

Letter from the President



We have had an exceptional year full of progress and changes. Our goals in both legislation and education have been exceeded and continue to flourish. We have developed a curriculum of classes and events designed to enhance our member's abilities to progress. With the 2006 February conference behind us, we move forward to our April 8th, 2006, Trustee Orientation and advancement seminar hosted at Lisle-Woodridge Fire Protection District. Once again, our thanks go out to the Margaret Schofield fund for sponsoring the event! We are exploring the need for a "referendum round table" to discuss the past election as to what worked and what did not. Your feedback is necessary to determine whether or not we will sponsor the event. A finance class for administrative personnel is being scheduled in conjunction with the Illinois Funds Partnership Program this Fall.

Our Legislative Day was well attended. Thanks to all that made this event a success! Your hard work and diligence is what makes our Organization. More events are being discussed in the very near future; watch our newsletters and website for more information.

The board has been realigned and new assignments have been distributed. Each of the chairmen are extremely talented and I look forward to what changes they will propose for us. Remember, your most important asset is your people. Invest in them and don't forget about yourself. Organized change is good; help us decide where the fire service is headed! Be safe.

*Jack L. Mancione, President
Northern Illinois Alliance of Fire Protection Districts
Darien Woodridge Fire Protection District*

Coordinating Retiree Prescription Coverage with Medicare D

by Martin Lyons, Gallagher Benefit Services

Last fall, retirees had to make an election to remain in their employer's prescription drug plan or enroll in Medicare D, or do both. Employers were required to inform employees and retirees if their prescription drug plan was creditable, meaning that it is as good as or better than the benefit provided by Medicare D. With this behind us, employers still need to decide if they want to take advantage of Medicare D as a way to reduce retiree costs on their health plan. The options available include:

- Coordinate current plan with Part D;
- Allow a separate election for retiree health and retiree prescription drug coverage; or
- Terminate drug coverage and force retirees on to Medicare D. This is not really an option in Illinois, because ILCS section 215 requires fire districts to offer the same coverage level provided to active employees, even if the retiree must pay 100% of the cost.

Currently, few employer plans have language that would permit the plan to coordinate as a secondary payer to Part D. That being said,, pharmacy benefit managers (PBM) and insurers have developed systems to allow them to coordinate prescription drug coverage and these are just showing up in the market place now. Until these options are tested districts should still consider other options available to them in trying to manage their retiree prescription drug costs.

Continued on page 6

Fire Guard



Award Presentation

NIAFPD 13th Annual Conference



Presidential Award – Robert “Bob” Buhs



Associate of the Year Award – Robert Trevarthen



Legislative Award – Representative Sidney Mathias



Fire District of the Year Award - Bloomingdale FPD

A Special Thank You to Past Board Members

Patrick Amerena	Addison FPD	2000 – 2006
Dale Karlson	Orland FPD	2002 – 2005
Marie Rollens	Lake Villa FPD	2005 – 2006

The membership of the NIAFPD extends our thank you for the years of service to our organization and the fire service of Illinois you have given so freely.

February 20, 2006

Ms. Kathleen Haage
Northern Illinois Alliance of Fire Protection Districts
500 N. Waukegan Road
Deerfield, Illinois

Dear Kathleen:

I would like to take a minute and express my sincere appreciation for the invitation to your recent conference held in Oak Brook. The sessions were excellent and the networking is something hard to find anywhere else. The speakers and the topics selected were very beneficial to me and I have several topics that I will be sharing with the Chiefs Association.

Once again, thank you for including our association in your annual conference.

Sincerely,

Illinois Fire Chiefs Association
John A. Schuldt
President


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Upcoming Events

**13th Annual Firefighting Medal of Honor Awards
Ceremony and Fallen Firefighter Memorial Service**
May 11, 2006 - 10:30 a.m.

