

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 290(L&C)
 (H) Publish Date: 3/27/02

Revision Date/Time _____ Dept. Affected: Administration
 Title Relating to membership in the CHIA BRU Centralized Administrative Services
 Component Retirement & Benefits
 Sponsor Rep. Rokeberg
 Requester (H) Labor & Commerce Component No. 64

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	*	*	*	*	*	*
Travel	*	*	*	*	*	*
Contractual	*	*	*	*	*	*
Supplies	*	*	*	*	*	*
Equipment	*	*	*	*	*	*
Land & Structures	*	*	*	*	*	*
Grants & Claims	*	*	*	*	*	*
Miscellaneous	*	*	*	*	*	*
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	*	*	*	*	*	*
1003 GF Match	*	*	*	*	*	*
1004 GF	*	*	*	*	*	*
1005 GF/Program Receipts	*	*	*	*	*	*
1037 GF/Mental Health	*	*	*	*	*	*
Other (Specify Type--Do not abbreviate)	*	*	*	*	*	*
TOTAL	*	*	*	*	*	*

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill will add the self-insured plans sponsored by the State to the membership of the Comprehensive Health Insurance Association (CHIA).

Based on the total CHIA assessment in 2000, this bill would have assessed the Select Benefits Plan (approximately 5,000 state employees) \$190,000. This would increase the active state employee health insurance premiums an additional \$3.18 per month. Since the employer contribution for state employees is capped, any increase in active premiums will be borne by employees. .

The State would be the only self-insured member of the CHIA. State employees in union-sponsored, self-insured plans would not be part of the CHIA. There are approximately 8,400 state employees in union-sponsored, self-insured plans who would not be impacted by this bill.

Prepared by: Guy Bell
 Division: Retirement & Benefits
 Approved by: Jim Duncan, Commissioner
 Agency: Department of Administration

Phone 465-2292
 Date/Time 1/30/02
 Date 1/30/2002

FISCAL NOTE #2

**STATE OF ALASKA
2002 LEGISLATIVE SESSION**

BILL NO. CSHB 290(L&C)

ANALYSIS CONTINUATION

The CHIA assessment against the retiree health insurance plans (approximately 23,200 retirees) would have been \$1,010,050 in Year 2000. The retiree health insurance premiums would increase by \$3.63 per retiree per month. That additional cost to the retirement systems would increase the employer contribution rates by .13%.

Examples of Impact on PERS and TRS employers

PERS	Salaries (in 000's)	Rate Increase	Annual Cost (in 000's)
State of Alaska	\$ 640,906.2	0.0013	\$ 833.2
Juneau Borough & School District	31,401.1	0.0013	40.8
Anchorage Municipality/School District	166,449.2	0.0013	216.4
University of Alaska	74,258.3	0.0013	96.5
Fairbanks Borough/School District	42,097.5	0.0013	54.7
North Slope Borough/School District	60,609.6	0.0013	78.8
Mat-Su Borough/School District	24,088.0	0.0013	31.3
All Other PERS employers	243,190.1	0.0013	316.1
Total	1,283,000.0	0.0013	1,667.9
TRS			
All School Districts TRS Salaries	\$ 466,414.0	0.0013	\$ 606.3
Total Annual Cost to PERS and TRS			\$ 2,274.2 *

*The increased cost to employers is greater than the assessment because the retirement systems are prefunded and need to collect funds for those already retired as well as those who will retire in the future.