

Virginia Retirement System 2006 Fiscal Impact Statement

1. Bill Number SB520

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

2. Patron Puckett

3. Committee Finance

4. Title Virginia Sickness and Disability Program; open-enrollment period.

5. Summary/Purpose:

Virginia Sickness and Disability Program; open-enrollment period. Opens the enrollment into the Virginia Sickness and Disability Program between October 1, 2006 and January 1, 2007 for eligible employees not currently participating in the program. An election to participate must be in writing, and is irrevocable.

6. No Fiscal Impact (or)

Fiscal Impact Estimates are: The VRS is unable to predict how many of the over 19,000 eligible employees would elect to participate in the VSDP during the proposed open enrollment period. There are costs associated with the implementation of the long-term care insurance for VSDP participants that cannot be determined because the VRS is unable to predict who will elect to participate.

7. Budget amendment necessary: No

8. Fiscal implications: This bill, if enacted, will have a minimal fiscal impact on the VSDP rate because the rate is currently applied to the total state payroll. There are, however, costs associated with the open enrollment because of adverse selection on the part of those eligible and their higher than expected utilization. On the other hand, there is an offsetting of costs for the VRS disability retirement plan as these members move from the traditional disability retirement plan to the VSDP. The VSDP provides managed disability provisions and return to work incentives that do not exist under traditional disability retirement. Because of these factors, the actuarial cost of this bill is partially offset by actuarial gains as fewer incidences of disability retirement will occur under the VRS.

9. Specific agency or political subdivisions affected: VRS, state agencies and State Police

10. Technical amendment necessary: No

11. Other comments: None

Date: 01/24/06/pas

Document: SB520