



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 452** SLS 22RS 1355
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 25, 2022	11:03 AM	Author: MCMATH
Dept./Agy.: Office of Group Benefits		Analyst: Patrice Thomas
Subject: Payment of OGB Premiums for Certain Persons		

GROUP BENEFITS PROGRAM OR INCREASE SG EX See Note Page 1 of 1

Authorizes certain persons to qualify for a state contribution of seventy-five percent of health insurance premium upon retirement. (8/1/22)

Proposed law provides that any person who is an active employee of the state Department of Education, Special School District or the Department of Public Safety, Office of Juvenile Justice under the following criteria: (1) who was employed by such agency on or after January 1, 2002, but no later than March 29, 2004; (2) who was an active employee Special School District on or after August 1, 2012, but no later than January 1, 2013; (3) who has participated in OGB continuously during his state employment who, prior to such employment, was a professional and fully qualified employee of a city, parish, or other local public school system in a position that required certification by the state Department of Education; (4) and who participated in the group health insurance plan made available by the school system for not less than 20 years shall, upon retirement, be eligible to maintain enrollment in the OGB program with a state contribution of 75% for such premium.

EXPENDITURES	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>	<u>\$0</u>
Annual Total						
REVENUES	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>5 -YEAR TOTAL</u>
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will increase SGR expenditures within the Office of Group Benefits (OGB) as well as in the Special School District or Office of Juvenile Justice. The proposed law provides for qualified professional employees of the Special School District or the Office of Juvenile Justice, who meet certain qualifications under this measure to participate in plans offered by OGB with the state contributing 75% of the premium for such coverage upon retirement. The effect of the proposed law is to provide an exemption to vesting requirements for participation in OGB enacted by Act 1178 of the 2001 R.S. Under the provisions of Act 1178, the state contribution upon retirement for employees not fully vested or for employees hired after January 1, 2002 will be as follows: (1) 19% for less than 10 years of active participation; (2) 38% for 10 to 15 years active participation; (3) 56% for 15 to 20 years active participation; and (4) 75% for more than 20 years active participation. The Legislative Fiscal Office can only identify one individual who meets the qualification under this proposed law and is eligible to receive the 75% state contribution upon retirement.

Based upon the assumptions listed below, the expenditures to cover this benefit is estimated to cost \$8,716 annually (\$726.36 employer monthly portion x 12 months). The continued impact on the expenditures of the state in subsequent fiscal years is indeterminable and will depend on the longevity of the individuals granted the exemption to the vesting requirements of Act 1178, and other changes in the plans/premiums of OGB.

- FY 23 - \$ 0 = 0 member x \$8,978 (\$726 monthly premium x 12 months x 3%)
- FY 24 - \$ 9,247 = 1 member x \$9,247 (\$8,978 x 3%)
- FY 25 - \$ 9,524 = 1 member x \$9,524 (\$9,247 x 3%)
- FY 26 - \$ 9,810 = 1 member x \$9,810 (\$9,524 x 3%)
- FY 27 - \$10,104 = 1 member x \$10,104 (\$9,810 x 3%)

Assumptions: (1) Any employee covered by the proposed law will retire in FY 24 and have less than 20 years in OGB under Act 1178. (2) Premiums will increase by 3% per year, based on current trends in OGB. (3) No other employees will qualify for this exemption in subsequent fiscal years. (4) According to information provided by OGB, the average employer portion of a retiree insurance premium is \$726.36.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. Any individuals impact by this proposed law currently participate in plans offered through the Office of Group Benefits.

<p><u>Senate</u></p> <p><input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}</p> <p><input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}</p>	<p><u>House</u></p> <p><input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p>	
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Evan Brasseaux

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 Interim Deputy Fiscal Officer