



## Select Committee on Pension Policy

### SCPP Study: High-Risk Job Classifications Update

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### Continuation of the SCPP Study Mandate in 2ESB 6378

- “Study job risk classifications that entail high degrees of physical or psychological risk to the members’ own safety or unusually high physical requirements that result in elevated risks of injury or disablement for older employees. The study shall identify groups and evaluate them for inclusion in PSERS.”



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## The Study Mandate Raises Three Key Questions

1. Are current retirement eligibility requirements appropriate for older employees working in high-risk or high-stress jobs?
2. Should pension policy be adjusted in response to potential risks of older employees working in high-risk or high-stress jobs?
3. If so, how and for whom?



## Today's Briefing

- Provide a brief recap of July presentation
- Preview preliminary findings
  - Psychological risk
  - Physical risk
- Introduce framework for evaluating PSERS membership
- Next steps
- No committee action required today



## July Recap

- Briefed on background and policy considerations
- Briefed on possible approaches to addressing risks to older employees in the workplace



## There Were Five High-Level Conclusions Drawn At The July SCPP Briefing

- There are various factors that contribute to risk for older employees in the workplace
- Policy makers may consider type and severity in determining if and how to address risk
- There may be options for addressing risk to older employees both inside and outside the pension system
- State provides lower retirement ages for certain higher-risk occupations
- Selecting an appropriate retirement age for employees in high-risk jobs is a balance between employee and employer needs and affordability



## A Note On Preliminary Findings

- There is no universal measure of psychological risk in Washington State
  - Staff looked at peer reviewed studies on psychological risk and occupational stress
- Detailed injury rate analysis is planned for the October SCPP meeting

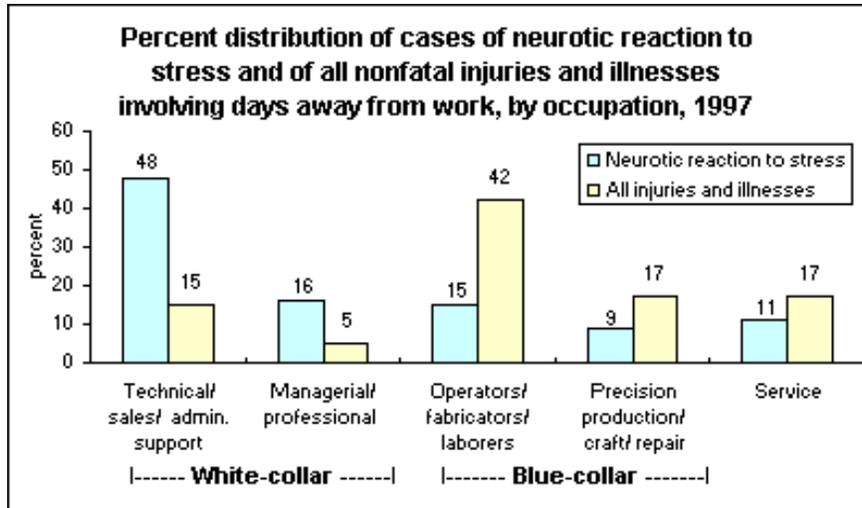


## Psychological Risk Varies By Individual And Occupation

- Sources of stress vary
  - Occupational, life situations, and self
  - Isolating risk due to occupational stress is difficult
- Job conditions can lead to stress
- Occupational stress can lead to increased overall health risk



## Psychological Risk Occurs More in White Collar Occupations



Source: Bureau of Labor Statistics, 1997 <http://www.bls.gov/opub/ted/1999/Oct/wk2/art03.htm>



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## Physical Risk Impacts Older Employees Differently

- Studies show older workers likely have lower overall injury rates but experience:
  - Longer time loss when injured
  - Higher workplace fatality rates
- As workers age, physical & cognitive abilities change but most are able to compensate for changes and perform at the same level

Source: Centers for Disease Control and Prevention.

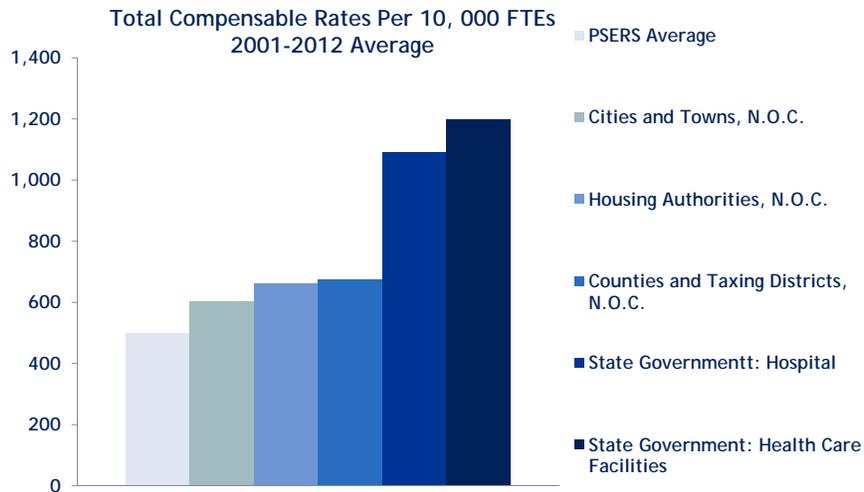


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## Risk Classification Data Shows Some Limited Findings



Source: Washington State Department of Labor & Industries. For more detail see the *High-Risk Job Classification Executive Summary*.



