



**June 30, 2024  
Annual Actuarial  
Valuation Results –  
Line Of Duty Act Fund**

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# Agenda

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- Big Picture – Line Of Duty Act Fund
- Valuation Highlights
- Appendix



A man in a dark suit and light blue shirt is pointing his right index finger towards the camera. The background is a blurred cityscape with digital overlays. On the left, the text "BIG PICTURE" is written in large, bold, white letters with a light blue glow. To the right of the text are three circular icons: a group of three people, a money bag with a dollar sign, and a lightbulb with a magnifying glass over it. White circuit-like lines connect these icons and extend across the image.

**BIG PICTURE**

## **Line Of Duty Act Fund**



# Big Picture: Actuarial Valuation Results

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June 30, 2024 LODA Actuarial Valuation develops

1. Informational Pay-As-You-Go (PAYGO) rate per Full Time Equivalent (FTE) Employee
2. Actuarially Determined Employer Contribution (for accounting purposes only)

Historically, odd year valuations determine LODA PAYGO Rate for 2 years



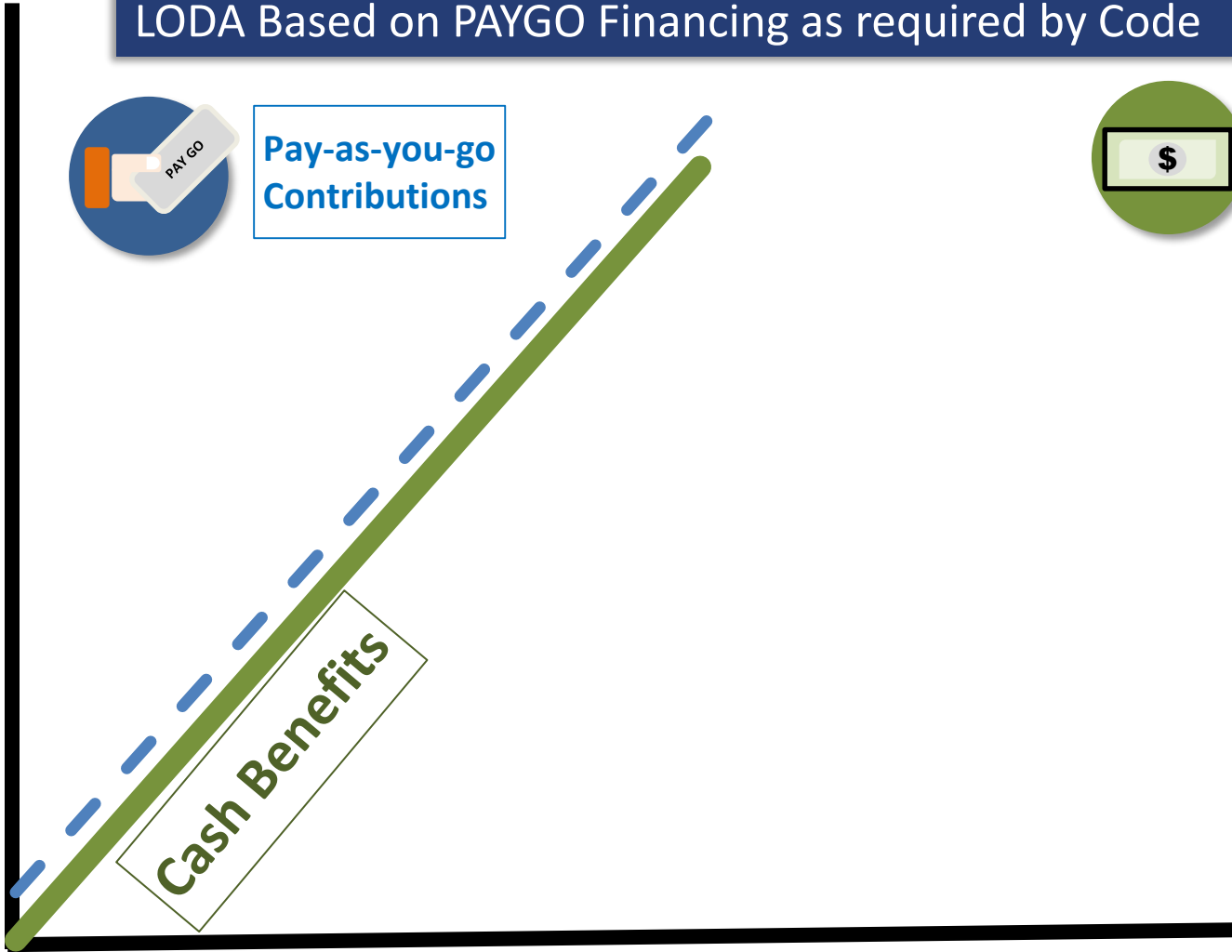
# A Different Approach: LODA Based on PAYGO Financing as required by Code



