

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: HB2179

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: Phillips

3. Committee: General Laws

4. Title: Local Choice health insurance pool; inclusion of employees of area agencies on aging

5. Summary: Includes employees of area agencies on aging in the Local Choice health insurance pool.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate – See Item 8 below

8. Fiscal Implications: The Department of Human Resource Management (DHRM) indicates that the provisions of this bill may create an impact. The Local Choice program is funded through premiums paid predominately by participating local government employers and their employees. Funding for the program remains stable because of the ability of DHRM to recover defaults for non-payment of premiums from governmental entities. In addition, if a participating entity elects to leave the program, they are required to contribute an adverse experience adjustment which is a pro-rata share of any operating loss experienced by the plan in prior years. The addition of non-governmental groups into the Local Choice program could make it more difficult to collect such recoveries or implement the necessary adverse experience adjustments. The result would be that any defaults or adjustments that can not be collected will be absorbed by the plan as a whole which could over time result in increased premiums paid by participating local governments and their employees. The number and likelihood of such defaults is unknown so the fiscal impact of the bill is indeterminate.

9. Specific Agency or Political Subdivisions Affected: Local Choice health insurance plan participants.

10. Technical Amendment Necessary: Not Applicable

11. Other Comments: None

Date: Tuesday, January 25, 2011

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