Site of the Firefighter Memorial on the grounds of the
State Capitol and the State of Illinois Armory Building

Illinois Association of Fire Protection Districts
63rd Annual Conference - June 22-25, 2006
Springfield, Illinois

Illinois Fire Chiefs Association
56th Annual Conference - October 15-18, 2006
Hotel Pere Marquette, Peoria, Illinois

Annual Symposium - May 12-14, 2006
Hotel Pere Marquette, Peoria, Illinois

Illinois Fire Safety Alliance
Burn Camp "I Am Me" - June 18-24, 2006
Camp Duncan, Ingleside, Illinois

Annual Fire Prevention Week Luncheon -
October 5, 2006

**Mark Your
Calendars!**

Jensen Case Clarifies Proper “Act of Duty” Standard for Firefighters in Disability Pension Matters

by Matt Roeschley, Ottosen Britz Kelly Cooper & Gilbert, Ltd.

The Second District Appellate Court recently confirmed that the proper “act of duty” standard for firefighter line-of-duty disability pension matters is borrowed from the Chicago firefighters’ pension code provisions in *Jensen v. East Dundee Fire Protection District Firefighters’ Pension Fund Board of Trustees*, 362 Ill.App.3d 197, 839 N.E.2d 670, 290 Ill.Dec. 347 (2nd Dist. 2005).

Raymond Jensen, a former firefighter/paramedic for the East Dundee Fire Protection District, who sustained repeated injuries to his left knee while on the job, applied for a line-of-duty disability pension to the East Dundee Fire Protection District Pension Fund Board of Trustees and the East Dundee Fire Protection District Firefighters’ Pension Fund. Pursuant to the requirements of Section 4-112 of the Illinois Pension Code (40 ILCS 5/4-112), the Board ordered Jensen to be evaluated by three physicians. Each physician concluded that Jensen’s knee injuries had resulted from his line-of-duty service as a firefighter and had rendered him disabled; however, the third physician concluded that the injuries had been caused by his service as a firefighter only “to a small extent.” Relying heavily on the opinion of the third physician, the Board denied Jensen’s application, and Jensen subsequently sought administrative review of the Board’s decision. On review, the trial court reversed the Board’s findings as against the manifest weight of the evidence, and the Board appealed to the Second District Appellate Court. The appellate court reversed the trial court’s ruling and remanded the case to the Board for further proceedings.

The appellate court based its decision to reverse and remand the case on the fact that, in reaching its determination as to whether Jensen’s injury resulted from an “act of duty,” the Board had applied an incorrect standard by using the definition of “act of duty” set forth in provisions of the Pension Code (40 ILCS 5/5-113) that apply to police officers. Section 5-113 of the Pension Code defines an “act of duty” as “[a]ny act of police duty inherently involving special risk, not ordinarily assumed by

a citizen in the ordinary walks of life...”, focusing on the presence or absence of a “special risk” inherent in a given individual act by a police officer while on duty. The appellate court found that, considering the fact that Jensen was a firefighter, the Board should have used the “act of duty” definition contained in the Pension Code’s firefighter provisions (40 ILCS 5/6-110).

Unlike the definition in Section 5-113, which focuses on the “special risks” of particular acts, Section 6-110 defines “act of duty” as “[a]ny act imposed on an active fireman by the ordinances of a city, or by the rules or regulations of its fire department, or any act performed by an active fireman while on duty, having for its direct purpose the saving of the life or property of another purpose.” Section 6-110 does not require that there be a “special risk” factor the particular acts of an on-duty firefighter. The appellate court further noted that, although Article 4 of the Pension Code, which provided the authority for East Dundee to create a firefighters’ annuity and benefit fund, applies to cities with populations of less than 500,000 residents, the “act of duty” definition found in Article 6, which applies to cities with populations of greater than 500,000 residents, should nevertheless apply in this case. In ascribing the Section 6-110 meaning of “act of duty” to Section 4-110, the appellate court explained that courts should presume that two statutes relating to the same subject were intended by the legislature to be consistent and harmonious and that, absent clear, contrary legislative intent, “consistent meaning” should be attributed to “the same words used in different sections of a statute.”

