employers, but any increase is estimated to be minimal.

Sources

Municipal Fire and Police Retirement System of Iowa Actuarial Valuation Report
 Municipal Fire and Police Retirement System of Iowa
 Department of Public Safety
 Peace Officers' Retirement, Accident, and Disability System Actuarial Valuation Report
 League of Cities
 Legislative Services Agency analysis

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.