

Department of Planning and Budget

2018 Fiscal Impact Statement

1. Bill Number: SB904

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: Petersen

3. Committee: Courts of Justice

4. Title: Line of Duty Act; disabled persons; health insurance.

5. Summary: Allows a person disabled in the line of duty to continue to participate in the state or local health plan that he participated in prior to the disability. The bill also allows any natural or adopted child of a deceased person or a disabled person to be an eligible dependent for purposes of the Line of Duty Act, regardless of the date of birth or adoption of such child.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate, see Item 8.

8. Fiscal Implications: With regard to LODA premium-free coverage of natural or adopted children, regardless of the date of birth or adoption, the Department of Human Resource Management (DHRM) has no knowledge of how many existing children would qualify under these expanded eligibility criteria; therefore, the immediate fiscal impact of their claims experience cannot be determined. Going forward, the addition of newborn or newly-adopted children, including what seems to be the addition of children of surviving spouses based on the amended language, will have an impact on the premium cost in the self-insured environment. For a relatively small group such as LODA, any significant or catastrophic claims expense could increase the premium cost required to fund the plan. This would be borne by non-participating employers or the Line of Duty Death and Health Benefits Trust Fund on behalf of participating employers. The magnitude of cost increases related to adding participants to the self-insured risk pool could vary widely depending on actual claims experience.

Regarding the continued participation of LODA disabled persons and their eligible dependents and spouses in the state or local plan in which the disabled person participated prior to the date of disability, the premium cost will vary based on the claims experience of each individual group, which is unrelated to LODA. The bill does not address coverage options for disabled persons who are not eligible or no longer eligible for coverage in their pre-disability state or local health plan. However, cost savings projected in the JLARC Line of Duty Act Report based on development of a separate, self-insured LODA Health Benefits Plan may not be achieved as originally anticipated.

9. Specific Agency or Political Subdivisions Affected: Department of Human Resource Management, Virginia Retirement System, all state agencies with Line of Duty Act eligible personnel, all localities with Line of Duty Act eligible personnel

10. Technical Amendment Necessary: No.

11. Other Comments: None.