

BILL SUMMARY
2nd Session of the 53rd Legislature

Bill No.:	SB 1905
Version:	Engrossed
Request Number:	N/A
Author:	Rep. Wesselhoft / Sen. Russell
Date:	4/3/2012
Impact:	State Agency Savings: est. \$5,800 per yr. per opt out

Research Analysis

Engrossed SB1905 would prohibit any employer from requiring any employee who is retired from a branch of the United States military and has been provided with health coverage through a federal plan to participate in employer-sponsored health insurance coverage.

Prepared By: Aron Storck

Fiscal Analysis

Officials from the State and Education Employees Group Insurance Board (OSEEGIB) a subdivision of the Office of State Finance (OSF), view SB 1905 as an expansion of existing opt-out policy. State employees eligible to opt out of participation in health insurance plans offered through the state's flexible benefit allowance receive an in lieu of payment of \$150 per month, provided the employee will be covered by a separate group health insurance plan at or before the beginning of the next plan year. Officials for OSEEGIB expect the number of state employees who will elect to opt out under this provision to be low. It is estimated that an average annual state agency savings of \$5,800 per opt out per year will occur. The agency savings are a result of the difference between the flexible benefit allowance opted out of and the \$150 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

Prepared By: John McPhetridge

Other Considerations

None at this time