

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 30, 2003

TO: Honorable Bill Ratliff, Chair, Senate Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB1169 by Janek (Relating to offering health reimbursement arrangements under the Texas Employees Group Benefits Act.), **As Introduced**

This bill requires the Employees Retirement System (ERS) to offer health plan coverage through health reimbursement arrangements. The ERS Board would establish the maximum dollar amount for a coverage period; any unused portion at the end of the coverage period would be carried forward to increase the maximum reimbursement amount in subsequent periods. The Board is allowed to enter into contracts to develop, implement, or administer health reimbursement arrangements.

Since the legislation does not provide any specifics regarding the content of the plan design, ERS cannot determine the cost of implementing health reimbursement arrangements. As of this writing, ERS has yet to prepare a fiscal analysis of this legislation. The agency indicates that the estimated fiscal impact of this bill would depend on the plan design of the health reimbursement arrangements, and the extent of adverse selection. Depending on the plan design selected, ERS would also incur administrative costs for publication expenses; pricing of health care costs by the actuary; and, either costs for setting up health reimbursement accounts or third party administrator costs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 327 Employees Retirement System

LBB Staff: JK, WP, RR, MS, ZS