

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 260** SLS 15RS 579
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 15, 2015 3:53 PM	Author: BROOME
Dept./Agy.: Office of Group Benefits (OGB)	Analyst: Travis McIlwain
Subject: Group Benefits Estimating Conference	

GROUP BENEFITS PROGRAM EN SEE FISC NOTE SG EX See Note Page 1 of 1
 Provides for the organization of the Office of Group Benefits. (1/1/16)

Proposed law creates the Group Benefits Estimating Conference and provides that the conference shall develop official information related to group health and life insurance planning, premium rates and budgeting. Proposed law provides for the principals of the created conference to be: a member of the professional staff of the governor (who shall preside over the sessions of the conference), a member of the professional staff of the Division of Administration, a member of the professional staff of the legislature who has fiscal expertise to be appointed by the Senate President, a member of the professional staff of the legislature who has fiscal expertise to be appointed by the Speaker of the House, a member of the professional staff of the Office of Group Benefits with fiscal expertise and an individual with a minimum of 5 years professional experience in the industries of health insurance, actuarial service, financial services or banking. Proposed law provides that the board members shall be confirmed by the Senate. Proposed bill provides that the OGB board shall review and recommend premium rates. Proposed law provides that all OGB contracts and any adjustments to those contracts in the amount of \$1 million or more shall require review and approval of the oversight committees prior to implementation. Proposed bill provides for various changes to the board's make-up. Effective January 1, 2016.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

This bill may result in additional legislative oversight committee hearings, which could result in additional legislative per diem (\$150) plus mileage reimbursement (\$0.58/mile) costs due to the potential review requirements of all OGB contracts. It is anticipated these additional legislative oversight hearings resulting from reviewing OGB contracts or reviewing annual health plans/health plan changes may be scheduled on a day in which other legislative meetings are taking place. It is unclear if this legislation requires the legislative oversight committee to review all contracts negotiated with OGB. OGB interprets this language to require legislative oversight committee review and approval of all contracts. However, this bill appears to only apply to those contracts listed in R.S. 42:802(A) & B(8), which provides for OGB to be able to contract with health maintenance organizations, a group purchaser, a preferred provider organization and a health provider or providers. For context, OGB currently has 19 contracts in place for various services with a contract value ranging from \$10,000 to \$3.4 billion. Thus, the workload of various oversight committee staffs (Senate Finance Committee & House Appropriations Committee) could increase.

In addition to the review of any contract by the legislative oversight committee, this bill also provides that any adjustment to these contracts in excess of \$1 million be reviewed and approved by the legislative oversight committee. The Legislative Fiscal Office cannot determine if this language is intended to include the aggregate change of multiple contracts that equates to \$1 million or more or simply one contract amendment worth \$1 million or more.

In addition to creating the Group Benefits Estimating Conference, this legislation provides clarification that the OGB Policy & Planning Board reviews and makes recommendations to the commissioner of administration relative to premium rates. The information utilized by the board to make the recommendation will be information provided by the Group Benefits Estimating Conference. Also, this legislation provides for a representative from the professional staff of the Senate and the House be appointed as principals on the newly created estimating conference, which includes 6 members.

This legislation provides for changes to OGB's Policy & Planning Board as well. The board is reduced from 16 members to 11. The new makeup is 3 appointed by the Speaker of the House, 3 appointed by the President of the Senate, 3 appointed by the governor and 2 elected retiree members. Proposed law also establishes qualifications for the appointed members and provides that all members are subject to Senate confirmation.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate <u>Dual Referral Rules</u> <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	House <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	 John D. Carpenter Legislative Fiscal Officer
---	---	--