

House Bill 1279

Actuarial Cost Study prepared for Joint Committee on Public Retirement and Social Security Programs of the Arkansas 93rd General Assembly

Provisions of the Bill

House Bill 1279 affects the Arkansas Teachers Retirement System (ATRS). The bill amends the law that determines the eligibility for disability benefits in ACA §24-7-704. The bill rearranges certain subsections and clarifies other subsections so that the order of the section corresponds to the order of the disability approval process. There are two substantive changes. First, House Bill 1279 adds that a Social Security determination of disability can be used as a presumption of meeting the ATRS disability definition requirements. The second item is when ATRS finds that a person is not eligible for disability, there is an official ability to request a second review with additional medical evidence.

Fiscal Impact

It is our understanding from discussion with the ATRS staff that the only significant changes to the process of approving disability claims contained in House Bill 1279 are the presumption of disability from a Social Security determination and a documented second review process. These items could cause a few more disabilities to be approved, so there could be a small fiscal impact. It is our opinion that the impact will be an insignificant cost impact and a cleaner approval process.

Other Information

The definition of disability used in the Social Security system is slightly different than what is in this section of code. In general, the Social Security definition is “higher bar” than the ATRS definition.

The Department of Labor (DOL) has issued regulations regarding the appeal of disability denials in private sector retirement plans. While the proposed ATRS appeal provisions are not identical, they do contain most of the same major provisions required by the DOL.

Related Legislation

There were several items that were requested by the ATRS board to be considered by the legislature. This has resulted in the filing of House Bills 1279, 1319, 1320, 1326, 1339, and 1340. There is a seventh item which was discussed by the ATRS board, but was not officially requested, that is now Senate Bill 174. It is our opinion that none of these bills have a significant fiscal impact on ATRS and that they do not have significant overlapping effects.

Sincerely,



Jody Carreiro, EA, ASA, MAAA, FCA
Actuary