

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # -3569/1

INTRODUCTION # AB 512

Admin. Rule #

Subject

Using accumulated unused sick leave credits and certain health insurance premium credits for payment of Medicare premiums

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

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 512 allows state employees who are eligible to use accumulated sick leave conversion credits (ASLCC) to pay for state group health insurance to also use their sick leave credits to pay for federal Medicare premiums and long-term care insurance premiums under Chapter 40. Current law does not provide for the use of ASLCC for this purpose.

AB 512 is estimated to have start-up programming costs of \$236,800, one-time costs of \$33,400 and on-going administrative costs of \$14,600 annually (testing system, processing, forms development, mailings, inquiries, image/scan documents, etc.). The ASLCC program may not provide cash benefits directly to employees if it is to maintain its tax-free status. Consequently, the program must remit Medicare premiums on behalf of the participants directly to the Health Care Financing Agency (HCFA). Administrative costs will be incurred in order to reprogram the ASLCC system and to administer monthly premium remittance to HCFA for participants who elect to use their ASLCC balance to pay their Medicare premiums.

The bill is also estimated to increase the rate at which health insurance premiums are paid out of the ASLCC fund. The ETF Board's actuary estimates 0.1 percent to 0.5 percent (\$2.4 million to \$12 million all funds annually) of state payroll in state payments to the sick leave conversion funds may be needed to offset the fund's lost earnings due to the increase rate of sick leave credits being withdrawn. A more precise estimate will require further study. The actual amount will depend upon the amount of premium and the number of individuals who choose to pay Medicare part B or long-term care insurance premiums.

Long-Range Fiscal Implications:

On-going

Prepared By: / Phone # / Agency Name

Pamela Henning 267-2929
Department of Employee Trust Funds

Authorized Signature / Telephone No.

David Hrnich

Date

10/26/99

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB #-3569/1

Admin. Rule #

INTRODUCTION # AB 512

Subject

Using accumulated unused sick leave credits and certain health insurance premium credits for payment of Medicare premiums

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
\$33,400 administrative and \$236,800 programming costs

II. Annualized Costs:		Annualized Fiscal impact on State funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$ 14,600.00	\$ -
(FTE Position Changes)		(FTE)	(- FTE)
State Operations - Other Costs		\$2.4 - \$12.0 million	-
Local Assistance			-
Aids to Individuals or Organizations			-
TOTAL State Costs by Category		\$ 14,600 admin \$2.4 - \$12.0 million	\$ -
B. State Costs by Source of Funds			
		Increased Costs	Decreased Costs
GPR		\$ 1.1 - 5.4 million	\$ -
FED	}		-
PRO/PRS		1.3 - 6.6 million	-
SEG/SEG-S		14,600 admin	-
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

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$14,600 administrative \$2.4 - \$12.0 million	\$ _____
NET CHANGE IN REVENUES	\$ _____	\$ _____

Prepared By: / Phone # / Agency Name Pamela Henning 267-2929 Department of Employee Trust Funds	Authorized Signature/Telephone No. <i>David Hinnels</i>	Date 10/26/99
--	---	-------------------------