Pay-as-you-go  
Contributions



% of Active  
Employee  
Payroll



Cash Benefits

Start

Years of Time



# Big Picture: Line Of Duty Act Fund (LODA)

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- Pay-As-You-Go Financing
  - Required for participating employer contributions by Section 9.1-400.1 of the *Code of Virginia*
  - Costs
    - Death benefit payments
    - Health care premium payments - Department of Human Resource Management (DHRM)
      - Health Insurance Credit (HIC) reimbursements (used to offset claims)
  - Administrative expenses



# Big Picture: Line Of Duty Act Fund (LODA)

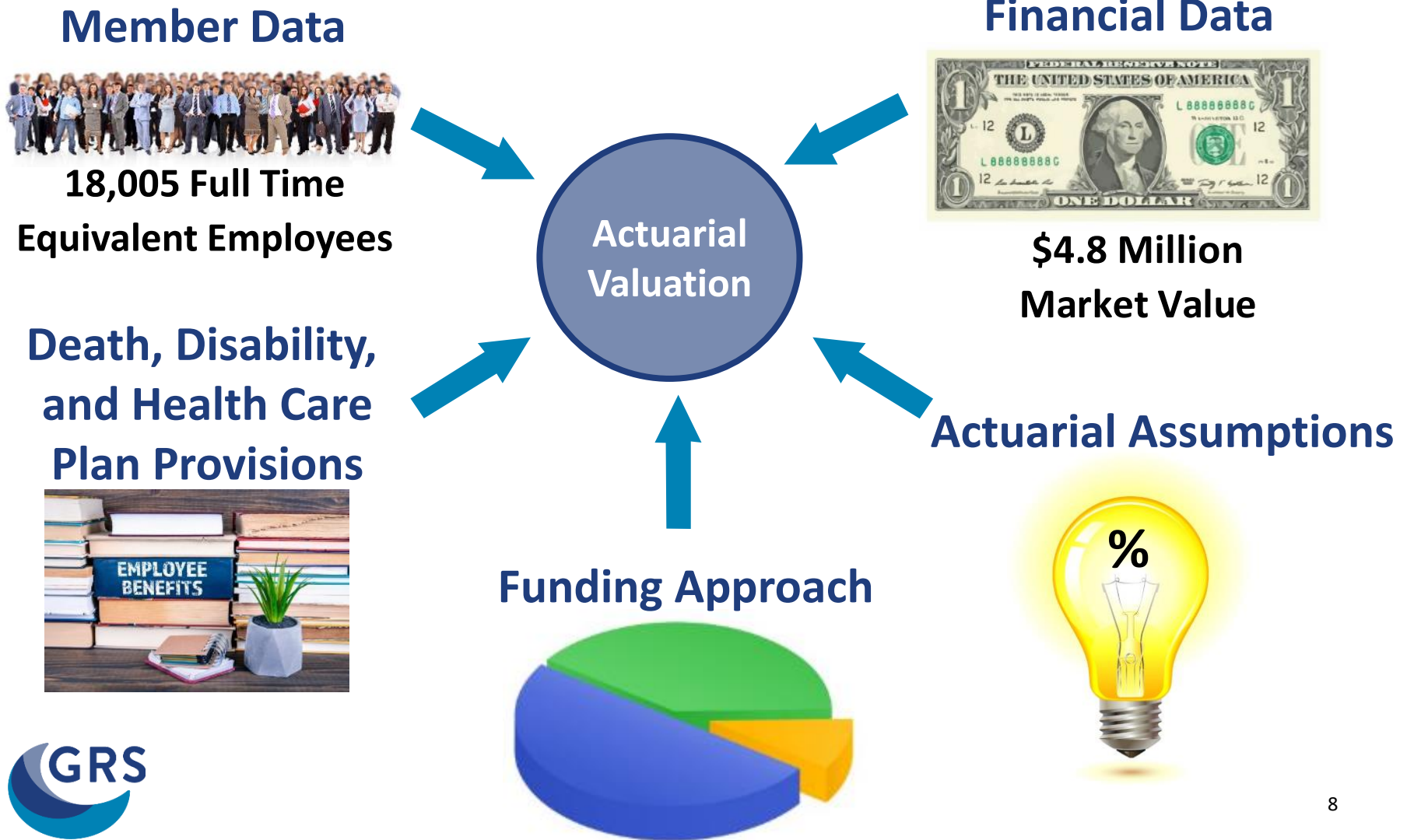
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- Project benefit payments for future years
  - Plan covers the cost of health care premiums for current beneficiaries
  - Cover the cost of any new claims that are expected to occur during the year (new health care premiums & death claims)
- Set Employer contributions per Full Time Equivalent (FTE) so that
  - Assets sufficient to cover costs for a two-year period with allowance for potential overage




