

H B

127

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
Title: An Act relating to reimbursement BRU: Retirement and Benefits
of certain medicare premiums.
Sponsor: Greenberg, Cato Components: Retirement and Benefits
Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	11.2	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	6.9	7.6	8.3	9.2	10.1
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	6.9	7.6	8.3	9.2	10.1
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	11.2	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	1	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This analysis is written with the assumption that Part B premium reimbursement could be made on a monthly basis and that all PERS, TRS, JRS and EPORS retirees over the age of 65 would receive reimbursement. Passage of this bill will require a number of changes in the data processing system to automate the reimbursement requirements for eligible retirees. These changes will require an Analyst/Programmer IV for an estimated three months. The total cost for this position is \$11,172 and is the only funding anticipated for operational costs.

THIS BILL IS ESTIMATED TO COST ALL STATE AGENCIES \$9,125.5 IN INCREASED PERSONAL SERVICES COSTS.
THIS BILL IS ESTIMATED TO COST POLITICAL SUBDIVISIONS AND SCHOOL DISTRICTS \$10,353.3 IN FY 90.
See pages 2 and 3 for a detailed analysis.

Prepared By: Sally Smith *Sally Smith* Phone: 465-4460
Division: Retirement and Benefits Date: Feb. 17, 1989
Approved by Commissioner: John M. Andrews Date: 2/21/89
Agency: Department of Administration

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Page 2 of 3
House Bill 127
Financial Implication on Retirement Funds
Prepared by Division of Retirement and Benefits
Department of Administration
February 14, 1989

There will be an impact to the State for employer contributions and direct benefit payments to EPORS retirees. This bill is estimated to increase the State's contributions by 1.6% of the PERS payroll, 1.38% of the TRS payroll and .7% of the JRS payroll. The FY 90 State PERS payroll, including the University of Alaska is estimated to be \$521,208,708 (State \$463,907,093; and University of Alaska, \$57,301,615.) It is assumed to remain level each year thereafter.

The FY 90 State TRS payroll, including the University of Alaska, is estimated to be \$55,085,786 (Department of Education, \$5,025,700; and the University of Alaska, \$50,060,086). TRS salaries are also assumed to remain level each year thereafter.

The FY 90 State JRS payroll is estimated to be \$2,727,216. JRS salaries are assumed to remain level thereafter. The number of EPORS retirees is also assumed to remain level but with a 10% annual increase to the Medicare Part B premiums.

The total estimated FY 90 cost to the State of \$9125.5 is calculated as follows:

Estimated State PERS FY 90 payroll.....	\$463,907,093
PERS contribution rate increase.....x	1.6%
	State total PERS cost...\$7422.5

Estimated University of Alaska PERS	
FY 90 payroll.....	\$ 57,301,615
Pers contribution rate increase.....x	1.6%
	University of Alaska total PERS cost...\$ 916.8

Estimated Department of Education TRS	
FY 90 payroll.....	\$ 5,025,700
TRS contribution rate increase.....x	1.38%
	Department of Education total TRS cost...\$ 69.4

Estimated University of Alaska TRS	
FY 90 payroll.....	\$ 50,060,086
TRS contributions rate increase.....x	1.38%
	University of Alaska total TRS cost...\$ 690.8

Estimated State JRS total	
FY 90 payroll.....	\$ 2,727,216
JRS contribution rate increase.....x	.7%
	State Total JRS cost...\$ 19.1

Payments for Medicare Part B premiums to eligible EPORS members would come directly from general funds since the EPORS is not actuarially funded.

The total estimated FY 90 EPORS cost of \$6.9 is calculated by multiplying the estimated number of eligible EPORS members (18) times the Medicare Part B premium (\$31.90) times 12 months:

State total EPORS cost...\$ 6.9

In addition to the State cost there would also be an increase in the political subdivisions' contribution rate to the PERS by 1.6% of PERS payroll and school districts' contribution rate to the TRS by 1.38% of TRS payroll. The FY 90 PERS payroll for political subdivisions is estimated to be \$354,521,366. The FY 90 TRS payroll for school districts is estimated to be \$339,201,043. Salaries for both systems are assumed to remain level each year thereafter.

The total estimated FY 90 cost to these entities of \$10,353.3 is calculated as follows:

Estimated political subdivision
 FY 90 payroll.....\$354,521,366
 PERS contribution rate increase.....x 1.6%
 Political subdivision total PERS cost...\$5672.3

Estimated school district
 FY 90 payroll.....\$339,201,043
 TRS contribution rate increase.....x 1.38%
 School district total TRS cost...\$4681.0

INCREASE IN FY 90 COSTS DUE TO
 REIMBURSEMENT OF MEDICARE PART B PREMIUMS

<u>Employer</u>	<u>System</u>				<u>TOTAL</u>
	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>EPORS</u>	
State	\$8339.3	\$ 760.2	\$19.1	\$ 6.9	\$ 9125.5
Political Subdivisions and School Districts	\$5672.3	\$4681.0	N/A	N/A	\$10353.3

If this bill becomes law, the unfunded liability will increase by \$34,400,000 and the funding ratio will decrease by 2.4% in the TRS. The unfunded liability will increase by \$75,000,000 and the funding ratio will decrease by 1.8% in the PERS. There will be a negligible effect on the JRS.

