

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3491-02
Bill No.: SB 943
Subject: Insurance - Medical; Public Officers; State Employees
Type: Original
Date: February 4, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
All funds	(\$410,272)	(\$927,214)	(\$1,047,752)
Total Estimated Net Effect on <u>All</u> State Funds	(\$410,272)	(\$927,214)	(\$1,047,752)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS0

ASSUMPTION

Officials from the **Department of Insurance**, the **Missouri Department of Conservation**, the **Department of Transportation**, the **Office of Administration - Division of Budget and Planning**, and the **Department of Public Safety - Missouri State Highway Patrol** assume this proposal would not fiscally impact their agencies.

Officials from **Missouri Consolidated Health Care Plan (HCP)** state that since HCP's coverage is always primary on active employees, HCP assumes the targeted population for this proposal is retired elected officials. Also, HCP assumes that currently retired public officials who do not carry HCP's coverage will be eligible for the subsidy. HCP states that this proposal does not have any caps on payments or limits on product types, so HCP assumes the public officials would opt for the premium option. HCP states Medicare and Medicare supplements are very limited on certain benefits such as prescriptions. Therefore, HCP assumes most of the public officials would take advantage of HCP's secondary coverage.

As of June 30, 2001, MOSERS records indicated 237 judges and 112 legislators were retired and over age 65. HCP has 154 retired judges and 56 retired legislators over 65 covered under a HCP plan. The calendar year 2002 statewide average for the premium option plans is approximately \$248 per retiree. HCP states the monthly premium for the currently covered retired legislators and judges would be \$52,080 of which the state currently contributes 50% subsidy. The additional cost to the state would be \$26,040. HCP states the remaining 139 currently retired legislators and judges could claim the cost of their secondary plan through the state. Since those premiums vary by product type and coverage, HCP conservatively uses HCP's premium for over 65 to calculate a minimum cost of \$34,472 per month. Therefore, for currently retired public officials, the monthly premium would be \$60,512 during calendar year 2002. Trending this cost for calendar year 2003 using 13% inflation rate brings the first year's cost to \$820,543.

HCP cannot predict when or how many public officials will be retiring in the future. There would be additional costs associated with each retiree over age 65 which would be offset by current retirees expirations. Therefore, the impact of future public officials retiring is unknown.

Oversight also assumes the intent of this proposal was to include retired elected officials.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (6 Mo.)	FY 2004	FY 2005
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ALL FUNDS

<u>Cost –All funds</u>			
Increased state contribution	<u>(\$410,272)</u>	<u>(\$927,214)</u>	<u>(\$1,047,752)</u>

ESTIMATED NET EFFECT ON ALL FUNDS	<u>(\$410,272)</u>	<u>(\$927,214)</u>	<u>(\$1,047,752)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

DESCRIPTION

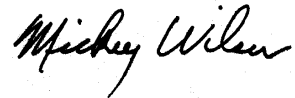
This proposal requires the state to provide secondary health insurance coverage to public officials who are 65 or older. "Public officials" are defined as any member of the General Assembly, judges or judicial officers, or other persons holding an elected state governmental office. The proposal also includes those officials who are eligible for coverage under a state retirement program. Secondary health insurance coverage is defined as coverage issued to supplement a public official's primary coverage which provides reimbursement for benefits not provided by the public official's primary coverage or any other coverage in which benefits are secondary to the public official's primary benefits.

Participants in the Missouri Consolidated Health Care Plan (65 or older) who are Medicare eligible shall have their HCP premiums paid by the state without any contribution from the employee. If a public official does not elect coverage under the state plan, the state will pay for the person's Medicare supplement policy

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 Department of Conservation
Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Office of Administration -
 Division of Budget and Planning



Mickey Wilson, CPA
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February 4, 2002