

Department of Planning and Budget 2020 Fiscal Impact Statement

1. **Bill Number:** HB1106-E

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

2. **Patron:** Hudson

3. **Committee:** General Laws

4. **Title:** Health insurance program for local government employees; transit companies.

5. **Summary:** Adds employees of a transit company to the definition of "employees of local governments" for the purposes of the Commonwealth's health insurance program for local government employees. The bill defines "transit company" as a public service corporation wholly owned by a locality, or combination of localities, that provides public transportation services.

The engrossed version of the bill includes an enactment clause providing that nothing in the bill shall be construed to authorize the participation of any entity in the local choice health plan that would jeopardize the status of the plan as a governmental plan under the federal Employee Retirement Income Security Act (ERISA).

6. **Budget Amendment Necessary:** See Item 8.

7. **Fiscal Impact Estimates:** Indeterminate; see Item 8.

8. **Fiscal Implications:** The fiscal impact of the bill is indeterminate and would depend on a number of factors, such as the number of transit companies and employees thereof that elect to participate in the Local Choice Health Insurance Plan and the demographics of the population of participants. The Local Choice Plan is supported by nongeneral fund revenue from health insurance premiums collected directly from the participating local employers. Plan premiums are rated separately from the state employee health insurance plan. Therefore, any potential impact on health insurance claims or administrative costs for the Local Choice Plan would be passed on to local employers through plan premiums. Generally, new participating employers with demographics and claims histories more favorable than the plan's current participant population would be expected to have a positive impact on plan premiums and vice versa.

All expenditures associated with the claims and administration of the Local Choice health insurance plan require nongeneral fund appropriation and any impact on total plan expenditures or Department of Human Resource Management staff necessary to support the plan would require equivalent adjustments to the agency's nongeneral fund appropriation or position levels; however, any such impact is indeterminate.

9. Specific Agency or Political Subdivisions Affected: Department of Human Resource Management, transit companies, and localities.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 2/11/2020