

## Department of Planning and Budget 2015 Fiscal Impact Statement

**1. Bill Number:** HB2107

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:** Futrell

**3. Committee:** Appropriations

**4. Title:** Health insurance program for employees of local school divisions.

**5. Summary:** Requires the Department of Human Resource Management, with the assistance of the Department of Education, to develop, implement, and administer a statewide health insurance program for employees of local school divisions called the Public Schools Health Insurance Program (the Program), similar in plan design, premium structure, and administration to the health insurance program for state employees, with coverage to begin on July 1, 2016. The bill declares the Program to be the sole health insurance plan for local school divisions unless a school division makes a one-time, irrevocable decision to opt out of participation.

**6. Budget Amendment Necessary:** Indeterminate – see Item 8.

**7. Fiscal Impact Estimates:** Preliminary – see Item 8.

**8. Fiscal Implications:** The Department of Human Resource Management (DHRM) estimates the agency will need additional funding for staffing and other program costs, including actuarial services, information technology development, contracts and finance, consulting services, and communications development. The agency estimates a cost of up to \$75,000 may be needed in fiscal year 2016 for the actuarial services that would be incurred. The remainder of these costs would be incurred beginning in fiscal year 2017. In total, these expenses are estimated to cost between \$530,000 and \$100,000 annually.

The Department estimates that the agency may need approximately 4.50 additional full-time equivalents (FTE) classified employees to administer the Program. However, the number of additional staff needed to administer the Program may change depending on the number of local school divisions that opt to join the Program and the number of employees each group covers. The Department projects that the agency may need to hire 3.5 FTE employees in fiscal year 2017 to develop and prepare for implementation of the Program. The annual cost for a program manager, two accountants, and customer service representative is estimated to be \$278,040. The Department anticipates that it may need to hire one additional FTE classified employee, an accountant, in fiscal year 2018 at an annual cost of approximately \$97,362. The cost of this position is expected to be absorbed by premiums paid for the Program. Beginning in fiscal year 2018, ongoing costs will be absorbed by premiums.

The Department of Education has indicated that any costs associated with this legislation would be absorbed within the agency's current resources.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Human Resource Management, Administration of Health Insurance, Department of Education, and local school divisions.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** Because of the current project to migrate DHRM's Benefits Eligibility System from the Unisys mainframe to a server environment, DHRM will be unable to begin information technology work needed to support the provisions of House Bill 2107 until July 1, 2016. Therefore, DHRM suggests amending this bill so that its effective date is July 1, 2017.

c: Secretary of Administration  
Secretary of Education