



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 515** HLS 25RS 1018
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 22, 2025	1:29 PM	Author: ZERINGUE
Dept./Agy.: Group Benefits		
Subject: Group Benefits Cost Share		Analyst: Anthony Shamis

INSURANCE/GROUP-STATE OR INCREASE SG EX See Note Page 1 of 2
To provide for the cost share of certain insurance premiums for programs sponsored by the state's Office of Group Benefits

Present law provides that the Office of Group Benefits (OGB) offers and administers group life and health insurance for state employees, retirees, and their dependents. Present law establishes calculations for the state’s portion of a retiree’s insurance premium for employees currently participating in the OGB program who did not participate before January 1, 2002, or for any person hired on or after January 1, 2002, who meets the definition of employee as provided by present law.

Proposed law establishes an additional calculation for state employees who enrolled in the OGB program on or after January 1, 2002, who have at least 25 years of full-time state employment. State contribution amount shall be either current or proposed calculation, whichever results in a higher state contribution. Proposed law will not impact state contributions paid by the state prior to January 1, 2026.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law is anticipated to increase SGR expenditures by an indeterminable amount within the Office of Group Benefits (OGB) in FY 26 and out-years, as a result of active employees who were not participants of a state-sponsored health insurance plan prior to January 1, 2002, but subsequently enrolled, have at least 25 years of full-time state employment, and elect to continue their state-sponsored health insurance into retirement. The specific number of individuals that meet the criteria outlined in this legislation is unknown at this time. In FY 26 this legislation would only apply to individuals who were full-time state employees prior to January 1, 2002, but did not participate in a state-sponsored plan until on or after that date. However, expenditures are anticipated to increase in FY 27, as a result of active employees hired on or after January 1, 2002, that will qualify for increased state contributions established by this measure.

This legislation provides for a separate employer contribution schedule for “employees” (as defined in R.S 42:808) who retire on or after January 1, 2026 with at least 25 years of full-time state employment who are enrolled in an OGB-offered health plan immediately prior to their retirement. Eligible employees shall have the state contribution of their total premium upon retirement calculated by either present or proposed law, whichever results in a higher contribution for the state.

Existing State Contributions for Retirees:

- (a) 19% for those persons with less than 10 years of participation in OGB before retirement.
- (b) 38% for those persons with 10 years of participation, but less than 15 years of participation in OGB before retirement.
- (c) 56% for those persons with 15 years of participation, but less than 20 years of participation in OGB before retirement.
- (d) 75% for those persons with 20 or more years of participation in OGB before retirement.

Proposed State Contributions for Retirees:

- (a) 56% for those persons with at least 15 years, but less than 16 years of participation in OGB before retirement.
- (b) 58% for those persons with at least 16 years, but less than 17 years of participation in OGB before retirement.
- (c) 60% for those persons with at least 17 years, but lees than 18 years of participation in OGB before retirement.
- (d) 65% for those persons with at least 18 years, but less than 19 years of participation in OGB before retirement.
- (e) 70% for those persons with at least 19 years, but less than 20 years of participation in OGB before retirement.

Note: This legislation will not impact state contributions paid by the state prior to January 1, 2026.

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REVENUE EXPLANATION

OGB anticipates that this legislation will have an indeterminable impact to SGR medical and pharmacy claims expenditures resulting from additional membership in retirement based on updated employer contribution percentages.

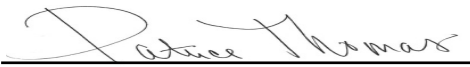
Proposed law may result in an increase of participation by members that would have otherwise not selected a state-sponsored health insurance plan into retirement. However, OGB does not anticipate a significant increase in participation.

Senate

Dual Referral Rules

House

- ☒ 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
- ☐ 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
- ☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}
- ☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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CONTINUED EXPLANATION from page one: Page 2 of 2

EXPENDITURE EXPLANATION Continued from Page 1

Based on this measure’s definition of “state employment” (R.S. 42:808), OGB assumes this legislation would only apply to active employees of the state agencies who are participating in state-sponsored health insurance plans. To the extent this language is determined to apply to active employees of non-state agencies (Such as parish school boards and charter schools), the potential pool of active employees who may qualify for the additional employer premium contributions may increase.

Statistics (Participation by Plan):
* 53,763 - OGB Offered Health Plans
* 3,752 - LSU First Plans
-Approximately 94% of these retirees receive 75% employer contribution towards their monthly health insurance premium.
-There are 4,395 active employees currently participating in the LA State Employees Retirement System (LASERS) with 25 or more years of service credit (including purchased "air-time").


OGB does not have the ability to provide the number of active employees currently participating in state-sponsored health insurance plans who would qualify for the additional employer premium contributions under this measure. The retirement systems (LASERS/Teacher’s Retirement) are the custodians of employment service credits, while OGB is the custodian of insurance participation credits. Upon receipt of notice of retirement from the employer (Enrollment Change Form/GB-01), OGB calculates the number of participation years in a state-sponsored health insurance plan, the associated employer premium contribution percentage, and updates the employer contribution percentage in OGB’s billing system.

Note: OGB estimates approximately \$10,675 in one-time SGR expenditures associated with programming updates to the eligibility and premium billing system and web-based enrollment portal, to incorporate the additional employer premium contribution tiers resulting from this bill.

Senate
☒ 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

Dual Referral Rules

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☐ 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
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