

WSR 23-17-019  
PERMANENT RULES  
DEPARTMENT OF  
RETIREMENT SYSTEMS

[Filed August 7, 2023, 2:17 p.m., effective September 7, 2023]

Effective Date of Rule: Thirty-one days after filing.

Purpose: To provide clarification regarding reimbursement of medical premiums for law enforcement officers and firefighters' Plan 2 members who are catastrophically disabled in the line of duty.

Citation of Rules Affected by this Order: New WAC 415-104-4801; and amending WAC 415-104-480.

Statutory Authority for Adoption: RCW 41.50.050.

Adopted under notice filed as WSR 23-13-100 on June 20, 2023.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 1, Amended 1, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 1, Amended 1, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, Amended 0, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.

Date Adopted: August 7, 2023.

Tracy Guerin  
Director

**OTS-4613.2**

AMENDATORY SECTION (Amending WSR 22-08-008, filed 3/23/22, effective 4/23/22)

**WAC 415-104-480 Does my disability qualify me for a LEOFF Plan 2 catastrophic duty disability benefit?** (1) If the department determines you are disabled and you became disabled in the line of duty, you qualify for a catastrophic duty disability if:

(a) The disability or disabilities that qualified you for a LEOFF Plan 2 duty disability benefit are so severe that considering your age, education, work experience, and transferable skills, you cannot engage in any other kind of substantial gainful activity in the labor market; and

(b) Your disability or disabilities have lasted or are expected to last at least 12 months, or are expected to result in your death.

(2) A person with multiple injuries/conditions, some duty-related and some not, could qualify for a catastrophic duty disability but only if the duty injury or injuries, standing on their own, are catastrophically disabling.

**Examples:**

- Totally disabled, but not from duty injury - Not eligible for catastrophic disability benefit.

A LEOFF Plan 2 member suffers a knee injury on duty, leaving the member disabled from LEOFF employment. The knee injury, by itself, is not totally disabling. The member also suffers from amyotrophic lateral sclerosis (ALS) or Lou Gehrig's disease, a progressive neurodegenerative disease that ultimately leaves the member totally disabled. Pursuant to the ALS diagnosis the member is granted a full disability from the Social Security Administration. In this case the member would qualify for a duty disability, but not for a catastrophic disability because the fully disabling condition, ALS, is not duty related.

- Totally disabled, duty injury totally disabling - Eligible for catastrophic disability benefits.

A LEOFF Plan 2 member suffers a knee injury while fishing. The knee injury, by itself, is neither duty related nor catastrophically disabling. The member also suffers severe burns while fighting a fire, leaving the member fully disabled. The Social Security Administration grants the member a full disability based on the member's total condition. The member qualifies for a LEOFF plan 2 catastrophic disability benefit because the burn injuries, by themselves, render the member totally disabled.

(3) Medical insurance premium reimbursement is an additional benefit for a member who is catastrophically disabled in the line of duty (RCW 41.26.470). However, if you choose to withdraw 150 percent of your accumulated contributions pursuant to RCW 41.26.470(6) you are not entitled to the medical insurance premium reimbursement. For more information, see WAC 415-104-4801.

(4) If you receive catastrophic duty disability benefits, the department will periodically review your income and medical status for continued eligibility. This review is not a reassessment of your initial determination, but an assessment of whether there has been any change in your condition. If it is determined that there has been a change in your condition and you are no longer eligible under subsection (1) of this section, or if you fail to provide required documentation or cooperate with the review, your catastrophic duty disability benefit may be discontinued or converted to a different retirement status. DRS will notify you of your review at least 30 days before the beginning of your review.

(a) Income review: At least annually, you must submit documentation to verify that your income from earnings is below the defined income threshold as defined in subsection (5)(c) of this section. You must also notify the department within 30 calendar days of any changes in your income that could impact your eligibility including, but not limited to, wages and earnings from self-employment. (See subsection (5)(c), (d) and (f) of this section.) If DRS is not notified on time, you may be responsible for any resulting overpayment.

Documentation you may need to provide includes a federal or state income tax return from the most recent year, (~~a copy of savings, checking or other bank accounts for the most recent two months~~) employment security records for the last four quarters, self-employment documents or 1099, or other documentation as requested by the department.

(b) Medical review: The department will conduct a continuing disability review (CDR) at least once every three years if at the time of your last determination your condition is expected to improve, or every six years if your condition is not expected to improve, until you reach age 65. The department may increase the frequency of your CDRs

and reserves the right to require a CDR at any time if notified of a change in your condition, but not more than once every 12 months. The department may also waive the CDR if your disability is determined to be permanent or terminal.

(i) DRS will first review any updated medical information available from any labor and industries claims related to your line of duty injury to determine if additional medical information is needed from you and your primary care provider.

(ii) If needed, the department will provide you with a Disability Review form, which asks for information about whether your medical condition has improved since your last eligibility determination. You will have at least 30 days to complete and return this form to the department or notify the department that you need additional time. Once received, the department will have 90 days to review this information and either notify you of your continued eligibility or the need for additional information. Before making a change to your disability retirement status, the department will consult with a contracted vendor for the purpose of providing an independent medical review.

