

**Cancer and Infectious Disease Presumption Report
presented to the Iowa General Assembly
on October 1, 2013**

**Board of Trustees
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Introduction

In 2009, the Iowa General Assembly enacted SF 226 which established a presumption that cancer and infectious diseases are work-related for purposes of disability and death benefits and increased the member contribution rate from 9.35% to 9.40% to offset the increased actuarial cost to the 411 System. The Act included a provision requiring the Board of Trustees of the Municipal Fire and Police Retirement System of Iowa (“the Board”) to report on the costs associated with the requirements that cancer and infectious diseases are presumed to be contracted while a member of the retirement system is on active duty as provided in section 411.6, subsections 5 and 9. The Board is directed to submit a report to the Iowa General Assembly concerning the data collected and any recommendations the Board develops as a result of the review.

Iowa 2009 Acts, ch 99, §5: MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM — REPORT.

The municipal fire and police retirement system, as established pursuant to chapter 411, shall collect data related to the implementation, utilization, and costs associated with the requirements of this Act providing that cancer and infectious disease are presumed to be a disease contracted while a member of the retirement system is on active duty as provided in section 411.6, subsections 5 and 9. In collecting and reporting data, the system shall provide information as to the actuarial cost to the system of the requirements of this Act and shall collect data from the cities relative to any associated medical, insurance, or other costs incurred by the cities as a result of this Act. The retirement system shall submit a written report to the general assembly by October 1, 2013, concerning the data collected, including its findings and recommendations.

In accordance with the above statutory provisions, the Board hereby submits this report to the Iowa General Assembly.

Cancer & Infectious Disease Definition

Iowa Code 411.1, subsections 6 and 11 define cancer and infectious disease as;

411.1 §6: “Cancer” means prostate cancer, primary brain cancer, breast cancer, ovarian cancer, cervical cancer, uterine cancer, malignant melanoma, leukemia, non–Hodgkin’s lymphoma, bladder cancer, colorectal cancer, multiple myeloma, testicular cancer, and kidney cancer.

411.1 §11: “Infectious disease” means HIV or AIDS as defined in section 141A.1, all strains of hepatitis, meningococcal meningitis, and mycobacterium tuberculosis.

MFPRSI Financial Impact

Actuarial Cost:

The System's Actuary, SilverStone Group, analyzed the actual cost due to the change in definition of accidental and ordinary disabilities and deaths to include as accidental those incidences occurring from certain cancer and infectious diseases. This change in definition was effective July 1, 2009 and as a result the member contribution rate as a percent of payroll was increased by 0.05% from 9.35% to 9.40% to accommodate the change. Based on the analysis below, the Actuary determined the actual cost to the System for the change in presumption definition to include certain cancer and infectious diseases as outlined in the Iowa Code as accidental instead of ordinary to be 0.024% of covered payroll for the period July 1, 2009 to June 30, 2013.

Actuarial Analysis:

Accidental Disabilities Due To Presumption July 1 ,2009 – June 30, 2013	3
Accidental Deaths Due To Presumption July 1, 2009 – June 30, 2013	1
a. Increase in Benefits Paid July 1, 2009 – June 30, 2013	\$36,798
b. Increase in Present Value of Future Benefits June 30, 2013	\$202,110
c. Covered Payroll July 1, 2009 – June 30, 2013	\$982,741,105
d. Percent of Covered Payroll [(a+b)/c]	%0.024*
e. Increase in Member Contributions	%0.05
Financial Impact as a Percent of Covered Payroll [d-e]	(%0.026)

* Cost due to individuals receiving an accidental (job related) vs. an ordinary (non-job related) benefit. Prior to July 1, 2009 individuals would have received an ordinary benefit. There was no increased cost for two of the three members retiring on disability because they had earned a service retirement formula greater than the disability formula.

Cities Financial Impact – Medical Costs

Medical Costs:

Iowa Code 411.15 states cities shall provide 411 members with hospital, nursing, and medical attention for injuries or diseases incurred while in the performance of their duties.

Based on MFPRSI's survey of the participating Cities (See Attachment), the Cities experienced the following medical costs from July 1, 2009 through June 30, 2013 due to the change in definition of accidental and ordinary disabilities and deaths to include as accidental those incidences occurring from certain cancer and infectious diseases.

Medical Costs July 1, 2009 – June 30, 2013 Related to Certain Cancer and Infectious Diseases:

Disabled Members	3	\$564,400
Deceased in Active Service	1	191,181
Active Members	7	742,794
Totals	11	\$1,498,375*

See Attachment for detail by city

* Represents direct medical costs incurred by the cities related to certain cancer and infectious diseases. Prior to July 1, 2009 costs may have been incurred through a city's self funded insurance plan or increases in insurance premiums. Therefore, the actual increase in cities' financial obligations may be smaller.

Board Summary

In accordance with **Iowa 2009 Acts, ch 99, §5**, the Board of Trustees submits its findings and the following recommendation for consideration of the Iowa General Assembly:

There are no specific recommendations for statutory change at this time.

In the context thereof, the Board of Trustees respectfully comments to the Iowa General Assembly that the content and scope of the benefit plan and contribution structure rests with the Iowa General Assembly and not with the Board of Trustees.

Attachment: List of Participating Cities

Ames	\$ 0	Des Moines	\$906,783	Mason City	\$ 0
Ankeny	100	DeWitt*	0	Muscatine	0
Bettendorf	0	Dubuque	86,659	Newton	0
Boone	0	Estherville	0	Oelwein	0
Burlington	0	Evansdale	0	Oskaloosa	0
Camanche	0	Fairfield	0	Ottumwa	0
Carroll*	0	Fort Dodge	61,436	Pella*	0
Cedar Falls	0	Fort Madison	0	Sioux City	136,308
Cedar Rapids	0	Grinnell	0	Spencer	0
Centerville	0	Indianola*	0	Storm Lake	0
Charles City	0	Iowa City	0	Urbandale	0
Clinton	1,516	Keokuk	0	Waterloo	0
Clive*	0	Knoxville*	0	Waverly*	0
Council Bluffs	191,181	Le Mars*	0	Webster City	0
Creston	0	Maquoketa*	0	West Des Moines	0
Davenport	114,392	Marion	0		
Decorah	0	Marshalltown	0		

**Police Department only*