

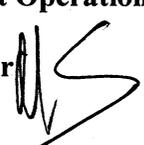


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TO: House Committee on Appropriations
Senate Committee on Appropriations
House Committee on Government Operations
Senate Committee on Government Operations

FROM: Maribeth Spellman, Commissioner 

DATE: July 20, 2016

SUBJECT: Non-Public Safety State Employee's Death in the Line of Duty

Overview

Section E.108.5 of 2016 Act 172, "An act relating to making appropriations for the support of government," directs the Commissioner of Human Resources to report to the House and Senate Committees on Appropriations and Government Operations regarding the policies the State has in place "to address specific incidents when a nonpublic safety employee dies in the line of duty," and to make any related recommendations. Accordingly, this report is submitted for your consideration.

A review of applicable State policies and statutes established that nonpublic safety employees who die during active service are afforded various benefits such as retirement payments, continued health care coverage for certain family members, and monetary payment through State life insurance policies. These benefits, however, vary based upon the facts of each case, and several gaps were identified that, based upon the circumstances, could leave such an employee without any benefits.

Actions have been taken by the Executive branch that address each gap to ensure the beneficiaries of any employee who dies as a result of the willful or reckless act of a third party which was motivated by the employee's status as a governmental employee or by the employee's performance of official State duties will receive a certain amount of State benefits.

Below is an explanation of the benefits currently provided to nonpublic safety employees (hereinafter "employees") who die in active service, gaps that were identified in the coverage, and actions taken to address those gaps.

Health Insurance Coverage for Dependents

When an active or retired employee dies, his or her dependents who are enrolled in the State health insurance plan at the time of the employee's death are eligible for continued health insurance coverage. The dependents' share of the health insurance premiums vary based on the employee's length of service.

Gap: The dependents of employees who did not have significant time in service with the State may receive little or no cost sharing of premiums from the State.

Solution: In 2016, H. 863, Miscellaneous Retirement Bill, amended 3 VSA § 635 to permit the surviving spouse and children (up to age 26) of an employee who dies as a result of the willful or reckless act of a third party which was motivated by the employee's status as a governmental employee or by the employee's performance of official State duties, to receive continued health insurance coverage with the State paying the same rate as is paid for active employees (currently 80% of the premium).

Retirement

3 V.S.A. §§ 464 and 465 provide for death benefits payable to the spouse and designated dependents of a deceased State employee which vary based upon the employee's contributions, the circumstances of the death, and the employee's years of service. No gaps were identified, as these statutes fully address benefits to beneficiaries when a nonpublic safety employee dies during active service.

Life Insurance

All permanent employees who work at least fifteen (15) hours weekly, and who have completed thirty (30) days of continuous service have been eligible to enroll in the State's life insurance policy upon employment with the State. Employees pay 25% of the premium; the State pays 75% of the premium. The life insurance benefit is two times employees' annual base salary, rounded down to the nearest \$100. The accidental death and dismemberment benefit that is incorporated into the State's life insurance policy provides for an additional two times employees' annual salary if they die as a result of an accident.

Gap: The beneficiary of an employee who is not enrolled in the State's life insurance program will not receive a cash benefit.

Solution: In order to ensure maximum enrollment, the Department of Human Resources has implemented a system in which all employees are automatically enrolled in the life insurance program, with the ability to opt out, rather than the previous opt-in system. Additionally, the Department of Human Resources is in the process of implementing a policy (attached) that will provide cash benefits to the estate of an active nonpublic-safety employee who dies as a result of the willful or reckless act of a third party which was motivated by the employee's status as a

governmental employee or by the employee's performance of official State duties, even if the employee opted out of the life insurance program. Pursuant to this policy, the employee's estate shall be eligible to receive a lump sum payment equivalent to the benefit that is available for accidental death circumstances under the State's life insurance plan that is in place at the time of death, regardless of whether the employee participated in the State's life insurance plan.

For example, under the life insurance policy that is currently in place, the estate of an employee whose annual salary is \$25,319 would be eligible for a lump sum payment of \$101,276 if their death is a result of the willful or reckless act of a third party which was motivated by the employee's status as a governmental employee or by the employee's performance of official State duties. If the employee did participate in the State's life insurance plan, this benefit is in addition to whatever benefits are received under that plan. Therefore, using the previous example, the employee's estate may be eligible for a lump sum payment of \$202,552.

Payment of this benefit to the employee's estate would be subject to the Vermont legislature appropriating the necessary funds. An eligible employee's estate must apply to the Department of Human Resources within two years of the employee's death in order for the Administration to incorporate the request for funding into the State's fiscal budget for approval by the legislature.