

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 31, 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 continued health insurance coverage for eligible survivors of certain public servants killed in the line of duty.), **Committee Report 1st House, Substituted**

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 Group Benefits Program (GBP) health coverage for the same premium that is paid by a current employee for employee-only coverage or, in the case of a survivor covering children, for the same premium 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 bill would allow a surviving spouse to maintain coverage until the date the surviving spouse becomes eligible for Medicare, and eliminates the provisions for ineligibility involving the surviving spouse remarrying or becoming eligible for health insurance through another employer. The ERS actuary for insurance matters estimates cost increases of approximately \$0.3 million for the 2010-11 biennium due to provisions of the bill. Additionally, the actuary projects long term cost increases due to longer periods of coverage and larger total enrollment in the GBP. The cost increases for the 2010-11 biennium would not result in increases to the state contribution rates for the GBP.

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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