(5) Definitions. As used in this section:

(a) **Catastrophically disabled** means the same as "totally disabled" as defined under RCW 41.26.470(9).

(b) **Continuing disability review (CDR)** means an assessment of your current medical condition to determine if it continues to be catastrophically disabling. The department's medical professional will review recent documentation, with supplemental assessment by external medical experts at the department's discretion.

(c) **Defined income threshold** means any substantial gainful activity that produces average earnings, as defined in (d) of this subsection, in excess of the federal Social Security disability standards, adjusted annually for inflation. Wages count toward earnings when they are earned, not when you receive them. Self-employment income counts when you receive it, not when you earn it.

(d) **Earnings** are any income or wages received, which are reportable as wages or self-employment income to the IRS.

(e) **Labor market** is the geographic area within reasonable commuting distance of where you were last gainfully employed or where you currently live, whichever provides the greatest opportunity for gainful employment.

(f) **Substantial gainful activity** describes a level of work activity and earnings. Substantial gainful activity is work activity that is both substantial and gainful, and it may be, but is not required to be, from work or self-employment. Earnings as defined in this section includes compensated work activity that meets or exceeds the defined income threshold:

(i) Work activity is substantial if it involves doing significant physical or mental activities. Your work activity may be substantial even if it is done on a part-time basis or if you do less, or get paid less, or have less responsibility than when you worked in your LEOFF position.

(ii) Work activity is gainful if it is work activity that you do for pay or profit. Work activity is gainful if it is the kind of work usually done for pay or profit, whether or not a profit is realized.

(iii) Generally, activities like taking care of yourself, household tasks, profits from rental income, hobbies, therapy, school attendance, club activities, or social programs are not substantial gainful activity.

(g) **Transferable skills** are any combination of learned or demonstrated behavior, education, training, work traits, and skills that you can readily apply. They are skills that are interchangeable among different jobs and workplaces.

NEW SECTION

**WAC 415-104-4801 Medical reimbursement for LEOFF 2 catastrophically disabled members.** (1) **What type of medical premiums are available for reimbursement for a LEOFF Plan 2 member who is catastrophically disabled in the line of duty?**

(a) LEOFF Plan 2 members who are catastrophically disabled in the line of duty are eligible for reimbursement of medical premiums of:

- (i) Employer-provided medical insurance.
- (ii) Medical insurance offered under the federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).
- (iii) Other medical premiums, not to exceed the COBRA amount.
- (iv) Medicare Part B.

(b) LEOFF Plan 2 members who are catastrophically disabled are eligible for reimbursement for medical insurance premiums paid after June 30, 2013. DRS will not reimburse for any supplemental health plans.

(2) **What if I am eligible for medicare coverage?** If you or your spouse become eligible for medicare coverage, you must notify DRS when you become eligible. To remain eligible for the reimbursement payment, you must enroll in and maintain enrollment in medicare Part B. At that point, DRS will only reimburse for medicare Part B and vision and dental coverage for that individual. DRS will not reimburse for any medicare supplemental or prescription plans.

(3) **How do I apply for medical premium reimbursements?** To receive medical premium reimbursements, you must first complete a request for medical reimbursement form and provide proof of medical insurance coverage and premium payment to DRS.

(4) **What is acceptable as proof of insurance coverage?** DRS will accept these documents as proof of insurance coverage:

- (a) Invoice from insurance provider.
- (b) Certificate from insurance provider.
- (c) Invoice from medicare.
- (d) Social Security Form SSA-1099.

(5) **What is acceptable as proof of premium payment?** DRS will accept these documents as proof of payment:

- (a) Letter from the Social Security Administration showing your medicare deduction from your monthly benefit;
- (b) Bank or credit card statement showing insurance payment that is supported by other documentation showing this is for medical insurance;
- (c) Receipt from insurance provider;
- (d) Copies of both sides of cashed checks; or
- (e) Letter from the Social Security Administration showing deduction amount.

(6) **What if my premiums are deducted from my DRS benefit or my spouse's payroll checks?** DRS will accept these documents as proof of both insurance coverage and premium payment:

- (a) Premium deduction authorization from your insurance provider, if premium payments are being paid directly from DRS.

(b) Copy of spouse's or partner's pay stub showing insurance deduction amount.

(7) **When is documentation required?**

(a) You must provide proof of insurance coverage and premium payments at the time you apply for reimbursement. After you are enrolled in the reimbursement program, you must submit this form each June and December along with requested documentation.

(b) DRS will reach out to each retiree receiving medical reimbursement payments, and retirees will have 90 days from the date of the letter to provide proof of premium payment. DRS will provide notifications of the 90-day window to ensure that retirees are aware of the requirement to reapply and supply proof.

(c) After 90 days, DRS will suspend reimbursement until receiving proof of insurance coverage and premium payments. After DRS receives this information, DRS will reinstate reimbursement payments.