

Fiscal Estimate Narratives

ETF 6/21/2005

LRB Number	05-2490/1	Introduction Number	SB-242	Estimate Type	Original
Subject					
Collective bargaining over health care coverage under MERA					

Assumptions Used in Arriving at Fiscal Estimate

SB-242 would make the selection of a health care plan a prohibited subject of collective bargaining if a local government employer either offered a plan provided by the Group Insurance Board (GIB) or offered a plan that was substantially similar to the plan offered by the GIB. This could have the effect of increasing the number of local government employers who participate in the GIB local government health insurance program.

Increasing the number of local government employers participating in the GIB program could affect costs in the following manner: 1) Increasing the number of participants may decrease or increase the program costs (premium per contract) depending on the demographic composition of the new participants. For example, if a large local government employer composed of older than average employees joined, the program costs may increase due to the increased risk associated with this older than average group. 2) If a large number of local government employers joined, administrative costs of the Department of Employee Trust Funds may increase to handle tasks such as enrollment, processing and auditing (additional SEG positions may also be required).

Both cost factors referenced above are a function of the number of local government employers who would join, the demographic composition of the new employees (for health insurance underwriting purposes, and the total number of new participating employees. Since these factors are not known, the fiscal estimate is indeterminate.

Long-Range Fiscal Implications