# Actuarial Valuation Process

## Line of Duty Act Fund





The background of the slide features three spotlights at the top, casting beams of light onto a white podium on a stage. The text is centered on the stage.

# **JUNE 30, 2024**

# **VALUATION RESULTS HIGHLIGHTS**

# LODA: Valuation Highlights

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- LODA FTE contributions in informational year updated in 2024 valuation to include:
  - Favorable fiscal year 2024 financial experience
  - Updated demographic information
  - Re-setting the health care trend assumption
  - Plan design change increasing presumptive death benefit amount from \$25,000 to \$75,000
  - Beginning of year timing of employer contributions



# Active Participants

Employer Group	Weight	FY 2023 Counts	FY 2024 Counts
State/VaLORS/SPORS	100%	9,025	8,731
National Guard			
Full-Time	100%	869	961
Part-Time	10%	761	711
<b><i>Total State &amp; National Guard</i></b>		10,655	10,403
Participating Political Subdivisions			
Full-Time	100%	7,018	7,119
Volunteers	25%	488	484
<b><i>Total Pol. Sub. Employees</i></b>		7,506	7,603
<b><i>Aggregated Total</i></b>		18,161	18,005



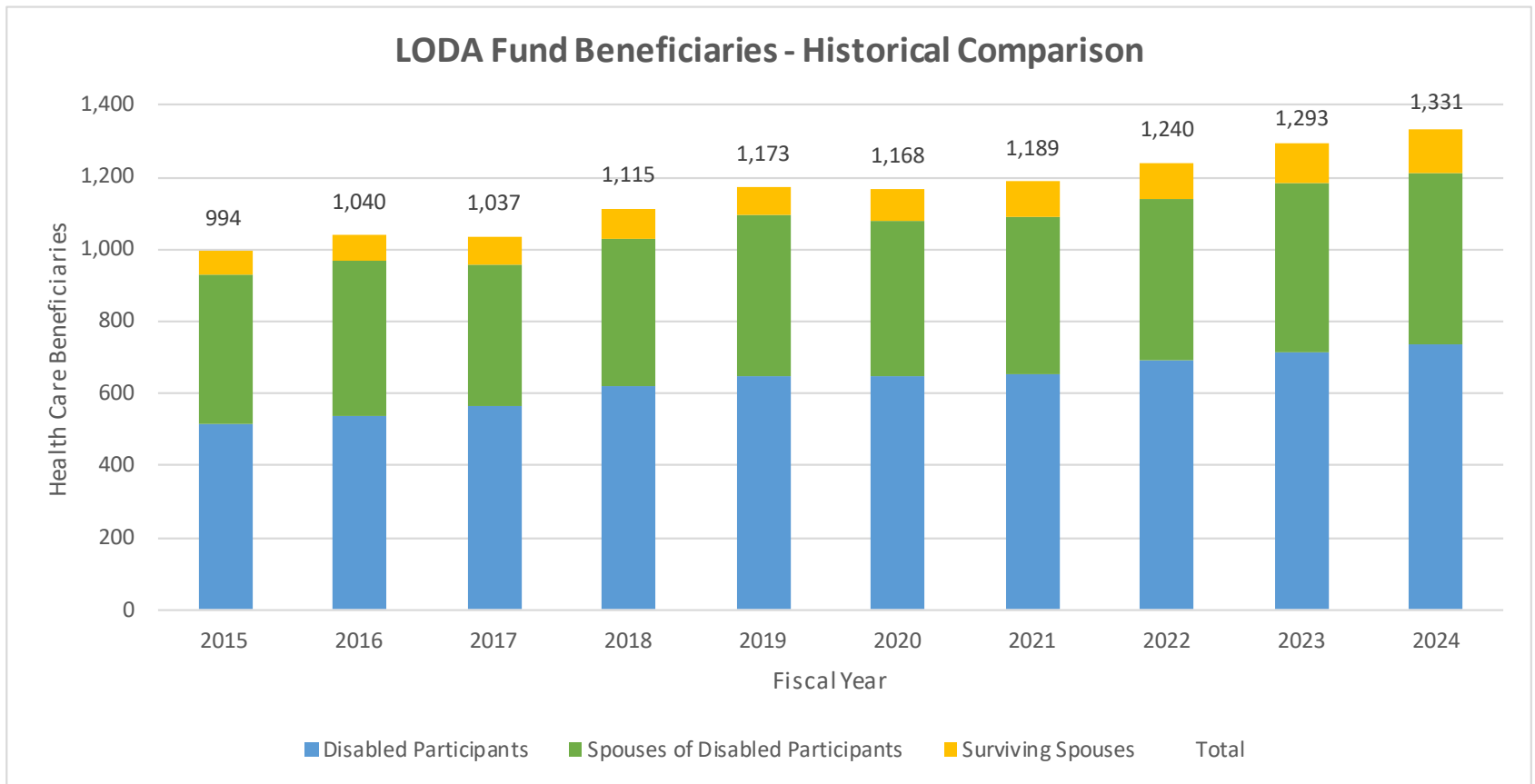
# Health Care Beneficiaries

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Beneficiary Type	2023	2024
Disabled Participants	713	735
