

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 14, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2127 by Howard (Relating to the eligibility of certain employees of public institutions of higher education to participate in a state group benefits program.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code to change eligibility rules for the participation of adjunct professors and faculty in the Group Benefits Program (GBP) administered by the Employees Retirement System (ERS). The bill would lower the requirement for adjunct professors from teaching at the institution for the previous three years to only the preceding year. The bill would also extend coverage to professional librarians who are members of the adjunct faculty.

ERS estimates that the bill would make an additional 1,250 adjunct faculty members eligible for the GBP, and that the newly eligible population would have the same HealthSelect participation rate as those currently enrolled, providing for an increase of approximately 135 participants. Although the full contribution would be paid by the qualified individuals seeking coverage, ERS estimates that adverse selection would increase the average cost of coverage, which would increase state and member contribution rates. It is anticipated that these increases could be absorbed within existing program resources.

The conditions of the bill would only apply to health benefit plans delivered, issued for delivery, or renewed on or after January 1, 2014. The bill would take effect on September 1, 2013.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System

LBB Staff: UP, AG, RB, EP, EMO, WM