LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **HB 97** HLS 051ES 302

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Sub. Bill For.:

Proposed Amd.:

Date: December 5, 2005 11:30 AM

Author: ALARIO

Dept./Agy.: Office of Group Benefits (OGB)

Analyst: Brian Crow

Subject: Benefits offered to employees furloughed by hurricanes

INSURANCE/GROUP-STATE EN SEE FISC NOTE SG RV See Note

Provides for certain benefits offered though the Office of Group Benefits programs for employees who were furloughed or terminated as a result of Hurricanes Katrina and Rita (Item #20)

INSURANCE/GROUP-STATE: The bill provides that there shall be no reduction in the minimum state contribution as a result of any lapse in participation from August 30, 2005 through December 31, 2006 for an employee furloughed or terminated as a result of Hurricane Katrina or Rita who is subsequently rehired. The bill provides that an employee who is granted leave without pay for a reason other than a service related injury may continue to participate in the OGB program for a period not to exceed 12 months upon the employee's payment of the full premium or charges due. The bill provides that the state may contribute its portion of the premium and charges for an employee that is granted leave of absence without pay due to military duty or is granted leave without pay under the provisions of the federal Family and Medical Leave Act.

EXPENDITURES	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on expenditures of OGB as a result of this measure.

REVENUE EXPLANATION

There is no substantial direct material effect on the revenues of OGB as a result of this measure. The bill provides certain employees an exemption from the vesting requirements established in Act 1178 of the 2001 Regular Session. The bill would allow any employee that is furloughed or terminated as a result of Hurricane Katrina or Rita and is subsequently rehired prior to December 31, 2006 to maintain the same state minimum contribution rate they would have been entitled to otherwise. The bill provides that an employee who is granted leave of absence without pay for any reason besides a service related injury must pay the full premium to remain covered by OGB. The bill provides that the state may contribute its portion of the premium and charges for an employee that is granted leave of absence without pay due to military duty or is granted leave without pay under the provisions of the federal Family and Medical Leave Act.

OGB indicates that there is no valid estimate at the current time as to how many employees may be furloughed or ultimately terminated as a result of the two hurricanes. Additionally, it is not possible to determine how many of the employees would be rehired by the state prior to December 31, 2006, or the number of employees that would be placed on leave of absence without pay and continue to pay the entire premium to OGB.

Without the exemption provided by the bill, furloughed or terminated employees that are rehired would be subject to a reduction in the state contribution for the employer portion of health care premiums paid to OGB as follows: 1) from 75% to 19% for less than 10 years; 2) from 75% to 38% for 10 to 15 years; 3) from 75% to 56% for 15 to 20 years; and 4) no reduction for over 20 years. The cost avoidance to the state under this scenario is indeterminable and would be directly proportional to the number of employees furloughed or terminated that would be subject to the vesting requirements of Act 1178.

Senate	Dual Referral Rules	House
☐ 13.5.1 >= $500,000 Annual Fiscal Cost		☐ 6.8(F) >= $500,000 Annual Fiscal Cost
☐ 13.5.2 >= $500,000 Annual Tax or Fee Change		☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease

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