Spouses of Currently Disabled Participants	471	477
Surviving Spouses	109	119
<b>Total</b>	<b>1,293</b>	<b>1,331</b>



# Health Care Beneficiaries: 10-year History



# Health Care Premiums

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Health care costs based on premium amounts invoiced by DHRM for those receiving LODA benefits

- Premium amounts reflect recent claims experience of current LODA beneficiaries
- Assumed trend for future health care costs
  - Pre-65: 7.25% initially, decreasing over 9 years to a 4.25% ultimate rate
  - Post-65: 6.50% initially, decreasing over 9 years to a 4.25% ultimate rate



# Initial Monthly Per Capita Costs – Provided by DHRM

FY 2025				
Membership Level	LODA Plan Current LODA Employment	LODA Plan Former LODA Employment	Medicare Primary <sup>1</sup>	Medicare Part B Premium <sup>2</sup>
Single	\$1,149	\$1,186	\$346	\$185.00
Two Person	\$1,961	\$1,995	N/A	N/A
Family (3 or more family members)	\$2,780	\$2,812	N/A	N/A

FY 2024				
Membership Level	LODA Plan Current LODA Employment	LODA Plan Former LODA Employment	Medicare Primary <sup>1</sup>	Medicare Part B Premium <sup>2</sup>
Single	\$1,084	\$1,119	\$302	\$174.70
Two Person	\$1,850	\$1,882	N/A	N/A
Family (3 or more family members)	\$2,623	\$2,653	N/A	N/A

<sup>1</sup> Rate effective January 1 within the Fiscal Year .