The appellate court reversed the trial court decision and remanded the case to the Board for a determination of whether Jensen’s disability resulted from “acts of duty” as defined in Section 6-110 of the Pension Code for purposes of Section 4-110. Furthermore, the appellate court observed that the Board, which attributed greater credibility to the opinion of the third physician, who found only a small degree of causation between the line-of-duty service and Jensen’s injuries, was misguided. Under Section 4-112 of the Pension Code, it is only necessary that the opinions of three physicians establish a disability, which had occurred in this case. Moreover, Section 4-112 does not consider a physician’s opinion as to the degree or cause of the pension applicant’s incapacity. Instead, as the appellate court opined, the question of whether the disability was caused by an “act of duty” is for the Board to determine.


Ron Dukes Vice - President



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**Margaret Schofield
Memorial Fire
Service Fund
Golf Outing 2006**

**Thursday, June 29, 2006
Silver Lake Country Club, Orland Park, IL**

\$135.00
*(includes golf, cart, refreshments
on the course, prizes, and dinner)*

Registration begins at 10:00 a.m.

Tee times start at 11:00 a.m.

Dinner at 6:00 p.m.

**Contact: Peggy Schofield Figiel
for more information
312.861.0914
thefigs@aol.com**

Message from our Lobbyist

by Charles R. Vaughn, Vaughn Consulting Services



Spring 2006 has been a productive yet frustrating time for our legislative efforts for NIAFPD. Leadership has almost no appetite for bills that increase fees, cost money or change the tax caps. We continue to follow our plan, but much of what we do will be to build a platform that may take two (or more) years.

I am pleased to report that our members have really risen to the task in helping me reach legislators. Our e-mails, conference calls, and message sites give you a great chance to closely follow our progress. There is more information on our three sites than ever before.

www.iafpd.org
www.illinoisfirechiefs.org
www.niafpd.org

Issues like 911 cellular fees and areas receiving services without paying are under careful review, as is the issue of possible merging of services. Much of our success may come from task forces in 2006-2007. I also want you to be aware of how well our partnership with IFCA and IAFFPD is working together. We are more than the sum of our parts. You could see our growing strength at our outstanding recent conference.

After session's end, I will be providing you with a summary of 2006 details. Until then, thank you for your confidence in me.



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Rutland-Dundee Townships Fire Protection District

Sugar Grove Fire Protection District

Coordinating Retiree Prescription Coverage . . .

Continued from page 1

Option 1 – Coordinate With Medicare Part D

The first option is to coordinate with Part D. That is, Part D pays first; the employer plan pays second. Sounds simple, but what method of coordination will the plan use? Should it use “Traditional” COB (100% from Medicare and employer’s plan combined)? Or should it use “Maintenance of Benefits” (regular plan benefits minus what Medicare pays).

Employers will need to know if their carriers, TPAs and PBMs will be able to calculate and make secondary payments. Below are some questions that should be addressed with the prescription drug vendor:

- Are they prepared to calculate the secondary payment at the point of sale?
- Will retirees need to submit a paper claim with a copy of the Part D Explanation of Benefits form?
- What will be used for the definition of reasonable & customary?
- How will conflicting formularies be handled?
- How will secondary payments be made if the retiree uses Part D mail order drugs?
- How will the plan handle retirees who change Part D enrollment at a future date?

Another consideration is the effect the employer payment will have on retirees’ Part D coverage. Under the Part D true out-of-pocket (TrOOP) spending provisions, supplementary employer drug payments will not apply to retirees’ TrOOP, thereby raising the total drug spending amount that will trigger Part D catastrophic coverage. This effect should be clearly communicated to retirees so they are not surprised if the Part D catastrophic coverage is not available to them when expected.

