

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 1
 Bill Version SB 81
 (S) Publish Date 3/16/11

SB081-DOA-HPA-02-24-11
 Title PUBLIC RETIREE MED. BENEFITS: DEPENDENTS
 Sponsor Senators Davis, Ellis
 Requester Senate Labor and Commerce
 Dept. Affected DOA
 Appropriation Centralized Administrative Services
 Allocation Health Plans Administration
 OMB Component Number 2152

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services	1,462.9		1,528.6	1,597.2	1,668.9	1,743.8	1,822.0	
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING	1,462.9	0.0	1,528.6	1,597.2	1,668.9	1,743.8	1,822.0	

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other 1017 Benefits Systems Receipts	1,462.9		1,528.6	1,597.2	1,668.9	1,743.8	1,822.0	
TOTAL	1,462.9	0.0	1,528.6	1,597.2	1,668.9	1,743.8	1,822.0	

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

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BILL NO. SB 81

SB 81 will require the AlaskaCare Retiree Health Plan to extend its current dependent coverage to include dependents up to age 26. Currently the retiree plan covers dependents until 19 or, until 23 if registered and attending on a full-time basis at a recognized educational or vocational institution. If the dependent is older than 19 and not a full-time student, then the dependent must be totally and permanently disabled to be covered. If passed, this bill will extend medical coverage for all retiree dependents up to the age of 26, regardless of student or marital status, unless that dependent has their own employer group plan. Dependents who have access to their own employer group plan must enroll in that plan rather than their parent's plan. The following analysis provides the estimates of the additional costs expected to be incurred by extending medical coverage to those dependents not currently covered by the retiree health plan.

This analysis includes the most recent AlaskaCare data from actual claims supplied by Wells Fargo Insurance Services, the current AlaskaCare Health plans Third Party Administrator. For retirees, the increase to include age 26 dependents under the medical plan is 0.37% in the expected case scenario. This translates into an increase of \$146.78 to the per member per month premium in FY 12 growing each year to an increase of \$174.57 to the per member per month premium in FY 17.

Following is a breakdown of the additional dependents that will have medical coverage in the retiree health plan if SB 81 is implemented:

FY 12	867
FY 13	868
FY 14	868
FY 15	869
FY 16	870
FY 17	871

The increase in costs to provide this additional coverage will be paid from the Retiree Health Trust. These increases relate directly to the plan cost (i.e. claims) and do not reflect the impact to the Other Post Employment Benefits (OPEB) liability. The impact to the OPEB liability will be available in another analysis by the health plan actuarial consultants, Buck Consultants.