

## **Department of Planning and Budget**

### **2016 Fiscal Impact Statement**

**1. Bill Number:** SB364

<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:** Chafin

**3. Committee:** Finance

**4. Title:** Local option health insurance plan.

**5. Summary:** Requires the Department of Human Resource Management to consider all participants in the local option health insurance plan in one pool for purposes of establishing contribution rates and accounting for claims and contributions for participants.

**6. Budget Amendment Necessary:** No.

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

**8. Fiscal Implications:** The proposed legislation is not expected to have a fiscal impact for the state health insurance plan. According to the Department of Human Resource Management, the fiscal impact for The Local Choice (TLC) plan is indeterminate. The establishment of one rating pool for all participants in the local health insurance plan creates the risk for adverse selection, which would increase the cost of health insurance coverage provided through TLC. TLC provides coverage to 340 groups, covering over 62,000 employees, family members, and retirees. The largest pool includes groups with more than 300 employees and accounts for seven percent of membership; the mid-pool has groups with more than 50 and less than 300 employees and accounts for 35 percent of membership; and the smallest pool has groups with less than 50 employees and accounts for 58 percent of membership.

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

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

**11. Other Comments:** None.