

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **HB 1125** HLS 26RS 2201  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 15, 2026	9:19 AM	<b>Author:</b> HILFERTY
<b>Dept./Agy.:</b> Office of Group Benefits and Local Fire Departments		<b>Analyst:</b> Garrett Ordner
<b>Subject:</b> Participation in OGB Plans by Firefighters		

INSURANCE/GROUP-STATE RE INCREASE SG EX See Note Page 1 of 2  
 Provides for participation by full-time firefighters in insurance programs offered by the state's Office of Group Benefits

Present law provides definitions of employee for purposes of participation in Office of Group Benefits (OGB) insurance plans. Proposed law authorizes participation by an employee of a political subdivision who is employed full-time in a political subdivision's fire department, if the political subdivision elects participation for these employees. For purposes of proposed law, the term "fire department" includes any department, district, unit, or organization within local government whose primary purpose is preventing and extinguishing fires. Further prohibits any law, rule, or policy from inhibiting the ability of an employer to elect participation pursuant to the provisions of proposed law. Present law provides for calculation of employee contribution rates for participation in OGB plans. These rates are calculated based on the employee's number of years of participation in OGB plans. Proposed law grants participation credit in OGB plans for a fire department employee's prior participation in a health insurance plan sponsored by his employer for the period of his full-time employment with that employer in the fire department prior to the employer joining OGB. Restricts the award of credit to the continuous period of employment with the participating employer in the fire department as of the date the employer joins OGB. Allows for participation in OGB plans by firefighters as part of a class. Allows any OGB member to pay premiums directly or through deduction from state retirement benefits.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	

**Annual Total**

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	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**

**EXPENDITURE EXPLANATION**

To the extent that political subdivisions allow their fire departments to participate in OGB plans (or firefighters within that subdivision participate as a class), and employees elect to enroll in an OGB plan, there may be increased expenditures of local funds by these entities to cover employer contributions for enrolled employees if OGB plans require a larger employer contribution than the subdivisions' existing employee insurance plans. If these contributions are less than the employer contributions under the subdivisions' current plans, costs to the subdivisions will decrease. There will be increased expenditures by OGB to cover claims made by the newly eligible enrollees as well as administrative costs. The extent of these expenditures will depend on the rate of enrollment in OGB plans and the types of plans chosen by enrollees.

Additionally, proposed law allows all OGB members to remit payment of their premiums directly to OGB. OGB reports that if a significant number of members elect to do so, it may require additional accountant positions and budget authority to handle the increased workload associated with reconciling/processing individual member payments, as well as initiating collection activities for members who fail to timely remit payment of their monthly premiums to OGB. OGB reports that if active employees are allowed to remit their premiums directly, these premiums will not flow through OGB's Section 125 Cafeteria Plan as pre-tax deductions, increasing the employee's tax liability, as well as the employing agency's payroll tax burden. Finally, OGB states that allowing employees to bypass the Cafeteria Plan may endanger the plan's ability to meet required non-discrimination testing standards depending on the mix of employees who elect to pay their premiums directly.

OGB reports that the State Fire Marshal's fire department directory lists 231 fire departments which either partially or exclusively employ professional firefighters (48 career fire departments and 183 mixed volunteer/professional), with 5,994 paid firefighters statewide.

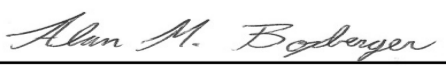
**EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO**

**REVENUE EXPLANATION**

To the extent that political subdivisions allow their fire departments to participate in OGB plans, and employees elect to enroll in an OGB plan, OGB will collect self-generated revenues through member premiums and Flexible Spending Account (FSA) contributions. The amount of such collections will depend on the rate of enrollment in OGB plans and the types of plans chosen by enrollees.

For active employees, monthly premiums range from \$90.46 for a single enrollee on the Pelican HSA775 plan to \$906.06 for a family on the Magnolia Open Access plan. However, premiums for the first three years may be higher depending on the actuarially-determined loss experience of the employee group.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

  
**Alan M. Boxberger**  
**Legislative Fiscal Officer**



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**CONTINUED EXPLANATION from page one:**

**EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE**

As an illustrative example, if 5,994 firefighters enroll in Magnolia Open Access (\$260.28 per month in premiums), assuming a 75% employer participation level, their employers would be responsible for a combined annual employer contribution of \$56.2 M. However, actual costs will depend on the number of enrollees and dependents as well as the types of plan chosen by the enrollee.

Proposed law grants participation credit in OGB plans for a fire department employee's prior participation in a health insurance plan sponsored by his employer for the most recent continuous period of his full-time employment with that employer prior to the employer joining OGB. This participation credit determines the employer contribution that is paid toward the employee's insurance premiums after retirement.

OGB reports that its eligibility and premium billing system is unable to provide retroactive participation without generating retroactive premium billing, and that it would likely have to separately track firefighters' previous health plan participation to determine employer contributions at retirement. However, OGB states that for currently participating agencies in similar situations, it allows those agencies to voluntarily contribute more than what is required under the OGB plan for their active employees and retirees.

Additionally, OGB is required to have its actuary determine a claims experience rating for each agency which requests OGB participation, and if actuarially-determined premiums are higher than existing member premiums, the agency shall pay the actuarially-determined premiums for three years before reverting to OGB's published rates. OGB charges a deposit of \$5,000 for the analysis, which is credited to the agency's premiums if the agency then proceeds to participate in OGB plans. OGB reports that if firefighters' claims history cannot be separated from other employees of the same political subdivision, it may be unable to conduct the required analysis.

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

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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