

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 554** SLS 18RS 1002

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 17, 2018	8:45 AM	Author: CLAITOR
Dept./Agy.: Group Benefits		Analyst: Willis Brewer
Subject: Authority to impose surcharge on enrollees		

Group Benefits

EG SEE FISC NOTE SG RV

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Provides with respect to the Office of Group Benefits. (8/1/18)

Proposed law retains present law and requires employer and employee contributions for payment of premiums for group benefits to be deposited directly with OGB or its third-party administrator. Proposed law permits OGB to retroactively cancel coverage in the following instances: (1) To the extent the cancellation of coverage is attributable to a failure by the enrollee to timely pay required premiums or contributions toward the cost of coverage. (2) The cancellation of coverage is initiated by the enrollee or dependent. Proposed law provides the enrollee whose coverage is canceled pursuant to proposed law is liable to OGB for all benefits paid by the office on behalf of the enrollee and dependents after the effective date of rescission or cancellation of coverage. Proposed law permits OGB to offer group insurance coverage to the spouse of the enrollee, child or grandchild of the enrollee (until 26 years old), court-ordered legal custody (until 18 years old). Proposed law authorizes OGB to impose a surcharge on an enrollee and to remove an enrollee and his dependents for failing to pay the surcharge. Effective August 1, 2018.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. This measure codifies existing practices followed by Office of Group Benefits (OGB) and provides authority to OGB to charge enrollees a surcharge. Furthermore, it provides the Group Benefits Policy and Planning Board alternative means to fill certain vacant board seats.

REVENUE EXPLANATION

Proposed legislation will have an indeterminable impact on Office of Group Benefits (OGB) self-generated revenues. This measure allows, but does not require, OGB to impose a surcharge on enrollees if the Group Benefits Policy and Planning Board recommends and approves of the surcharge. To the extent additional surcharges are implemented, OGB's self-generated revenues are anticipated to increase, but this cannot be determined at this time.

For informational purposes only:

The Group Benefits Policy and Planning Board last year approved plans with surcharges (which were not subsequently enacted). These plans included a spousal surcharge and tobacco use surcharge which in total was estimated to generate approximately \$13.8 M in annual revenues. The proposed surcharges were \$50 per month for each enrollee and covered dependent 18 years of age and older who uses tobacco or nicotine products and a spousal surcharge of \$50 per month for each enrollee who covers a spouse who is eligible for health insurance through an employer-sponsored plan but who has declined such coverage.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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