

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4416-01
BILL NO.: SB 978
SUBJECT: Political Subdivisions; Insurance - Medical; Employees - Employers
TYPE: Original
DATE: March 8, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0 to (unknown)	\$0 to (unknown)	\$0 to (unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services**, the **Missouri Consolidated Health Care Plan**, the **Department of Transportation**, the **Department of Insurance**, the **Department of Public Safety - Missouri State Highway Patrol**, the **Department of Conservation**, and **Boone County** assume this proposal would not fiscally impact their agencies.

Springfield Board of Education (Springfield) officials state that depending upon the actual number of persons who would participate in this proposal actual cost would equate to a man-hour investment of 1.5 man-hours per month per claim with associated costs. Administrative and overhead expense associated per claim would total approximately \$4.58 per claim per month. Considering current plan membership and demographic characteristics it is estimated that potential exposure to membership would maximize at twenty-five individuals. Considering current claims processed per member, total administrative impact would be \$1,500 per plan year. Potential claims expense would total \$45,000 per plan year. Total fiscal impact on the Springfield Public Schools Health Benefit Trust Fund would total \$47,000 per plan year. It is assumed that covered individuals would be responsible for payment of existing medical/dental premiums.

City of Kansas City (KC) officials state their current policy allows dependents of deceased employees to continue participation in the group health insurance program for a maximum of thirty-six months through COBRA. The exception to this is that dependents of retirees may remain on the group medical plan without limit as long as any dependent children qualify as eligible dependents under the group medical plan. There is no subsidy for dependent coverage after the death of employee or retiree. Current retirees receive a \$100 per month subsidy if they participate in the City's group health insurance program. Retirees who are members of the Fire Fighters Retirement System receive a monthly subsidy of \$135.48. According to the number of employees who died in 1999 and the current number of retirees participating in the City's group medical plan, if the City were to continue providing the subsidy for dependents of deceased employees to match what active employees receive, in addition to the current expense of the retiree subsidy, it would cost approximately \$1,220,350 annually.

Officials from the **City of St. Louis**, **St. Louis County - Director of Administration**, **Jackson County Executive**, **Cole County**, **Greene County**, the **Kansas City Public School Board**, and the **St. Louis School District** did not respond to our fiscal impact request.

Oversight assumes this proposal is permissive and would have no fiscal impact unless political subdivisions opted to provide coverage. Oversight has stated local costs as zero to unknown.

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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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LOCAL POLITICAL SUBDIVISIONS

<u>Costs - Local Political Subdivisions</u>	\$0 to	\$0 to	\$0 to
Increased health insurance contributions*	(unknown)	(unknown)	(unknown)

ESTIMATED PARTIAL NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS

	\$0 to	\$0 to	\$0 to
	(unknown)	(unknown)	(unknown)

*Dependent on actions of local governing bodies

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would allow political subdivisions to pay all or part of health insurance benefits for the dependents of retired employees and dependents of deceased employees.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance
Missouri Consolidated Health Care Plan
Department of Transportation
Department of Social Services
Department of Conservation
Department of Public Safety
Missouri State Highway Patrol

MPW:LR:OD:005 (9-94)

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SOURCES OF INFORMATION (continued)

City of Kansas City
Boone County
Springfield Board of Education

**NOT RESPONDING: City of St. Louis, St. Louis County - Director of Administration,
Jackson County Executive, Cole County, Greene County, Kansas City Public School
Board, St. Louis School District**



Jeanne Jarrett, CPA
Director
March 8, 2000