

BILL SUMMARY

1st Session of the 53rd Legislature

Bill No.:	HB 1062
Version:	Conf. Committee Sub.(CCR A)
Request Number:	N/A
Author:	Rep. Dustin Roberts
Date:	5/17/2011
Impact:	<u>State Employee Opt-out</u> State Agency Savings: est. \$1.5-3.5 Million/yr. <u>Pilot Project</u>
	OSEEGIB Cost – est. \$1,170,000 in yr. 1, potential future savings

Research Analysis

The CCS for HB 1062 allows active state employees who are currently covered by a separate group health insurance plan to opt out of the state's basic plan and provides that employees opting out of coverage will receive \$150.00 a month in lieu of the flexible benefit amount the employee would be otherwise eligible to receive. The measure stipulates that any savings realized will be retained by the state.

The CCS also directs the State and Education Employees Group Insurance Board (OSEEGIB) to contract with a vendor that offers a HIPPA-compliant web-based, doctor patient mutual accountability incentive program and directs OSEEGIB and the Office of State Finance to make available a health savings account to all enrollees in the HealthChoice qualified high-deductible health plan.

Prepared By: Marcia Goff

Fiscal Analysis

Section 1 authorizes the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB) to contract with providers for specific services based on levels of outcomes. OSEEGIB officials inform that this will allow OSEEGIB to explore and possibly provide bariatric services that would result in better health outcomes and savings, which are not expected to result in insurance premium increases

Sections 2, 3, 4 State Employee Opt Out

The measure allows state employees to opt out of participation in health insurance plans offered through the state's flexible benefit allowance in exchange for an in lieu of payment of \$150 per month, provided the employee is currently covered by a separate group health insurance plan. Officials for OSEEGIB expect the number of state employees who will elect to opt out to be low, estimated 2-5%. OSEEGIB also estimates an average annual state agency savings of \$5,400 per opt out per year, resulting in a total state agency savings of \$1.5-3.5 Million annually. The agency savings are a result of the difference between the flexible benefit allowance opted out of and the in lieu of payment. OSEEGIB does identify the potential for adverse selection in the opt

out, but that the number of individuals expected to opt out would likely be low enough that no insurance premium increases are expected.

Section 5 requires OSEEGIB and the Office of State Finance (OSF) to contract with a vendor to make available health savings accounts (HSA) for enrollees in the HealthChoice qualified high-deductible health plans. Based on discussions with potential vendors OSEEGIB believes a contract can be entered into at no material costs to OSEEGIB or OSF. The practical consideration for the vendor would be the opportunity to profit as a financial institution from the HSA deposit base.

Section 6 Pilot Project

The Section instructs OSEEGIB to contract with a vendor to provide a web-based healthcare cost containment pilot program for 3 years. The measure requires that the pilot program cover at least 15,000 eligible employees and their dependents. OSEEGIB estimates a program cost of \$78 annually per eligible employee. The total cost to OSEEGIB of the program is estimated to be \$1,170,000 per year. The measure instructs OSEEGIB to fund the pilot program with operating funds and not pass along costs to premium payers. The Pilot Project is designed to incentivize healthier behavior, when fully implemented the program is designed to create a net savings due to lower health care costs and improved health outcomes resulting in lower health care premiums. Though not expected in the first year of implementation, savings could surpass costs in future years.

Prepared By: John McPhetridge

Other Considerations

N/A