<sup>2</sup> Rate effective January 1 following the Fiscal Year .

- For Non-Medicare members, premiums increased 6.0% vs. 7.25% expected.
- For Medicare eligible members, premiums increased 14.6% vs. 6.50% expected.
- For Medicare eligible members, Medicare Part B premiums increased 5.9% vs. 5.9% expected.



# Initial Monthly Per Capita Costs

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Valuation Date	Non-Medicare <sup>^</sup>	Medicare Primary Including Medicare Part B
June 30, 2019	\$1,137.63	\$406.60
June 30, 2020	\$1,222.51	\$431.50
June 30, 2021	\$1,319.01	\$463.10
June 30, 2022	\$1,413.08	\$460.90
June 30, 2023	\$1,418.67	\$476.70
June 30, 2024	\$1,532.23	\$531.00

<sup>^</sup>Non-Medicare: Includes the additional cost for coverage of dependent children





# Market Value Assets: Year Ending June 30, 2024

## Line of Duty Act:

Beginning balance	5,311,456
Additions:	
Member contributions	-
Employer contributions	15,073,974
Health Insurance Credit Offset	500,608
Administrative expenses - Non-Participating	244,500
Total additions	<u>15,819,082</u>
Deductions:	
Line of Duty Act reimbursements	
Health Care Benefits	16,050,576
Death Benefits	427,716
Administrative expenses - Participating	768,804
Administrative expenses - Non-Participating	244,500
Other expenses	-
Total deductions	<u>17,491,596</u>
Investment Income (Net)	1,201,628
Ending balance	<u><u>4,840,570</u></u>

LODA fund assets expected to earn 6.75% return



# Actual vs. Expected Benefit Payments

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FY 2024		
Type of Benefit	Expected	Actual
Health Insurance Benefits	\$15,993,299	\$16,050,576
Death Benefits	\$358,348	\$427,716
HIC Offsets	(\$511,303)	(\$500,608)
Total	\$15,840,344	\$15,977,684

# Legislation – Workers Compensation

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- **HB 321; SB 649** – Increases the death benefit from presumptive causes (occupational cancer, respiratory disease, or hypertension or heart disease) from \$25,000 to \$75,000
  - Effective January 1, 2025
- **HB 1433** – Definition of eligible dependent expanded to include children that were born or adopted prior to the employee's claim approval date
  - Effective July 1, 2024



# Putting It All Together: Development of LODA Employer Costs Per FTE

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- Combine
  - Demographics of group as of June 30, 2024
  - Health care premium rates as of June 30, 2024
  - Health care trend and other actuarial assumptions
  - Health Insurance Credit (HIC) Program Reimbursements
  - Administrative Expenses
    - Net fiscal year 2024 amount is \$768,804, assumed to increase at 3% per annum for future years



# Putting It All Together: Fiscal Years 2025-2026

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	FY 2025	FY 2026
FTE Employees	18,005	18,005
Employer Contributions <sup>1</sup>	\$ 18,291,248	\$ 18,275,177
Benefit Costs	(17,794,540)	(20,265,600)
Administrative Expenses	(791,868)	(815,624)
Investment Income	934,106	891,950
Net Cash Flow	638,946	(1,914,097)
End of Year Position <sup>2</sup>	5,479,517	<b>3,565,420</b>

<sup>1</sup> Based on known FY 2025 invoiced amount and \$1,015/FTE for FY 2026

<sup>2</sup> FYE 2026 target of one month claim reserve was originally set equal to \$1,700,000



