

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** HB39

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

**2. Patron:** Samirah

**3. Committee:** General Laws

**4. Title:** Health benefit plans; enrollment by pregnant individuals.

**5. Summary:** Requires health carriers to allow pregnant individuals to enroll in a health benefit plan at any time after the commencement of the pregnancy, with the pregnant individual's coverage being effective as of the first of the month in which the individual receives certification of the pregnancy. The measure applies to such agreements that are entered into, amended, extended, or renewed on or after January 1, 2021.

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

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

**8. Fiscal Implications:** According to the Department of Human Resource Management, allowing a special enrollment period for pregnant individuals would make state employee health insurance premium contributions taxable income. Employee contributions are currently paid pretax pursuant to Section 125 of the Internal Revenue Service (IRS) code; however, contributions would no longer be compliant with IRS code to be paid pretax under the bill's provisions. As a result, the agency estimates state employers would need to pay a total of approximately \$17.0 million in additional FICA taxes and state employees would pay approximately \$31.0 million in additional taxes, assuming an average federal tax rate of 13.5 percent. The impact on employer costs is estimated to be paid approximately 50 percent from the general fund and 50 percent from nongeneral fund sources, based on the portion of employer premium expenditures paid from the general fund in FY 2019.

No fiscal impact is expected on the State Corporation Commission, according to the Commission.

**9. Specific Agency or Political Subdivisions Affected:** The Department of Human Resource Management and the State Corporation Commission's Bureau of Insurance.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** This statement has been revised to reflect the expected impact associated with the state health insurance plan

Date: 1/22/2020