

FISCAL NOTE

Requested by Legislative Council
01/24/2005

REVISION

Bill/Resolution No.: SB 2215

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations				\$300,000		\$300,000

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill proposes to expand the eligibility of the Uniform Group Insurance Plan to temporary and permanent employees of private sector employers and uninsured private citizens. The technical review by the actuary indicates that pursuant to HIPAA the PERS plan would not be able to "apply medical underwriting and risk adjusted premiums". This means the plan would be exposed to adverse risk selection. This results when individuals or groups choose to participate in the plan based upon the knowledge that their experience is higher than average. Such additional participation will cause the groups overall premium cost to rise to cover this additional higher than average expenses. The actuary also indicates that one indication of the potential additional costs to group health plans as a result of HIPAA's impact comes from the economic impact study done by the Department of Labor and HHS. They estimated that HIPAA non-discrimination would add approximately one percent to total health plan expenditures. If this was applied to the PERS projected 2005-2007 state health premium the increase would be approximately \$5.59 per contract per month. The bill also requires that PERS get a waiver from the federal government to implement this provision. The purpose of the waiver is to allow PERS to continue to operate as a governmental plan while offering services to nongovernmental individuals. Consequently it is uncertain this bill would be implemented in 2005-2007 or 2007-2009 if passed and when any fiscal effects would accrue to the plan since it is likely that it will take a significant amount of time to develop, submit and get such a waiver proposal reviewed at the federal level. It is also uncertain that such a waiver would be granted.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

No expenditure is shown relating to the appropriation since it is uncertain how long it will take to get the necessary approvals required in Section 1 of the bill.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Section 9 of the bill provides an appropriation for implementation of the bill. No implementation activities will began until the necessary approvals are received pursuant to Section 1 of the bill.

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Agency: PERS
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