



MIKE CAUSEY
INSURANCE COMMISSIONER

January 17, 2023

The Honorable Phil Berger
Senate President Pro Tempore
16 West Jones Street, Room. 2007
Raleigh, North Carolina 27601

The Honorable Tim Moore
House Speaker
16 West Jones Street, Room 2304
Raleigh, North Carolina 27601

Ms. Sarah Holland
Principal Clerk of the Senate
16 West Jones Street
Raleigh, North Carolina 27601

Mr. James White
Principal Clerk of the House of Representatives
16 West Jones Street
Raleigh, North Carolina 27601

Re: Report on Firefighters' Health Benefit Pilot Program

Dear Senator Berger, Representative Moore, Ms. Holland and Mr. White:

Session Law 2021-180 established a pilot program to provide a cancer benefit to firefighters and placed the Department of Insurance in charge of administering the program. As part of its responsibilities in administering the program, the Department is required to report to you on the pilot program. The attached report is provided for your review.

After completing the first year of the program, it is clear there is a need for a cancer benefit for firefighters. The Department has administered the pilot program by purchasing an insurance policy to provide the benefits set out in the session law. After hearing from fire chiefs and firefighters impacted by cancer and benefiting from the program, I can say that it has definitely filled a void for many who are suffering and looking for assistance. This coverage provides a little piece of comfort for those dealing with very scary and serious prognosis. I feel that it is vitally important that this program be continued.

Thank you for allowing the Department's Office of State Fire Marshal to administer this important pilot program and I hope that the General Assembly will find a way to make the pilot program a permanent benefit for North Carolina firefighters.

With kindest regards,

Mike Causey
Insurance Commissioner
State Fire Marshal

NORTH CAROLINA DEPARTMENT OF INSURANCE

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Report on the Firefighters' Health Benefit Pilot Program

**Prepared by
Department of Insurance**

**As Required by
Session Law 2021-180
Senate Bill 105, Section 30.4A.(f)**

January 17, 2023

Report on Firefighters' Health Benefit Pilot Program

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1. Statement of Objective

Pursuant to Section 30.4A.(f) of Session Law 2021-180, the Department of Insurance is required to submit reports to the General Assembly and to the Governor on January 1, 2023 and July 2023 regarding the pilot program establishing a supplemental insurance policy for firefighters diagnosed with cancer. The report is required to include information about: the number, type, and primary work location of all firefighters participating in the pilot program; the number of benefit claims filed; the types of cancer for which benefit claims were filed; and all benefits paid out under the pilot program.

2. Pilot Program Requirements

The pilot program requirements in Session Law 2021-180, Senate Bill 105, Section 30.4A. are:

PILOT PROGRAM ESTABLISHING SUPPLEMENTAL INSURANCE POLICY FOR FIREFIGHTERS DIAGNOSED WITH CANCER

SECTION 30.4A.(a) Firefighters' Health Benefits Pilot Program. – Of the funds appropriated in this act to the Department of Insurance, the sum of seven million five hundred thousand dollars (\$7,500,000) in nonrecurring funds for each fiscal year of the 2021-2023 fiscal biennium shall be used to establish and administer a pilot program to provide health benefits as authorized by this section to eligible firefighters with a new diagnosis of cancer on or after January 1, 2022. The health benefits provided under the pilot program shall be supplemental to any other health benefits authorized by law for firefighters. The pilot program shall end on June 30, 2023, but claims for health benefits filed by that date shall be paid as long as funds appropriated for the pilot program are available.

SECTION 30.4A.(b) Definitions. – The following definitions apply in this section:

- (1) Cancer. – Malignant neoplasms of the body that may be caused by exposure to heat, radiation, or a known carcinogen, as defined by the World Health Organization's International Agency for Research on Cancer.
- (2) Eligible firefighter. – A firefighter who meets the requirements of subsection (c) of this section.
- (3) Fire department. – Any organization that is not a federal agency, including any public or government-sponsored organization, that is located and based in this State and provides rescue, fire suppression, and related activities.
- (4) Firefighter. – As defined in G.S. 58-84-5.

SECTION 30.4A.(c) Eligibility. – To be eligible to receive benefits under the pilot program, a firefighter:

- (1) Must have served in a North Carolina fire department for a minimum of five continuous years.

- (2) Must have received a new diagnosis of cancer on or after January 1, 2022. A firefighter with a diagnosis of cancer prior to January 1, 2022, is not eligible for benefits in the pilot program for that previously diagnosed cancer type but remains eligible for benefits in the pilot program upon diagnosis of any other cancer type. A firefighter is not eligible to receive benefits under the pilot program if the firefighter is receiving benefits related to cancer under Article 1 of Chapter 97 of the General Statutes, the North Carolina Workers' Compensation Act.
- (3) Must have filed a claim with the Department seeking benefits under this section no later than June 30, 2023.