Position Title		Analyst/Programmer IV		No. of Positions	1	Range/Step	19A	Barg. Unit	G
Time Status	Staff Months			Location		Election District			
FT Nonpermanent	3.0			AWA		Juneau (4)			
				Justification HB 127 requires the reimbursement of all retirees in the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), the Judicial Retirement System (JRS), and the Elected Public Officers Retirement System (EPORS), for Medicare Part B Premiums.					
Type of Expenditure		Amount		The Analyst/Programmer IV requested on this form will be responsible for designing, writing and testing the automated program to implement payment to retirees. Specifically, the program must accomplish the following: <ol style="list-style-type: none"> 1. Identify all retirees age 65 or more in the PERS and TRS. 2. Generate notification letter to each retiree identified explaining monthly benefit check will be increased by the amount of Medicare Part B premiums. 3. Increase monthly benefit by premium amount and maintain appropriate percentages for other benefit components. 4. Identify other retirees as they turn age 65 and notify them as in 2 above and increase benefit as in 3 above. 					
1	2	3							
Salary	10,008								
Benefits	1,164								
Premium Pay									
Other									
Total Personal Services		11,172							
Travel									
Contractual									
Commodities									
Equipment									
Other									
Total Cost									
Funding Source for Total Cost									
Federal Receipts	1002								
G. F. Match	1003								
General Fund	1004								
GF Program Receipts	1005								
Other									

4/11B4/012901-9/1

**Request For
New Position**

Agency Administration
 BRU Retirement and Benefits
 Component Retirement and Benefits

FY 90

Page 1 of 1
 Revised Date

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: An Act relating to reimbursement of certain medicare premiums.
Sponsor: Gruenberg, Cato
Requestor: _____

Agency Affected: Department of Administration
BRU: Retirement and Benefits
Components: Retirement and Benefits

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	11.2	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	6.2	6.8	7.5	8.3	9.1	10.0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	17.4	6.8	7.5	8.3	9.1	10.0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	6.2	6.8	7.5	8.3	9.1	10.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	11.2	0	0	0	0	0
TOTAL	17.4	6.8	7.5	8.3	9.1	10.0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	1	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This analysis is written with the assumption that this bill would not become effective until FY 91. If the bill became effective earlier than FY 91, the costs shown for that year would become FY 90 costs at the rate of \$4.3 per month of FY 90 for the first three months and at the rate of \$0.5 for each additional month.

THIS BILL IS ESTIMATED TO COST ALL STATE AGENCIES \$8,699.9 IN INCREASED PERSONAL SERVICES COSTS. THIS BILL IS ESTIMATED TO COST POLITICAL SUBDIVISIONS AND SCHOOL DISTRICTS \$9,394.0 IN FY 91.

See pages 2 and 3 for a detailed analysis.

Prepared by: Sally Smith by Mike Coughlin

Phone: 465-4460

Division: Retirement and Benefits

Date: 1/29/90

Approved by Commissioner: Frank S. Baxter

Date: 1/31/90

Agency: Department of Administration

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

SSHB 127
 Financial Implications on Retirement Funds
 Prepared by the Division of Retirement and Benefits
 Department of Administration

This analysis is written with the assumption that Part B premium reimbursement could be made on a monthly basis and that all PERS, TRS, JRS and EPORS retirees over the age of 65 would receive reimbursement. Passage of this bill will require a number of changes in the data processing system to automate the reimbursement requirements for eligible retirees. These changes will require an Analyst/Programmer IV for an estimated three months. The total cost for this position is \$11,172 and is the only funding anticipated for operational costs.

There will be an impact to the State for employer contributions and direct benefit payments to Elected Public Officers Retirement System (EPORS) retirees. This bill is estimated to increase the State's contributions by 1.43 percent of the Public Employees' Retirement System (PERS) payroll, 1.24 percent of the Teachers' Retirement System (TRS) payroll and .63 percent of the Judicial Retirement System (JRS) payroll. The FY 91 State PERS payroll, including the University of Alaska, is estimated to be \$556,310,861 (State \$492,656,834, and University of Alaska \$63,654,027). It is assumed to remain level each year thereafter.

