

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 25, 2009

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB872 by Lucio (Relating to the purchase of continued health insurance coverage by an eligible survivor of certain public servants killed in the line of duty.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 615 of the Government Code to allow an eligible survivor of certain public servants killed in the line of duty to continue health insurance benefits under the Group Benefits Plan for the same rate that is paid by a current employee for employee only coverage or, in the case of a survivor covering children, for the same rate that is paid by a current employee for employee and children coverage. Because current employees currently have 100 percent of their premium and 50 percent of their children's premiums paid by the state, the Employees Retirement System (ERS) interprets the bill as meaning that the state would pay 100 percent of the cost of surviving spouse coverage and 50 percent of the cost of coverage for surviving children.

The bill also provides a limited opportunity for eligible survivors of an individual who died after September 1, 1993, to reapply for coverage if they declined coverage when they were first eligible or if they discontinued coverage at any time since they originally enrolled. This coverage could be obtained at the same costs as other eligible survivors under the bill.

The bill takes effect September 1, 2009, or immediately with two-thirds vote of all members.

The ERS actuary for insurance matters estimates that there will be an average of about two deaths per year that would potentially lead to continued health coverage for survivors applicable to the bill. It is assumed that 100 percent of these future qualifying deaths will result in Group Benefit Plan health coverage for the survivors. It is also assumed that among the survivors electing coverage, 57 percent would elect Survivor Only coverage, and 43 percent would elect Survivor with Child coverage, based on the election choices of the survivors of decedents since September 1, 1993, that have continued health coverage at their own expense.

Based on these assumptions, the ERS actuary for insurance matters estimates costs to the Group Benefit Plan of approximately \$0.3 million for the 2010-11 biennium. The bill would not result in an increase to the state contribution rates for the Group Benefit Plan.

An alternative interpretation of the bill would have the surviving spouse paying the premium which is identified as "employee only", which is currently paid for completely by the state. The bill makes no reference to a state contribution in place of the spousal payment. With this interpretation, the bill would have no cost.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System

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