

First Responder Presumed Coverage Fund

Pursuant to Public Act 317 of 1969, as amended,
Section 405(8)(a)(b)(c) and (10)(a)(b)

Calendar Year 2016

Prepared by

Workers' Compensation Agency

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The Workers' Compensation Agency (WCA) is pleased to present the 2016 annual report for the First Responder Presumed Coverage Fund (FRPCF). This report is prepared in accordance with Section 405(8) of the Workers' Disability Compensation Act, Act 317 of the Public Acts of 1969, as amended, and is submitted for your review.

The FRPCF was created pursuant to Public Act 515 of 2014, and was established to provide weekly workers' compensation wage loss and medical benefits to qualified first responders that have developed certain cancers. The FRPCF covers only first responders that have been employed full-time for 60 months or longer with a full-time fire authority at the time the cancer manifests itself, and who is exposed to the hazards incidental to fire suppression, rescue, or emergency medical services in the performance of necessary job duties. If true, the cancers are presumed to arise out of and in the course of their employment with respect to the claim only¹ against the FRPCF. The statutory presumption may be rebutted by scientific evidence that the first responder was a substantial and consistent user of cigarettes or other tobacco products within the ten years immediately preceding the date of injury, and that this use was a significant factor in the cause, aggravation, or progression of the cancer.

For the period of January 1, 2016 through December 31, 2016, the FRPCF received a total of ten applications. Of the applications received, six were approved, three were denied, and one was pending review at year-end. We have received one additional application in CY 2017, which is pending review.

The application to the FRPCF was made available on the Workers' Compensation Agency's website at http://www.michigan.gov/documents/wca/wca_WC-272_529481_7.pdf on July 18, 2016. Pursuant to MCL 418.405(9), the FRPCF was implemented on September 22, 2016 when the initial \$3 million appropriation was made available. Due to the timing of the appropriation, which delayed the implementation of the FRPCF, there were zero dollars in claim expenditures in CY 2016².

For CY 2016, administrative costs equaled \$44,183.31; this consists of \$11,183.31 in staff salary and fringe benefits plus \$33,000.00 for payment of the first year of a three-year contract to York Risk Services for claims administration. The WCA has allocated 1.5 FTE's to the FRPCF.

The anticipated claims expenditures in next fiscal year for claims already received by the WCA is \$506,800.00; costs associated with claims that have been incurred but not yet reported to the WCA are not included in this projection. In addition, we will see increased administrative costs as we will incur a full year of salaries and a second vendor payment to the claims administrator.

Based on our current fund base and the FY18 proposed appropriation of \$1.78 million, the FRPCF does not anticipate a funding shortfall this year.

Thank you for taking the time to review this report.

¹ The claim presumption applies only to the FRPCF and not to the employer (MCL 418.405(2)).

² The expenditures on claims in 2017 as of March 24, 2017, totals \$22,952.45.