

Department of Planning and Budget 2014 Fiscal Impact Statement

1. Bill Number: HB1016

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: Kilgore

3. Committee: General Laws

4. Title: Health insurance for local school board employees.

5. Summary: Gives local school boards an election to have all their employees and retirees, as well as the dependents of employees and retirees, eligible to participate in the state employee health insurance plan in lieu of the current state-administered local health insurance plan. The local school board shall be responsible for whatever portion of the cost of such insurance is not paid by the employee, except any portion that the General Assembly elects to pay.

6. Budget Amendment Necessary: No.

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

8. Fiscal Implications: The Department of Human Resource Management's (DHRM) submitted a report on the viability and financial impact of bringing the school and local government employees into the state health plan, prepared by Aon Hewitt, creating a state-wide schools and local government health benefit plan. Based on analysis using actual experience data for those school and local government entities who submitted data, the actuary estimated that the expected cost would be similar to the current state plan. House Bill 1016 would include the local school board employees and retirees, as well as the dependents of employees and retirees. It is not anticipated that the different populations would have a material impact on the results estimated by the actuary. The report did not include data from all potential entities that could elect to participate in the state health plan. The data limitations does raise the potential for variability in costs; however, without knowing which school boards would elect to participate in the state employee health plan, it is not possible to determine a fiscal impact.

House Bill 1016 directs DHRM to develop regulations that will allow each local school board to elect to have all of its teachers and retirees, and the dependents of such teachers and retirees, be eligible to participate in the health insurance program. DHRM believes House Bill 1016 could lead to adverse selection, but that can't be determined until the regulations have been written and approved.

9. Specific Agency or Political Subdivisions Affected: Department of Human Resource Management and local school boards.

10. Technical Amendment Necessary: Yes. House Bill 1016 enacts changes to The Local Choice section of the Code of Virginia, § 2.2-1204. The Department of Human Resource Management recommends the proposed changes be made to the state health plan section of the Code of Virginia, § 2.2-2818.

11. Other Comments: Legislation is similar to House Bill 463.

Date: 1/30/2014

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c: Secretary of Administration