

BILL SUMMARY
2nd Session of the 56th Legislature

Bill No.:	HB2540
Version:	Introduced
Request Number:	8196
Author:	Cannaday
Date:	2/5/2018
Impact:	\$0 direct fiscal impact on State Agencies

Research Analysis

HB 2540, as introduced, allows state employees over age 66 and covered by Medicare to opt out of state health and dental insurance coverage. The measure provides that those employees shall receive a monetary amount equal to the flexible benefit amount they would otherwise receive.

Prepared By: Sean Webster

Fiscal Analysis

HB 2540 allows active state employees covered by Medicare to opt-out of participating in health, dental, life and disability basic plan options. An employee opting out would receive a monetary amount equivalent to a flexible benefit allowance. State Agencies should not experience a fiscal impact as a result of the provisions of HB 2540, because the monetary amount received by an opting-out employee would be no greater than the flexible benefit allowance the employee would otherwise receive had they not opted out.

Prepared By: John McPhetridge

Other Considerations

The Office of Management and Enterprise Services (OMES) has expressed concern that the provisions of HB 2540 would conflict with federal Medicare Secondary Payer (MSP) guidelines. Under such guidelines, employers may not offer individuals entitled to Medicare any financial or other incentives to opt out of an employer-provided group health coverage (42 CFR §411.103). OMES has expressed concern that the monetary amount provided in HB 2540 to an individual electing to opt out would be considered a financial incentive to opt out. OMES believes such actions could result in \$5,000 penalties per violation of MSP guidelines.