

Department of Planning and Budget 2014 Fiscal Impact Statement

1. **Bill Number:** SB252-S1

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

2. **Patron:** McEachin

3. **Committee:** General Laws

4. **Title:** Insurance; state health care plan to provide that coverage of one additional adult may be purchased.

5. **Summary:** Requires the state health plan to provide means for coverage of one additional adult. The total cost for such additional adult must be paid for by the state employee. The bill also expands the list of people who may be provided certain types of insurance by a locality, adding the dependents of officers and employees of a locality, as well as the dependents of those employed by commissions and other entities controlled by or working closely with a locality, to the list of people to whom a locality may provide accident and health insurance. The bill expands the potential eligibility for health insurance programs to include the dependents of eligible members of volunteer fire or rescue companies and the dependents of retired officers and employees. The bill requires any locality providing insurance to dependents of employees to provide the same programs to dependents of constitutional officers in some cases. *The provisions of this act amending § 2.2-2818 of the Code of Virginia shall become effective on July 1, 2015.*

6. **Budget Amendment Necessary:** The provisions of Senate Bill 252, which will go into effect on July 1, 2015, are expected to result in additional costs to the state; however, the fiscal impact cannot be determined at this time because it is not yet known how many state employees would opt to add one additional adult to the state health plan.

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

8. **Fiscal Implications:** The introduced bill required the state health plan, for employees of public institutions of higher education, to provide coverage of any other class of persons as may mutually be agreed upon by the institution and the employee. The substitute for Senate Bill 252 would instead allow state employees to add one adult to the state health plan and require employees to pay the total cost of coverage for the other adult. The state employee would pay for the health insurance premium for the one adult that is added to the state health plan; however, the state would still be responsible for covering the costs outside of the premium. The fiscal impact for the substitute of Senate Bill 252 cannot be determined because it is not possible to estimate the expected number of newly covered individuals.

According to the Department of Human Resource Management (DHRM), the substitute for Senate Bill 252 could increase the scope of adverse selection. Currently, employees must document their legal relationship with their dependents before the dependents are covered; there is no certainty that dependents newly eligible under this bill will have a legal relationship to document. This leaves open the possibility that employees will attempt to cover individuals, such as friends or neighbors, with serious illnesses.

9. Specific Agency or Political Subdivisions Affected: All state agencies and localities.

10. Technical Amendment Necessary: After line 412, insert “*The provisions of this act amending § 2.2-2818 of the Code of Virginia shall become effective on July 1, 2015.*” Delete lines 470-471. This technical amendment moves the provision requiring the changes to the health and related insurance for state employees to become effective on July 1, 2015 to the correct section of the Code of Virginia.

11. Other Comments: None.

Date: 2/19/2014

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c: Secretary of Administration