SECTION 30.4A.(d) Benefits Under Pilot Program. – To the extent that funds are available, the following benefits shall be provided under the pilot program:

- (1) Medical costs reimbursement. – An eligible firefighter shall receive reimbursement of up to twelve thousand dollars (\$12,000) for any out-of-pocket medical expenses incurred, including deductibles, copayments, or coinsurance costs, for each diagnosis of cancer.
- (2) Lump sum benefit. – Not to exceed a total of fifty thousand dollars (\$50,000), a lump sum benefit of twenty-five thousand dollars (\$25,000) for each diagnosis of cancer shall be payable to an eligible firefighter upon sufficient proof to the insurance carrier, the Department, or other applicable payor of a diagnosis of cancer by a board-certified, licensed physician in the medical specialty appropriate for the type of cancer diagnosed.
- (3) Disability benefit. – Upon sufficient proof to the insurance carrier, the Department, or other applicable payor of total disability resulting from the diagnosis of cancer or that the cancer precludes the firefighter from serving as a firefighter, the following disability benefits shall be paid to an eligible firefighter beginning six months after the total disability or inability to perform the duties of a firefighter, whichever applies:
 - a. For a nonvolunteer firefighter. – A monthly benefit that is either (i) equal to seventy-five percent (75%) of the firefighter's monthly salary or (ii) five thousand dollars (\$5,000), whichever is less.
 - b. For a volunteer firefighter. – A monthly benefit of one thousand five hundred dollars (\$1,500).

SECTION 30.4A.(e) Limitations on Disability Benefit. – The following limitations apply to disability benefits under this section:

- (1) Disability benefits shall continue for no more than 36 consecutive months; provided, however, disability benefits shall continue only until funds appropriated for the pilot program are available. Upon the expenditure of all funds appropriated for the pilot program, all disability payments under the pilot program shall terminate and the Department shall have no other responsibility to provide benefits under the pilot program.

- (2) Any firefighter receiving disability benefits may be required to have his or her condition reevaluated to determine if that firefighter has regained the ability to perform the duties of a firefighter. If that reevaluation indicates that the firefighter has regained the ability to perform the duties of a firefighter, then the monthly disability benefits shall cease on the last day of the month the reevaluation was conducted.
- (3) If there is no reevaluation performed under subdivision (2) of this subsection, but the firefighter's treating physician determines that the firefighter is again able to perform the duties of a firefighter, then the disability benefits shall cease on the last day of the month that the physician made the determination.
- (4) If a firefighter returns to work as a firefighter before exhaustion of the 36 months of disability benefit an eligible firefighter may receive under this section, and if there is a subsequent recurrence of disability caused by cancer that again precludes the firefighter from performing the duties of a firefighter, then the firefighter shall be entitled to any remaining monthly disability benefits, not to exceed 36 months in total, as long as funds are available under the pilot program.
- (5) The monthly disability benefit shall be subordinate to any other benefit paid from any source to the firefighter solely for a disability related to the cancer diagnosis, so long as that source is not private insurance purchased solely by the firefighter. Disability benefits under this section shall be limited to the difference between the benefit amount paid by the other source and the amounts specified under subdivision (3) of subsection (d) of this section.

SECTION 30.4A.(f) Reporting Requirements. – On January 1, 2023, and July 1, 2023, the Department shall submit a report to the General Assembly and to the Governor that includes the following information:

- (1) The number, type, and primary work location of all firefighters participating in the pilot program.
- (2) The number of benefit claims filed.
- (3) The types of cancer for which benefit claims were filed.
- (4) All benefits paid out under this section.

SECTION 30.4A.(g) This section becomes effective January 1, 2022.

SECTION 30.4A.(h) No later than January 1, 2022, the Department shall show proof of insurance coverage that meets the requirements of this section for all firefighters included on the Certified Roster submitted to the North Carolina State Firefighters' Association.

SECTION 30.4A.(i) Notwithstanding the provisions of G.S. 58-6-25(d), the Department is not required to reimburse the General Fund for the appropriation made in this act for the purpose of establishing and administering the pilot program described in this section.

3. Department's Approach

The Department procured insurance coverage through Volunteer Firemen's Insurance Services, Inc. (VFIS of NC) and its broker of record. The insurance policy was effective 1/1/2022 and coverage is provided through American International Group, Inc. (AIG). Coverage under the policy is in line with the requirements of the statute. 37,000 members were reported by the North Carolina State Firefighter's Association (NCSFA) for coverage. The premium for the policy was \$5,513,000, almost \$2,000,000 under the budgeted allocation of \$7,500,000.

4. Claims Process

The claims process begins when a firefighter reports a diagnosis to VFIS of NC via website. VFIS of NC verifies the firefighter's eligibility with NCSFA. Once eligibility is verified the firefighter is sent additional documentation that is needed, including a detailed claim form for the firefighter and physician to complete. The completed documentation is sent to VFIS of NC via fax, mail or email. Claims payments are processed and payment submitted directly to the firefighter.

