

## Department of Planning and Budget 2004 Fiscal Impact Statement

**1. Bill Number** HB1179

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron** Bryant

**3. Committee** Appropriations

**4. Title** Retirement System; long-term care insurance.

**5. Summary/Purpose:**

Requires the Department of Human Resource Management to offer the long-term care insurance plan currently available to state employees to any person who has five or more years of creditable service in any retirement plan administered by the Virginia Retirement System (VRS) whether or not such person is employed by an employer participating in the Virginia Retirement System, and whether or not such person is receiving retirement benefits.

**6. Fiscal Impact Estimates are:** Indeterminate

**7. Budget amendment necessary:** No

**8. Fiscal implications:** The proposed legislation would open the optional long-term care plan for state employees to anyone vested (employed for five or more years) in the Virginia Retirement System. This would include local employees (not already covered by a local long-term care insurance program), retirees, and individuals previously employed by the state or a VRS covered locality who are currently employed by a private sector company. This legislation would create an administrative burden on VRS in terms of verifying the eligibility of each new member of the program.

Moreover, this bill may have an impact on the future premiums charged to plan participants in that the long-term care vendors may a) perceive their risks to be higher as a result of opening the program pool to the additional groups (in particular, retirees), and b) experience increased administrative costs resulting from the different communications and direct billing methods that will be required if the plan is opened to non-employees.

**9. Specific agency or political subdivisions affected:** The Department of Human Resource Management and the Virginia Retirement System.

**10. Technical amendment necessary:** No

**11. Other comments:** None

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**Date:** 1/27/2004

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cc: Secretary of Administration