

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL
- UPDATED
- CORRECTED
- SUPPLEMENTAL

LRB # -2098/1

INTRODUCTION # AB 364

Admin. Rule #

Subject

Employer contributions for payment of group health insurance coverage for certain state employees.

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation
- Decrease Existing Appropriation
- Create New Appropriation
- Increase Existing Revenues
- Decrease Existing Revenues

Decrease Costs

Local: No local government costs

- | | | |
|--|--|--|
| 1. <input type="checkbox"/> Increase Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
4. <input type="checkbox"/> Decrease 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 |
|--|--|--|

Fund Sources Affected

- GPR
- FED
- PRO
- PRS
- SEG
- SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

AB 364 establishes an open enrollment for state employees that are eligible, but not currently enrolled, for coverage under the state group health insurance program. The open enrollment is established by the bill beginning on the effective date of the law through the beginning of the seventh month following the effective date. The cost of this bill is estimated to be \$2 to \$4 million per year in health insurance premium plus approximately \$2,000 in one-time administrative costs to conduct the enrollment.

There are currently estimated 5,000 state employees that are not enrolled in the health insurance program of which an estimated 1,000 to 1,250 would be eligible under this bill. (The remaining 3,750 - 4,000 are already covered under their spouse's state employee health plan and are not separately eligible to enroll under current state law.) However, because current payroll systems do not distinguish between those who may be eligible to enroll and those who are not, this fiscal estimate assumes that notification to all non-covered employees will have to be made. The cost of a mailing, dual choice brochures and additional data entry to advise 5,000 employees of the enrollment will be approximately \$2,000.

Currently, if these employees wish to be covered under the state program, they must first enroll in the Standard Plan with a six month waiting period for preexisting conditions before they are eligible to enroll in an alternate plan during the next dual choice enrollment period. This can cost an employee up to \$332 per month in premium. To avoid this potential future cost, although these employees typically have other health insurance coverage through another group health plan, it is likely that many employees will take advantage of a one-time enrollment opportunity to enroll in the state program without having to go through the Standard Plan first.

Assuming that one-fourth to one-half of the eligible employees enroll for coverage, the cost of the additional premium using 1999 premium rates would be \$2 to \$4 million per year (\$544.90 average monthly premium x 12 months x 312 to 625 employees).

Long-Range Fiscal Implications:

On-going.

Prepared By: / Phone # / Agency Name

Authorized Signature / Telephone No.

Date

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6/11/99

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

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INTRODUCTION # AB 364

Subject

Employer contributions for payment of group health insurance coverage for certain state employees.

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
\$2,000 SEG

II. Annualized Costs:		Annualized Fiscal impact on State funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	\$ -
(FTE Position Changes)		(FTE)	(- FTE)
State Operations - Other Costs		2.0-4.0 million	-
Local Assistance			-
Aids to Individuals or Organizations			-
TOTAL State Costs by Category		\$ 2.0-4.0 million	\$ -
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 \$ **2.0 - 4.0 million** \$ _____

NET CHANGE IN REVENUES \$ _____ \$ _____

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