5. Data:

a. Number, type, and primary work location of all firefighters participating in the pilot program.

There were 37,000 firefighters reported to the Department of Insurance by the NCSFA for the year 2022-2023. These firefighters represent both paid and volunteer firefighters and are located across the state in all counties.

b. Total number of claims, types of firefighters submitting claims, age range of claimants, and counties where claims originated.

1) Total number of claims

TOTAL CLAIMS	
CLAMS IN PROCESS	17
TOTAL PAID	55
TOTAL DENIED	38
TOTAL CLAIMS REPORTED	110

2) Types of firefighters submitting claims

FIREFIGHTER CLASS	
CAREER	41
VOLUNTEER	69
TOTAL	110

3) The age range of claimants

AGE RANGE	
0-39	9
40-49	18
50-60	41
61-69	27
70-85	14
Unknown	1
TOTAL	110

4) Counties where claims originated

BY COUNTY			
Alamance	2	Lenoir	3
Beaufort	2	Lincoln	1
Bertie	1	Mecklenburg	6
Bladen	2	Montgomery	1
Buncombe	3	Nash	1
Burke	1	Onslow	3
Cabarrus	1	Pender	2
Carteret	1	Pitt	5
Catawba	2	Randolph	1
Cleveland	3	Richmond	1
Columbus	2	Robeson	5
Craven	5	Rockingham	1
Cumberland	2	Rutherford	2
Dare	2	Sampson	1
Duplin	2	Stokes	3
Forsyth	2	Transylvania	1
Gaston	2	Union	2
Granville	1	Vance	1
Guilford	9	Wake	6
Harnett	1	Watauga	1
Henderson	1	Wayne	6
Hertford	1	Wilkes	4
Iredell	2	Wilson	1
Johnston	2		

c. Types of cancer

TYPE OF CANCER			
Basil Cell Carcinoma	3	Melanoma	9
(Brain) Glioblastoma	1	Multiple Myeloma	3
Anaplastic Astrocytoma (Brain)	1	Non-Hodgkin's Lymphoma	3
Bladder	3	Not Identified	1
Bone Cancer	1	Pancreatic	4
Breast	3	Prostate	19
Clear Cell Sarcoma	1	Renal	2
Colon	7	Spine	1
Esophageal	3	Squamous Cell	5
Hip, Bone & Lung	1	Stage 3 (Brain) Oligodendroglioma	1
Hodgkin's Lymphoma	3	Stomach	2
Intestinal	4	testicular cancer	4
Kidney, Liver & Lung	6	Throat Cancer	1
Leukemia	3	Thyroid Cancer	2
Liver	2	Tongue	1
Lung Cancer	9	Unknown	1

d. The amounts paid

TOTAL PAID	
LUMP SUM BENEFIT PAID	\$1,525,000.00
MEDICAL REIMBURSEMENT PAID	\$95,734.36
TOTAL DISABILITY PAID	\$12,000.00
TOTAL	\$1,632,734.36

6. Issues

Some issues have arisen during the first year of the pilot program, including:

Pilot program time period. Legislation calls for the pilot program to end on June 30, 2023, but the policy purchased to provide coverage is effective through December 31, 2023. While the policy can be cancelled when the pilot program ends, allowing the pilot program to continue until the policy expires would provide for firefighters diagnosed after June 30, 2023, to receive these benefits.

Retiree eligibility – to be eligible for benefits, a person must be on a department’s active roster, which means retirees do not qualify for benefits, even if they served for more than five continuous years with a department.

“New diagnoses” wording in the session law – There have been a few instances with cancer diagnosis that have been determined to have metastasized from previous cancers and it is unclear whether this would be a “new diagnosis” under the pilot program.

Medical cost reimbursement benefit – Some firefighters have had difficulty providing documentation for out-of-pocket expenses and having to do so can create additional stress when they are already dealing with receiving cancer treatments.

Questions regarding whether the pilot program covers firefighters on military bases who are federal employees. – There are North Carolina firefighters who work on military bases in the state and are federal employees but are members of the NCSFA. A firefighter on a military base meets the definition of a “firefighter” under the pilot program but the definition of “fire department,” excludes federal agencies, so it appears that these firefighters are not covered.

7. Suggested Improvements

After administering the program for a year, the Department has some suggestions for possible improvements in the pilot program:

- Allow the pilot program to end when the current policy expires on December 31, 2023.
- Add retirees as an eligible class but limit eligibility to ten years following active service. When a firefighter retires, the NCSFA changes their status to “retired inactive.” Allow retired inactive firefighters who otherwise meet the program requirements to remain eligible for 10 years after the date they became retired inactive.
- Provide a clarifying definition for what is a new diagnosis of cancer.
- Change the medical reimbursement benefit to a lump-sum payment or change the overall benefits to have one larger lump-sum payment.
- Clarify the eligibility for federal and employees.