

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # -2586/1
INTRODUCTION # SB 187
 Admin. Rule #

Subject
 Eliminating 10 year time period in which state employees must begin to use accumulated sick leave credits to purchase state group health insurance.

Fiscal Effect
 State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

<input type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to Absorb Within Agency's Budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Existing Appropriation	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Create New Appropriation		

Local: No local government costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected **Affected Ch. 20 Appropriations**
 GPR FED PRO PRS SEG SEG-S

Assumptions Used in Arriving at Fiscal Estimate:

SB 187 allows an unlimited period for state annuitants and their surviving insured dependents to defer (escrow) the use of accumulated sick leave conversion credits as long as they are covered by health insurance that is comparable to the state group coverage. Current law limits the deferral to ten years, at which time annuitants must re-enroll. SB 187 also allows those who currently had to re-enroll due to expiration of the current ten year limit, a window of six months to elect again to escrow their sick leave credits.

As of 1999, 800 WRS annuitants have escrowed their sick leave. Approximately 75-100 escrow their sick leave each year. Over 200 WRS annuitants have had to re-enroll due to the expiration of the current ten-year limit.

According to the Group Insurance Board's consulting actuary, the effect of this change on group health insurance premiums is indeterminate but not likely to be significant. The bill could increase average health insurance costs to the extent that the state group health insurance program becomes the insurer of last resort for less healthy annuitants. For example, annuitants that are healthy enough to keep working and who obtain health insurance through another employer may opt into the state program when they become ill. However, total costs in the short run will decrease to the extent that annuitants currently using sick leave will escrow their remaining leave resulting in fewer insured individuals.

Administrative costs associated with SB 187 are approximately \$800 one-time. These costs are necessary to create informational letters, update and mail forms, change brochures, and make minor data processing programming changes.

Long-Range Fiscal Implications:
 Indeterminate but minimal.

Prepared By: / Phone # / Agency Name Pamela Henning 267-2929 Department of Employee Trust Funds	Authorized Signature / Telephone No. <i>David Henrichs</i>	Date 6/21/99
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FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

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LRB # -2586/1

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INTRODUCTION # SB 187

Subject

Eliminate 10 year time period that state employees must begin to use accumulated sick leave credits to purchase state group health insurance.

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
 \$800 one-time

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringes	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations - Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
State Revenues Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS \$ 0.00 \$ _____

NET CHANGE IN REVENUES \$ _____ \$ _____

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