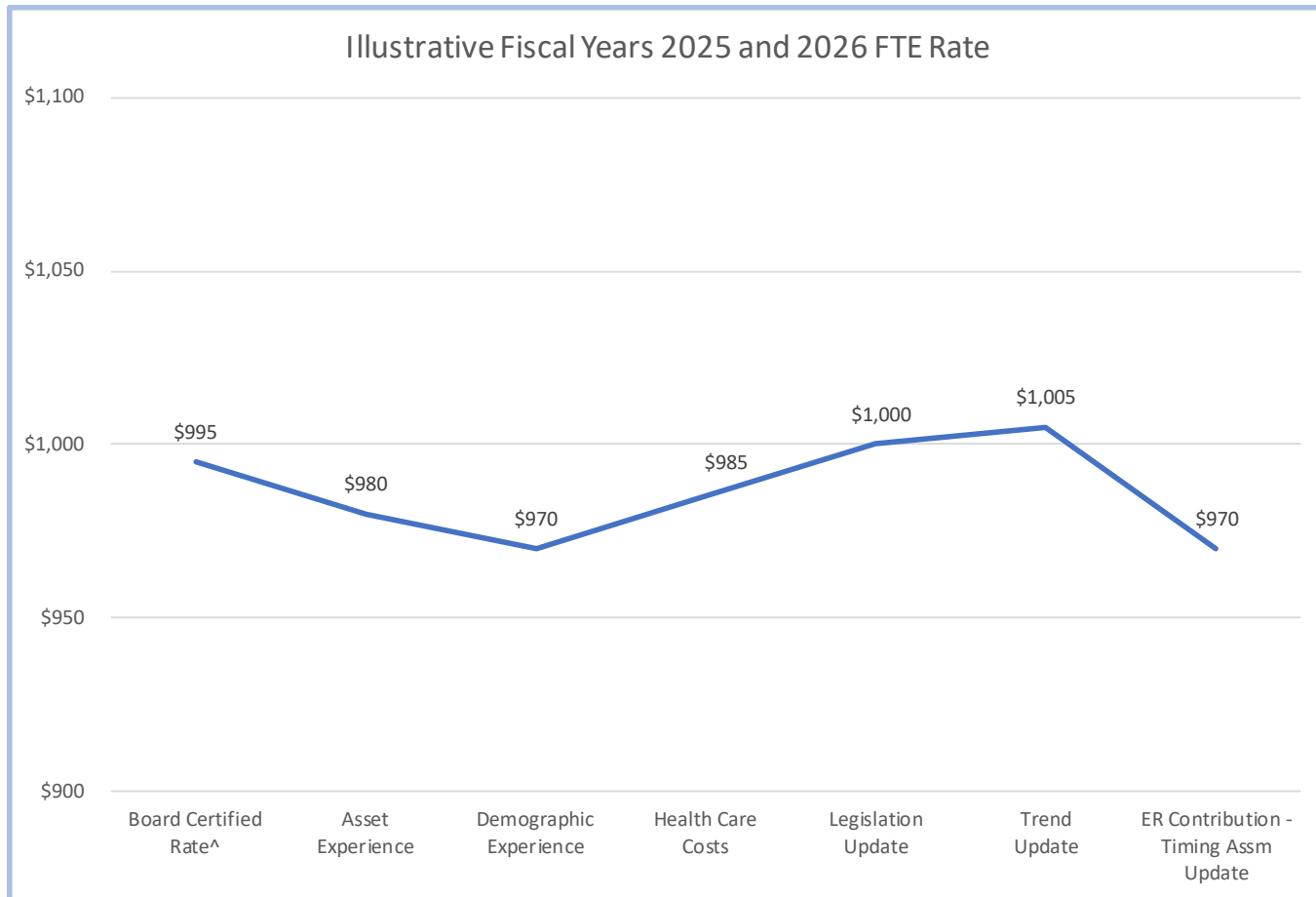
# Putting It All Together: LODA Rate History

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Valuation Date	Fiscal Year	Board Certified Rate	Adjusted Rate	Informational Rate
6/30/2024	2026	\$995.00	\$1,015.00	\$970.00
6/30/2023	2025	\$995.00	\$1,015.00	N/A
6/30/2022	2024	\$681.84	\$830.00	\$732.57
6/30/2021	2023	\$681.84	N/A	N/A
6/30/2020	2022	\$695.18	\$722.55	\$758.03
6/30/2019	2021	\$695.18	\$717.31	N/A

