

BILL SUMMARY
2nd Session of the 52nd Legislature

Bill No.:	HB2888
Version:	Conf. Committee Sub.
Author:	Representative Moore
Date:	5/13/20
Impact:	Section 1: \$1,600/ yr. Travel Costs
	Sections 2,3,6&7: \$0 Direct Impact
	Sections 4&5: Total Annual Savings
	for Agencies
	FY-11 – \$14,708,000
	FY-12 – \$45,095,000
	FY-13 – \$77,488,000
	FY-14 – \$112,018,000
	FY-15 – \$64,917,000

Bill Summary

Research Analyst: Arnella Karges

The Conference Committee Substitute (CCS) for HB2888 creates the Legislative Oversight Committee on State Employee Benefits, the committee is charged with oversight of the State and Education Employees Group Insurance Board (OSEEGIB) and the State Employees Benefits Council (EBC). The Committee will be a bipartisan committee, alternating Chair and Vice Chair positions between the House and the Senate appointed members. The Committee is required to meet at least four times a year. Members of the Committee shall be provided travel reimbursement. The Committee is authorized to use teleconferencing for meetings and shall be subject to the Oklahoma Open Meeting Act.

The CCS requires new state employees are to be informed that any excess benefit allowance will be deposited into a flexible spending account or a health savings account, if they are enrolled in a high-deductible health plan. The CCS also prohibits employers from opting back into the health, dental or life insurance plans offered through the State and Education Employees Group Insurance Act for three years if they cease participation in the plans.

The measure caps the benefit allowance beginning in 2011 and until the 2015 plan year. The CCS repeals the current formula for calculating state employees' benefit allowance, which is an average of the monthly premiums of all high option health, dental, disability, and life insurance plans; and requires the formula to be set by the State and Education Employees Group Insurance Board (Board) and tied to the amount of health savings account contributions provided to state employees.

The CCS repeals the option that the Board may offer benefit plans with an enhanced level of benefits. The CCS requires the Board to fund employee health savings accounts at a level to be determined by the Board. The CCS also requires all employee participants in state-sponsored health care coverage to be informed about any wellness program and risk-assessment program available to employees.

Fiscal Summary

Fiscal Analyst: John McPhetridge

Section 1: creates the Legislative Oversight Committee on State Employees Benefits. The measure provides that the committee shall be a committee of the Legislature, meet at least four times a year, be made up of 10 members, provides for travel reimbursement and allows the use of teleconferencing for meetings outside the legislative session..

Section 2: requires notice to new employees enrolling in a high deductible health plan offered by the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB), that any excess benefit allowance will be deposited in a flexible spending account (FSA) or health savings account (HSA.)

Section 3: prevents employers ceasing participation in a health, dental or life insurance plans offered through OSEEGIB, from opting back into the plan for 3 years.

Section 4 & 5: freezes (at the 2010 plan year amounts) the state employee flexible benefit allowances for the 2011, 2012, 2013 and 2014 plan years. Beginning in the 2015 plan year the state employee flexible benefit allowances shall be set by OSEEGIB based on the amount of HSA contributions provided to employees. Section 5 also modifies the Employee Benefits Council's (EBC) authority to reject bids of health maintenance organizations (HMO.)

Sections 6 & 7: clarifies language related to the implementation of HSAs offered in conjunction with high-deductible health plans offered by OSEEGIB, as well as, required notice to employees of wellness programs offered by EBC.

Fiscal Analysis

Section 1: requires travel expense reimbursement by appointing agencies, for members of the legislative committee. Typical travel reimbursement costs are estimated at \$100 per member per meeting. The committee consists of 10 members and is mandated to meet 4 times a year; thus the maximum travel reimbursement costs are estimated at \$4,000. However, the measure provides for teleconferencing; this coupled with the assumption that half the meetings could be scheduled while the Legislature is in session, should reduce travel reimbursement expenses by 60%, for an estimated total of \$1,600 annually.

Section 2: has no direct impact on the state budget or appropriations.

Section 3: has no direct quantifiable fiscal impact, however, it should discourage potential adverse selection which could occur if such employers have the ability to migrate in and out of OSEEGIB plans frequently. Avoidance of adverse selection should have a long term positive affect on premium rates.

Sections 4 & 5: would freeze the employee benefit allowance for all or part of the next five fiscal years. For the 2010 plan year, EBC estimates the total amount paid by state agencies for such benefits at \$445,700,000. Analyzing the growth of the benefit allowances over the last 5 years, excluding growth associated with the institution of blending retiree pre-Medicare rates in 2007, an average annual growth rate for these allowances of 6.6% is derived. Assuming that state employment demographics do not shift significantly over the specified time period, the

\$445,700,000 benefit allowance expense incurred by state agencies in 2010 would grow at a rate of 6.6% on average per year. Freezing the benefit allowance at 2010 levels allows state agencies to realize estimated annual cost savings of: \$14,708,000 in FY-11, \$45,095,000 in FY-12, \$77,488,000 in FY-13, \$112,018,000 in FY-14 and \$64,917,000 in FY-15.

Sections 6 & 7: have no direct fiscal impact on the state budget or appropriations. The health savings account policies expressed in section 6 will be reflected in the premium pricing of related high deductible plans. Since enrollment in such plans is optional for employees and the pricing of such plans do not affect the calculation of the flexible benefit allowance there is no direct impact. The notice requirements related to EBC's wellness program can be incorporated into existing annual publications at no additional cost.

Long Term Fiscal Considerations

Savings will also occur in future fiscal years (FY-12, FY-13, FY-14 and FY-15) as detailed in the fiscal analysis.

Fiscal Analysis Reviewed By:

Janice Buchanan

House Fiscal Director