The FY 91 State TRS payroll, including the University of Alaska, is estimated to be \$58,159,258 (Department of Education/Legislature \$5,673,729, and the University of Alaska \$52,485,529). TRS salaries are also assumed to remain level each year thereafter.

The FY 91 State JRS payroll is estimated to be \$2,727,216. JRS salaries are assumed to remain level thereafter. The number of EPORS retirees is also assumed to remain level but with a 10 percent annual increase to the Medicare Part B premiums.

The total estimated FY 91 cost to the State of \$3,699.9 is calculated as follows:

Estimated State PERS FY 91 payroll . . .	\$492,656,834	
PERS contribution rate increase . . .	x	1.43%
State Total PERS cost		\$7,045.0

Estimated University of Alaska PERS		
FY 91 payroll	\$	63,654,027
PERS contribution rate increase . . .	x	1.43%
University of Alaska Total PERS cost	\$	910.3

Estimated Department of Education/ Legislature TRS FY 91 payroll . . .		
	\$	5,673,729
TRS contribution rate increase	x	1.24%
Department of Education Total TRS cost	\$	70.4

Estimated University of Alaska TRS		
FY 91 payroll	\$	52,485,529
TRS contributions rate increase . . .	x	1.24%
University of Alaska Total TRS cost	\$	650.8

Estimated State JRS total
 FY 91 payroll \$ 2,727,216
 JRS contributions rate increase . . . x .63%
 State Total JRS cost \$ 17.2

Payments for Medicare Part B premiums to eligible EPORS members would come directly from general funds since the EPORS is not actuarially funded.

The total estimated FY 91 EPORS cost of \$6.2 is calculated by multiplying the estimated number of eligible EPORS members (18) times the Medicare Part B premium (\$28.60) times 12 months:

State total EPORS cost \$ 6.2

In addition to the State cost there would also be an increase in the political subdivisions' contribution rate to the PERS by 1.43 percent of PERS payroll and school districts' contribution rate to the TRS by 1.24 percent of TRS payroll. The FY 91 PERS payroll for political subdivisions is estimated to be \$358,420,788. The FY 91 TRS payroll for school districts is estimated to be \$344,238,828. Salaries for both systems are assumed to remain level each year thereafter.

The total estimated FY 91 cost to these entities of \$9,394.0 is calculated as follows:

Estimated political subdivision
 FY 91 payroll \$358,420,788
 PERS contribution rate increase . . . x 1.43%
 Political subdivision Total PERS cost \$5,125.4

Estimated school district FY 91
 payroll \$344,238,828
 TRS contribution rate increase . . . x 1.24%
 School district Total TRS cost \$4,268.6

INCREASE IN FY 91 COSTS DUE TO
 REIMBURSEMENT OF MEDICARE PART B PREMIUMS

Employer	System				
	PERS	TRS	JRS	EPORS	TOTAL
State	\$7,955.3	\$ 721.2	\$17.2	\$6.2	\$8,699.9
Political Subdivisions and School Districts	\$5,125.4	\$4,268.6	N/A	N/A	\$9,394.0

If this bill becomes law, the unfunded liability will increase by \$30,800,000 and the funding ratio will decrease by 2.2 percent in the TRS. The unfunded liability will increase by \$67,200,000 and the funding ratio will decrease by 1.43 percent in the PERS. There will be a negligible effect on the JRS.

Position Title Analyst/Programmer IV		No. of Positions 1	Range/Step 19A	Barg. Unit G
Time Status FT Nonpermanent	Staff Months 3.0	Location AWA		Election District Juneau (4)
Type of Expenditure		Justification		
1	2	HB 127 requires the reimbursement of all retirees in the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), the Judicial Retirement System (JRS), and the Elected Public Officers Retirement System (EPORS), for Medicare Part B Premiums.		
Salary	10,008	The Analyst/Programmer IV requested on this form will be responsible for designing, writing and testing the automated program to implement payment to retirees. Specifically, the program must accomplish the following:		
Benefits	1,164			
Premium Pay				
Other				
Total Personal Services	11,172			
Travel		<ol style="list-style-type: none"> Identify all retirees age 65 or more in the PERS and TRS. Generate notification letter to each retiree identified explaining monthly benefit check will be increased by the amount of Medicare Part B premiums. Increase monthly benefit by premium amount and maintain appropriate percentages for other benefit components. Identify other retirees as they turn age 65 and notify them as in 2 above and increase benefit as in 3 above. 		
Contractual				
Commodities				
Equipment				
Other				
Total Cost				
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
I-A Receipts	1006			
CIP Receipts	1061			
Other				

4/11B4/012901-9/1

**Request For
New Position**

Agency Administration
 BRU Retirement and Benefits
 Component Retirement and Benefits

Page 1 of 1
 Revised Date

FY 91

Page 4 of 4