## Comments on Preliminary Injury Data

- The PSERS average\* was used as a baseline to compare other rates to
- The highest compensable injury claims rate belongs to state hospital and health care facilities
- Not all high-risk occupations can be identified from this level of detail



\*An average of Correctional Officers and DFW Officers compensable injury rates.



## Some Stakeholder Groups Have Identified High-Risk Occupations\*

- Eastern & Western State Hospital Staff
- Juvenile Rehabilitation Administration/DSHS Institutions Staff
- Office of the Insurance Commissioner Investigators
- Property, Forensics, & Animal Control Officers
- Public Roads Crews
- Refuse Crews
- Energy-Northwest Security Guards
- Department of Transportation Staff
- E911 Telecommunicators
- Classified School Employees including: Custodians, Grounds & Building Maintenance, Warehouse Workers, Truck Drivers, Bus Drivers, and Bus Mechanics

*\*This list was compiled from correspondence received by the SCPP as of September 17, 2012. These occupations have not been evaluated by the SCPP staff.*



## Recap: Findings

- Psychological risk varies among individuals and isolating the source is difficult
- Older workers likely have lower injury rates but experience greater time loss and workplace fatalities
- Total compensable claim rates show that certain job classifications stand out
  - More detailed analysis in October will likely show injury rates by occupation



## There Are Options For Addressing Risk

- There are likely approaches outside of pension policy to address some workplace risk
  - HR options
  - Safety management practices
  - Technology
- Individuals can address some risks under current policy
  - Early retirement
  - Changing careers
  - Separate and defer retirement
- Pension policy can address some risks
- It is likely that not all risk can be eliminated in certain jobs



## Study Mandate Requires Evaluation of PSERS Membership

- Membership can be evaluated using two basic criteria
  - Job duties
  - Job risk
- Policy makers may choose to focus on occupations
  - identified by stakeholders
  - identified from injury rate data
- Policy makers may wish to evaluate groups in comparison to
  - Typical office workers
  - Typical PSERS member



## A Possible Framework For Evaluating PSERS Membership

Quantitative Criteria ↔ Qualitative Criteria

Sample Framework For Evaluating PSERS Membership

Stakeholder Identified Occupation	Rate of Violence*	Rate of Occupational Disease*	Rate of Injury* (compensable claims)	Total Permanent Disability*	Job Duties Similar to PSERS	Public Safety	Environmental Hazard	Physical Risk	Psychological Risk
Typical State Office Worker									
Typical PSERS Worker									
Groups identified by stakeholders									
Groups identified by detailed injury rate data									

\*All shaded cells indicate a field that requires further data. Data will likely be available at the October 16, 2012 SCPP meeting.

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## Possible Definitions For Evaluation Criteria

- "Psychological Risk" - Jobs which likely expose employees to high levels of traumatic stress on a consistent basis
- "Physical Risk" - Jobs which likely require high physical conditioning to complete required tasks
- "Hazardous" - Jobs with the potential to cause severe or disabling injuries or illness or where human error could potentially lead to severe accident or injury
- "Public Safety" - Jobs which likely contain a high degree of physical risk to the employee's personal safety and that provide direct protection of lives and property
- Some policy makers may define criteria differently or use other criteria in evaluating if or how to expand PSERS

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## Possible Responses To Evaluation

- No change to existing PSERS membership
  - Could consider other options inside or outside pension policy
- Consider expanding PSERS membership
  - Jobs with similar duties to existing PSERS members duties
  - Jobs with higher levels of occupational risks
- Further study of specific occupations



## Policy Implications Of Expanding PSERS

- May or may not mitigate impacts of some job risks to older employees
  - Individuals age differently
  - Retirement is not mandatory
- Risk-based eligibility could open PSERS beyond law enforcement-type occupations
- Expanding PSERS beyond law enforcement occupations may change the nature of PSERS membership
- Allows enhancing benefits without shifting increased benefit costs to non-public safety employees and employers