Option 2 – Allow Retirees to Make Separate Health Care and Prescription Drug Coverage Elections

The second option would require changing the traditional method of offering combined medical and drug coverage to retirees. The employer would offer prescription drug coverage as a separate option, just as they might offer a choice between an HMO or PPO. The drug coverage would be priced separately and the retiree would have the choice of waiving the employer coverage if they decided Part D was the better or cheaper option for them. This could reduce the number of retirees with employer coverage, thereby reducing the plan’s prescription drug expenses.

Employers using PBMs will find it easier to price and offer a separate drug option. For employers with insured plans, the

insurer should be consulted to see if offering prescription drug coverage as an option would be permitted as part of their underwriting guidelines. Also, rules regarding whether the retiree will be able to get back on the employer plan, and when they would be permitted to re-enroll should be considered.

Option 3 - Terminate Drug Coverage

Part D regulations say that one option available to employers is to terminate drug coverage for retirees who enroll in Part D. Section 215 of the Illinois Compiled Statutes states that retirees are allowed to continue on the health plan under which they were covered while active, or if the plan is changed for actives under the current plan offered. In order to terminate coverage for retirees, a district would also need to terminate coverage for actives, who do not have access to Medicare D, eliminating this as a choice. That being said, districts can consider providing alternative plans along side current plans that have no Rx coverage. These plans should have a substantially lower premium, and may be attractive to a retiree that wants to pay less for monthly premiums overall.

Action Steps

Regardless of the option selected, employers will, in most cases, need to formally amend plan documents and communicate any changes to retirees. Employers should review their options as soon as possible. In addition to selecting which approach to use, employers will need time to:

- Coordinate with their PBM, TPA, and/or carrier;
- Adopt the needed plan amendments; and
- Communicate with retirees.

We recommend that employers who haven’t already started discussions with their TPA, PBM and/or carrier should do so as soon as possible. The sooner employers determine what options are viable, the easier it will be to make the necessary changes and begin communicating with retirees.



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Illinois State Treasurer Judy Baar Topinka (center) met with Kathleen J. Haage, Executive Director, Northern Illinois Alliance of Fire Protection Districts (NIAFPD) and President of NIAFPD, Jack Mancione (also President of the Darien-Woodridge Fire Protection) in her office in Springfield, IL. The NIAFPD have joined the Illinois Funds Partnership Program. They discussed some of the benefits the Illinois Funds offers to statewide associations participating in the Illinois Funds Seal of Approval/Partnership Program. Some of the benefits include, provide \$5,000 annually to NIAFPD for training/education purposes. Provide an annual public finance seminar for members. Sponsor luncheon/breakfast/refreshments at NIAFPD conferences. Identify NIAFPD as a partner on the website, illinoisfunds.com and marketing materials including the limited use of NIAFPD logo. Allow NIAFPD flexibility in developing all partnership benefits with Treasurer's Office staff.

Photo taken by Teresa J. Potasiak.



October 27, 2006

State Treasurer Judy Baar Topinka
Will Be Sponsoring a

Public Finance Training for Fire Protection District
To Be Held in the Woodfield – Schaumburg Area

Watch for more details on our website – www.niafpd.org



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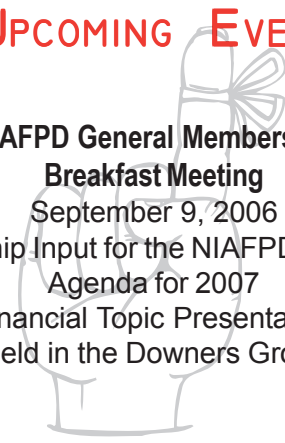
UPCOMING EVENTS

NIAFPD General Membership Breakfast Meeting

September 9, 2006

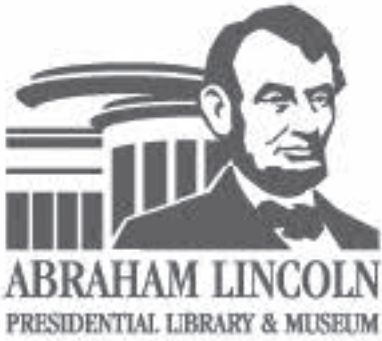
Membership Input for the NIAFPD Legislative
Agenda for 2007

