

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB2632

House of Origin ☐ Introduced ☐ Substitute ☒ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Shannon

3. Committee: General Laws

4. Title: Health insurance; development of proposed program for teachers, etc.

5. Summary: Instructs the Department of Human Resource Management (DHRM) to develop a proposed statewide health insurance plan for all local government employees including school divisions and an alternative plan covering all employees and retirees of local government entities including local school boards.

6. Fiscal Impact Estimates: Not Available, See Item 8 below.

7. Budget Amendment Necessary: No

8. Fiscal Implications: DHRM indicates that the cost of developing the proposed plans required by this bill involves primarily actuarial services and would be between \$50,000 and \$100,000. The bill does not stipulate the funding source for these costs. The primary fund source available to DHRM for this purpose would be the state employee health insurance program. The only other source would be an additional general fund appropriation.

In the event that the proposed plans are subsequently approved for implementation, contributions from new members under the new plan or plans would be used to reimburse the state employee plan for these development costs. However, if no such program is implemented, the state employee program may be required to increase premiums in the state employee plan at a later date to recover the costs. This would also result in the need for a general fund budget amendment in a future budget bill. This premium increase would impact state agencies, state employees, and retired state employees not yet eligible for Medicare. The numbers below show what the impact would be to these groups assuming the \$50,000 to \$100,000 cost estimate. Any premium increase is divided into general fund state agencies (48.4%), nongeneral fund state agencies (37.6%), state employees (12.1%), and retired state employees not yet eligible for Medicare (1.9%).

Fund	\$50,000 Cost	\$100,000 Cost
GF Employer Premiums	\$24,207	\$48,414
NGF Employer Premiums	\$18,779	\$37,557
NGF Employee Premiums	\$6,065	\$12,130
NGF Pre-Medicare Retiree Premiums	\$950	\$1,900
Total	\$50,000	\$100,000

9. Specific Agency or Political Subdivisions Affected: Potentially all state agencies, especially the Department of Human Resource Management.

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 2/13/2009 dpb

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cc: Secretary of Administration