### Some Policy Makers May Prefer No Changes In PSERS Membership At This Time

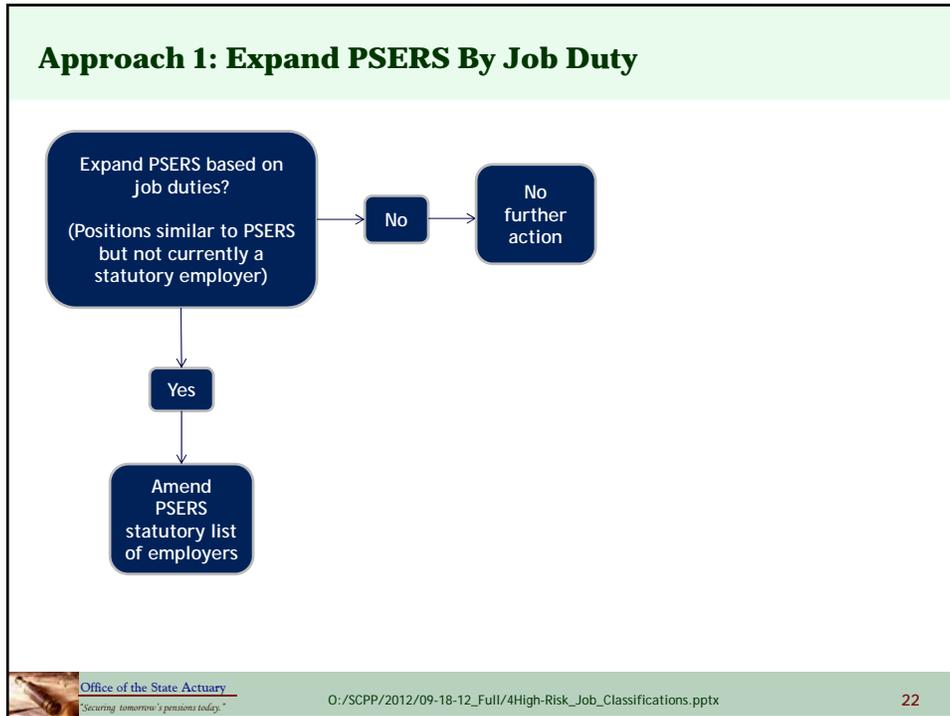
- View current Plan 2/3 retirement age and options available to individuals as appropriate
- View current PSERS membership criteria as appropriate
  - Draws line around law enforcement type occupations
- Prefer to address job risk outside the pension system
  - Benefits are contractual, but risks can change over time
  - Pension policy changes will likely not eliminate all risk
- May have concerns around policy implications of expanding PSERS or long-term affordability
  - May wish to study other pension options to address job risk



### Some Policy Makers May Seek To Expand PSERS Based on Job Duty

- Approach focuses on benefit consistency among public safety occupations-not risk mitigation
- Some jobs may have similar duties to existing PSERS members but aren't in PSERS
  - Likely because employer not included in statutory list
- May be viewed as inconsistent benefit policy
- Exact determination may require further study and coordination with DRS





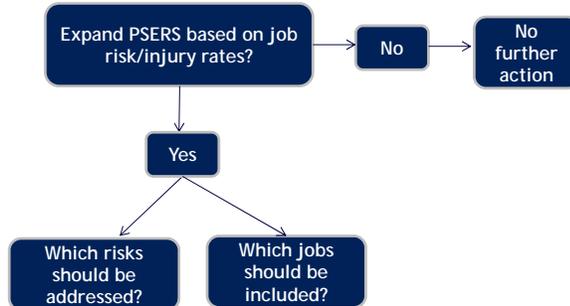
### Some Policy Makers May Seek To Expand PSERS Based on Job Risk

- Approach focuses on risk mitigation
- Some Non-PSERS jobs may have higher rates of injury or face similar risk to PSERS members
- Moving these jobs into PSERS may reduce some risks for older employees
  - PSERS allows for earlier retirement and provides increased disability benefits
- Policy makers may wish to focus on specific risks
  - Physical and/or psychological risk
  - Risk of violence
  - Occupational disease
  - Total permanent disability

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## Approach #2: Expand PSERS By Job Risk



## Recap: Framework For Evaluating PSERS Membership

- Evaluation can be based on job duties and job risk
- Policy makers may focus on
  - Occupations identified by stakeholders
  - Occupations that may be identified by injury rate data
- Different policy implications for expanding PSERS based on job duties and job risk
- Other options for policy makers to address job risk both inside and outside of the pension systems



## Recap: Where Are We At?

- Briefed on:
  - Background
  - Potential approaches to addressing risk to older employees
  - Policy considerations
  - Possible framework for analyzing PSERS membership
  - Preliminary high-level findings
  
- Anticipate:
  - Detailed injury rate data likely in October
  - Further discussion on possible approaches and options



## Possible Next Steps

- Continue analyzing workplace injury data
  - Detailed injury data analysis is planned for the October SCPP
- Executive Committee may possibly identify groups for further study
  - More research, policy approaches, or actuarial pricing
- Final report is due to the Legislature in December
  - Final chance for SCPP action at November meeting