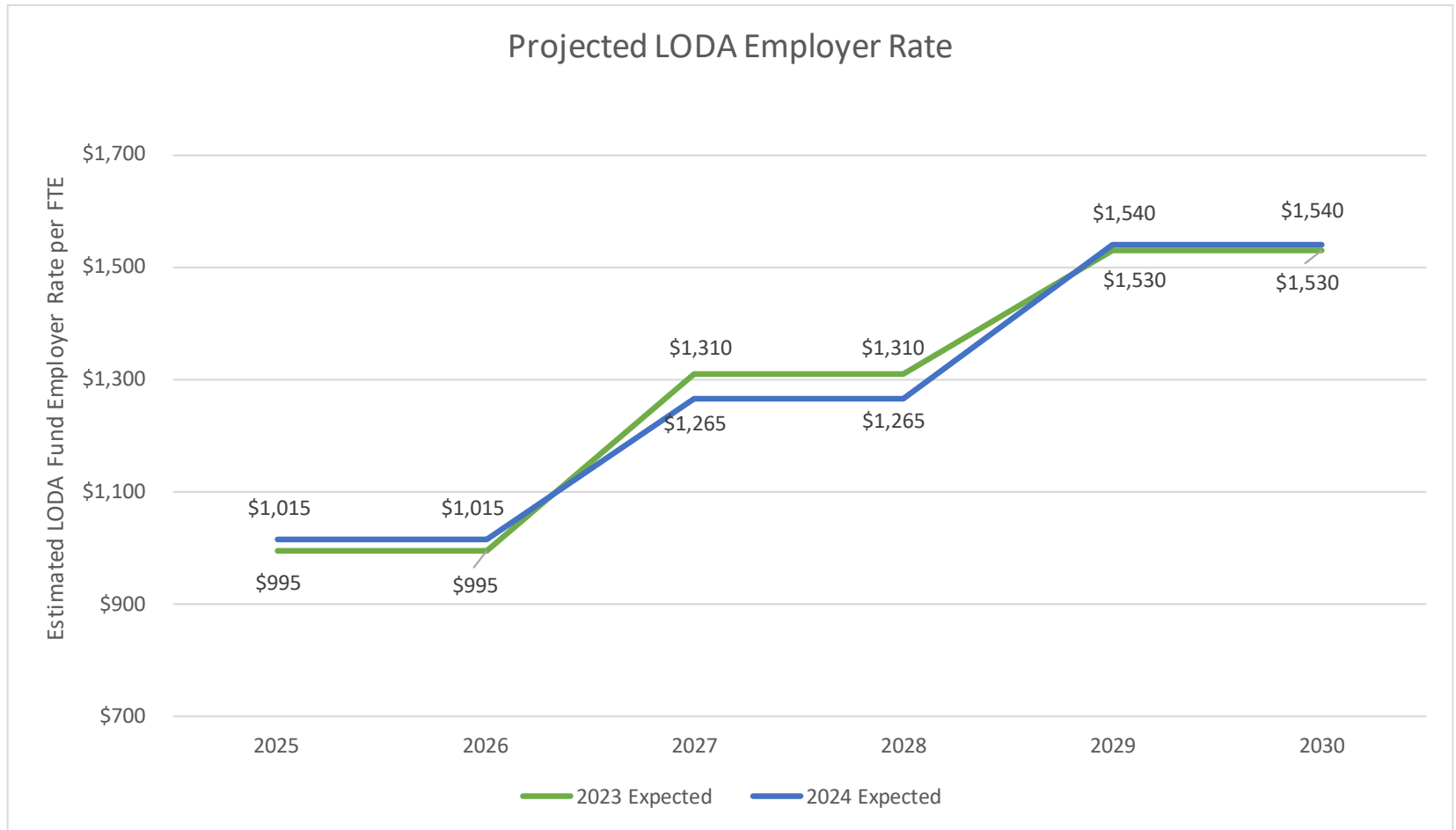


# Putting it All Together: Reflecting Fiscal Year 2024 Experience



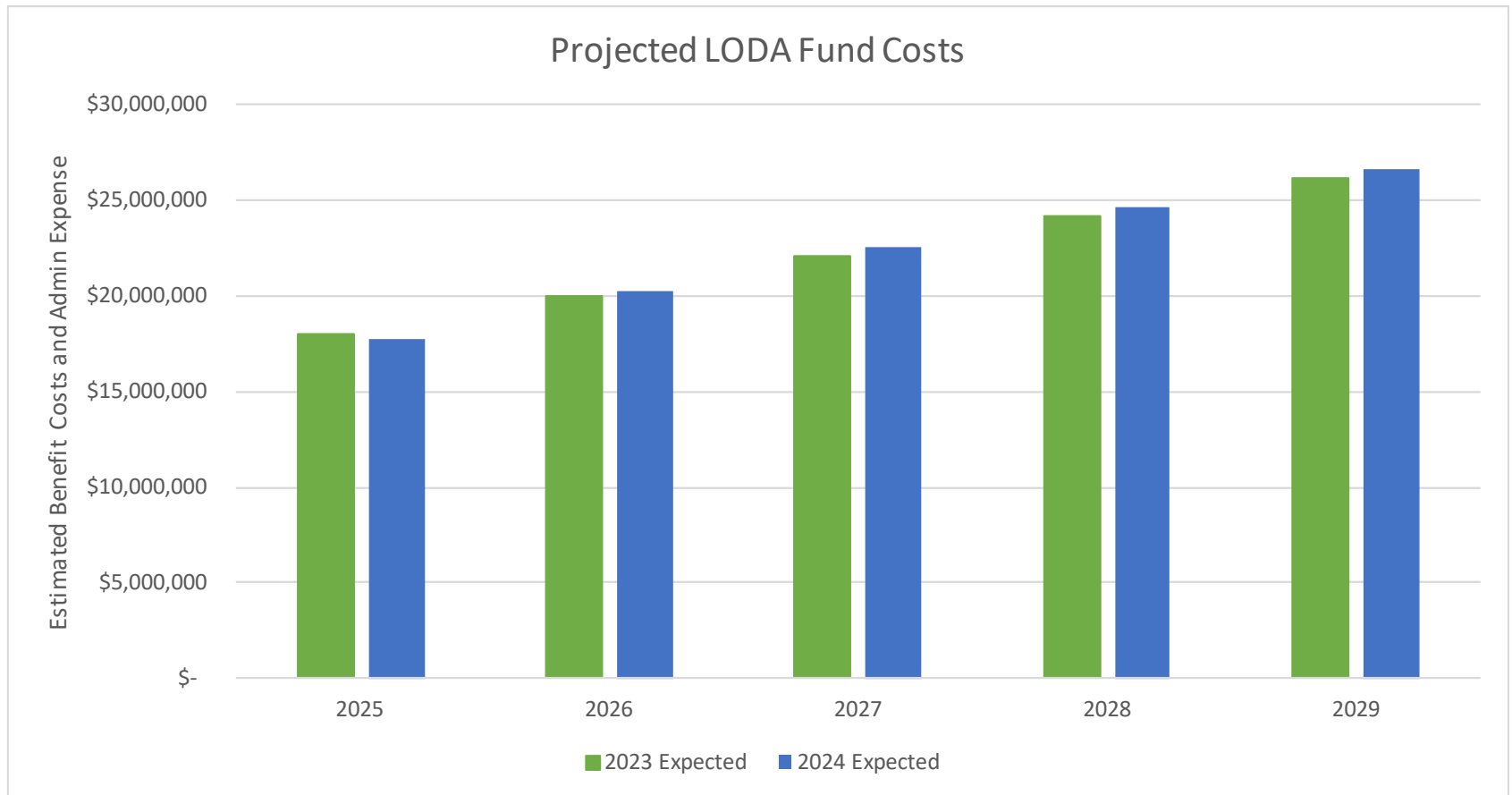
*^Board certified rate adjusted by HB 30 to \$1,015 to account for the increase in presumptive death benefit amounts.*

# Putting It All Together





# Putting It All Together: Projected Benefit Payments



# LODA: Conclusions

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- LODA Fund contributions are likely to increase, due to:
  - PAYGO financing approach
  - Health care inflation
  - Plan design changes
  - Increasing number of beneficiaries
  - Static/Decreasing FTE employee count



# THANK YOU

**QUESTIONS**

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