Financial Topic Presentation
to be held in the Downers Grove Area



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Legislative Day Reception Abraham Lincoln Presidential Library Springfield, Illinois



Chief James Quinn - Deerfield-Bannockburn Fire Protection District and Representative Karen May



*Senate Majority Leader – Senator Debbie Halvorson
Chief Dick McKeon and Trustee Marge Hodek – North Palos
Fire Protection District*



Senator Dan Rutherford, North Palos FPD and Roberts Park FPD



*Trustee William Hoffmeister and Chief James Grady - Frankfort Fire
Protection District and Representative Renee Kosel*

Northern Illinois Alliance of Fire Protection Districts Welcomes New Board of Directors

NANCY J. LAZZARONI

PALATINE RURAL FIRE DEPARTMENT

Let me introduce myself, my name is Nancy J. Lazzaroni. I have lived in unincorporated Palatine for 18 years with my husband Victor. For 22 years I was a flight attendant for United Airlines. After leaving the airlines for medical reasons, I worked for a Special Events and Entertainment business. During that time, I became very involved with Shelter Inc., which is an agency for abused and neglected children. I plan and produce Shelter's annual charity ball, which helps a lot of needy children in our northwest suburbs and volunteer at Shelter's Thrift Shop once a week, which also is a major source of income for the charity. For the past 13 years, I have been a member of the homeowner's board where I live. I have been president of that board for the past 6 years and due to that position, I became involved with our fire department, Palatine Rural Fire Department. I was appointed as a trustee to that board 2 and one-half years ago.

In April, I will begin training for the 2 day Avon Walk for Breast Cancer. It will be my 3rd year walking 39.3 miles to raise money for breast cancer research.

I am honored to have been elected to the NIAFPD board as a director. This board has achieved some very beneficial accomplishments and I am honored and privileged to be a member of this board. I thank you for the wonderful opportunity. Thank you, Nancy Lazzaroni

CINDY NELSON KATSENES

ORLAND FIRE PROTECTION DISTRICT

A house fire in 1997 began my interest in the Orland Fire Protection District. Just 3 weeks prior to completion, our home caught fire due to a painter negligence with a staining material. The house was nearly a total loss requiring complete reconstruction.

I have been married since 1985 to Chris Katsenes, an Orland Park attorney. We have 2 children, Kristin a freshman at University of Illinois - Champaign studying biology and Katie, 12 who is in junior high.

In April 2001 I was sworn in for a six year term as a Trustee and Treasurer of the Board for the Orland Fire Protection District. My "paid employment" is a branch sales manager for Baird & Warner Real Estate in Orland Park. I have been involved in real estate since 1983 and hold a real estate brokers license.

Returning to college after a 20 year absence I finished my degree in June 2002 and received a BA in Communications/Public Relations from Governors State University.

I always enjoy the company of my fellow fire service family. Some of the best people I have met are affiliated with the fire service. Caring and giving people, not only to their residents and fire districts but also to their peers.

BONNIE BAYSER

HUNTLEY FIRE PROTECTION DISTRICT

My name is Bonnie Baysier and my husband and I live in Sun City, Huntley. We have lived in this community for almost four years. We have five children and currently four grandchildren.

I am currently in my second year of a six-year term on Huntley Fire Protection District Board. Prior to moving to Huntley, I served on the Darien Woodridge Fire Protection District Board. I am a Registered Nurse and hold postgraduate degrees in Healthcare Administration. In December 2005 I retired from an administrative role, which I held for ten years at Loyola University Health System. I currently work part time at Northern Illinois Medical Center, which is located in McHenry. My husband is a Firefighter for the Lisle-Woodridge Fire Protection District and plans to retire this year.

The fire service has been and continues to be close to my heart. I am honored to be a member, and look forward to serving on the NIAFPD board with the other dedicated and professional individuals in meeting the goals and mission of this organization.