

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: HB2394

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: Bell

3. Committee: General Laws

4. Title: State health insurance plan; wage employees

5. Summary: Allows state employees who are nonclassified, hourly employees to participate in the state health insurance plan to the same extent that part-time state employees are allowed.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate – See Item 8 below

8. Fiscal Implications: The Department of Human Resource Management indicates that the provisions of this bill may create a fiscal impact in the form of adverse selection. Specifically, individuals who are less healthy and/or perceive the state plan to have richer benefits may decide to seek wage employment with the state in order to receive coverage. The net result is the state plan may have more individuals who are likely to incur claims which would drive up the cost of the plan for everyone. However, the provisions of the bill indicate that wage employees must be employed for six months or more and as a percentage of the workforce, the eligible wage employees will be relatively small, so the incidence of adverse selection is not expected to be large. The bill will not create an impact to state agencies in the form of employer premiums because eligible wage employees will pay the full cost of their premiums. This bill will create an administrative impact on the Department of Human Resource Management due to the need to track the eligibility of wage employees at the same level as other employees.

9. Specific Agency or Political Subdivisions Affected: State agencies and state wage employees.

10. Technical Amendment Necessary: Not Applicable

11. Other Comments: None

Date: Thursday, January 20, 2011

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