

ECONOMIC, SMALL BUSINESS, AND CONSUMER IMPACT STATEMENT¹

TITLE 2. ADMINISTRATION

CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

1. Identification of the rulemaking:

The ASRS needs to clarify what it means to be under the “direct care of a doctor” for purposes of LTD benefits. Similarly, the ASRS needs to clarify the six month waiting period and minimum benefit payments when there is an overpayment or no compensation on file.

a. The conduct and its frequency of occurrence that the rule is designed to change:

Currently, the ASRS provides approximately \$55 million in LTD benefits to approximately 3,400 members each year. The average LTD benefit is approximately \$1,348.00 per month. However, members seem to misunderstand how the LTD program operates and the ASRS receives inquiries regarding what documentation is required in order to maintain a member’s benefit. With the changes completed in this rulemaking, the process for submitting accurate medical documentation will be clearer and more effective. Ultimately, the rules will clarify how ASRS administers the LTD program, thereby providing clear notice to the public.

b. The harm resulting from the conduct the rule is designed to change and the likelihood it will continue to occur if the rule is not changed:

Currently, the ASRS does not foresee significant changes or harm resulting from the conduct the rule is designed to change. However, without this rulemaking, members and Employers will not be aware of the processes for requesting and completing necessary medical documentation, minimum LTD benefits, and requisite waiting periods. Implementing clear and concise language will ensure members and Employers understand how the ASRS administers the LTD program. This rulemaking will ensure the ASRS is consistent with Arizona statutes.

¹ If adequate data are not reasonably available, the agency shall explain the limitations of the data, the methods used in an attempt to obtain the data, and characterize the probable impacts in qualitative terms. (A.R.S. § 41-1055(C)).

c. The estimated change in frequency of the targeted conduct expected from the rule change:

This rulemaking will clarify how the ASRS administers the LTD program, thereby increasing understandability of the program and increasing the efficiency of the administration. Clarifying how members submit LTD information and how members receive LTD benefits will increase understanding of how LTD benefit eligibility is determined, thereby reducing appeals that arise out of misconceptions regarding LTD benefit eligibility. Such clarification will ensure that LTD benefit payments and appeals are processed more efficiently. As discussed above and below, these rules will increase the clarity and effectiveness of the LTD program, which should result in reducing confusion, as well as any potential administrative delay caused by a misunderstanding of the program and its requirements.

2. A brief summary of the information included in the economic, small business, and consumer impact statement:

There is little to no economic, small business, or consumer impact, other than the minimal cost to the ASRS to prepare the rule package. The rules will have minimal economic impact, if any, because the rulemaking simply clarifies statutory requirements that already exist. There may be some economic impact to provide the documentation necessary for the ASRS contracted LTD claims administrator to determine a member's eligibility for LTD benefits. Clarifying what documentation must be submitted will increase understandability of the LTD program, thereby reducing the regulatory burden imposed on the public. This clarification will ensure that ASRS members have notice about how the ASRS LTD program is administered. Thus, the economic impact is minimized.

3. The person to contact to submit or request additional data on the information included in the economic, small business, and consumer impact statement:

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4. Persons who will be directly affected by, bear the costs of, or directly benefit from the rulemaking:

In general, all members and Employers of the ASRS will be directly affected by, bear the costs of, and directly benefit from this rulemaking. The ASRS incurred the cost of the rulemaking. The ASRS currently has a total membership of approximately 586,306.

Specifically, members who receive a LTD benefit will be directly affected by this rulemaking. These rules will clarify how the ASRS administers the LTD program. Such clarification will benefit members by increasing the understandability of the LTD program.

5. Cost-benefit analysis:

- a. Costs and benefits to state agencies directly affected by the rulemaking including the number of new full-time employees at the implementing agency required to implement and enforce the proposed rule:

All ASRS members are directly affected by this rulemaking because it will clarify how the LTD program is administered. However, the ASRS has determined that no new full-time employees will be required to implement and enforce the rules.

- b. Costs and benefits to political subdivisions directly affected by the rulemaking:

This rulemaking does not provide any benefits or impose any costs on political subdivisions.

- c. Costs and benefits to businesses directly affected by the rulemaking:

No businesses are directly affected by the rulemaking.

6. Impact on private and public employment:

The rulemaking will have no impact on private or public employment.

7. Impact on small businesses²:
 - a. Identification of the small business subject to the rulemaking:
No businesses, regardless of size, are subject to the rulemaking.
 - b. Administrative and other costs required for compliance with the rulemaking:
Not applicable.
 - c. Description of methods that may be used to reduce the impact on small businesses:
Not applicable.

8. Cost and benefit to private persons and consumers who are directly affected by the rulemaking:
All ASRS members and Employers are directly affected by the rulemaking. The effect has been previously described above.

9. Probable effects on state revenues:
There will be no effect on state revenues.

10. Less intrusive or less costly alternative methods considered:
The ASRS believes this is the least costly and least intrusive method because it will clarify the new electronic processes without imposing any additional requirements on the public.

² Small business has the meaning specified in A.R.S. § 41-1001(20).