

HF329 - 1E - "Health Insurance Continuation"

Chief Author: **Bob Dettmer**
 Committee: **Public Safety and Crime Prevention Policy and Finance**
 Date Completed: **03/02/2015**
 Lead Agency: Human Services Dept
 Other Agencies: Minn Management and Budget Corrections Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Corrections Dept						
General Fund	-	-	17	34	51	
Human Services Dept						
General Fund	-	-	17	34	51	
State Total						
General Fund	-	-	34	68	102	
Total	-	-	34	68	102	
Biennial Total			34			170

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Corrections Dept					
General Fund	-	-	-	-	-
Human Services Dept					
General Fund	-	-	-	-	-
Total	-	-	-	-	-

Lead Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Susan Earle Date: 03/02/2015
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
Corrections Dept						
General Fund		-	-	17	34	51
Human Services Dept						
General Fund		-	-	17	34	51
	Total	-	-	34	68	102
	Biennial Total			34		170
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Corrections Dept						
General Fund		-	-	17	34	51
Human Services Dept						
General Fund		-	-	17	34	51
	Total	-	-	34	68	102
	Biennial Total			34		170
2 - Revenues, Transfers In*						
Corrections Dept						
General Fund		-	-	-	-	-
Human Services Dept						
General Fund		-	-	-	-	-
	Total	-	-	-	-	-
	Biennial Total			-		-

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Chief Author: **Bob Dettmer**
 Committee: **Public Safety and Crime Prevention Policy and Finance**
 Date Completed: **03/02/2015**
 Agency: **Minn Management and Budget**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Christopher Zempel Date: 2/26/2015 9:32:19 AM
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State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill would require DHS and DOC to continue employer contributions for medical and dental benefits to a DHS employee who is a member of the Minnesota State Retirement System (MSRS) General Employee Retirement Plan or MSRS Correctional Employee Retirement Plan, and who is assaulted by a client or patient under the control of the Commissioner of Human Services, and is determined to be totally and permanently disabled under laws governing the MSRS. Benefits would continue to the individual and any dependents until the person reaches age 65, provided the person makes the required employee contribution.

Assumptions

Though this language is in MS 43A, over which MMB has responsibility, any additional effort or costs incurred as a result of the enactment of legislation would be borne by DHS and/or DOC respectively. There is no impact to MMB.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Micah Intermill (651) 201-8044

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HF329 - 1E - "Health Insurance Continuation"

Chief Author: **Bob Dettmer**
 Committee: **Public Safety and Crime Prevention Policy and Finance**
 Date Completed: **03/02/2015**
 Agency: Human Services Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	17	34	51	
Total	-	-	17	34	51	
Biennial Total			17		85	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Susan Earle Date: 3/2/2015 12:01:08 PM
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State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund		-	-	17	34	51
Total		-	-	17	34	51
Biennial Total				17		85
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	-	17	34	51
Total		-	-	17	34	51
Biennial Total				17		85
2 - Revenues, Transfers In*						
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill will require DHS to continue employer contributions for medical and dental benefits to a DHS employee who is a member of the Minnesota State Retirement System (MSRS) General Employee Retirement Plan or MSRS Correctional Employee Retirement Plan, and who is assaulted by a client or patient under the control of the Commissioner of Human Services, and is determined to be totally and permanently disabled under laws governing the MSRS. Benefits would continue to the individual and any dependents until the person reaches age 65, provided the person makes the required employee contributions.

Assumptions

- The employer contribution for health and dental insurance in FY 2015 is \$17,045 for family/dependent coverage. This rate is used for all future fiscal years.
- Every employee have family/dependent coverage
- In order to be eligible for the provisions in this bill, employees must be determined totally and permanently disabled according to the MSRS definition in MS 352.01, subd.17
- Average time between assaults that result in MSRS permanent and total disability: 362 days*
- Average time from an assault to MSRS disability certification: 714 days*
- An employee assaulted on July 1, 2015 would be eligible for the provisions in this bill.

* Based on records of staff assaults resulting total and permanent disability according to MSRS for the previous 15 years.

Expenditure and/or Revenue Formula

Annual Employer Contributions	
Health Insurance Contributions - Family	\$16,388

Annual Employer Contributions		
Dental Insurance Contributions - Family		\$657
Employer Contribution Total		\$17,045

FY	Employer Contributions	Newly Elig. Individuals	Cumulative Elig. Individuals	Total Employer Contribution
FY16	\$17,045	0	0	\$0
FY17	\$17,045	1	1	\$17,045
FY18	\$17,045	1	2	\$34,090
FY19	\$17,045	1	3	\$51,135

Fiscal Tracking Summary (\$000s)						
Fund	BACT	Description	FY2016	FY2017	FY2018	FY2019
GF	63	Employer Health/Dental Contributions	\$0	\$17	\$34	\$51
		Total Net Fiscal Impact	\$0	\$17	\$34	\$51
		Full Time Equivalents	0	0	0	0

Long-Term Fiscal Considerations

After FY19, it is estimated that one employee will become eligible every fiscal year for nine years, gradually increasing the costs over time. In FY29, 13 individuals would be simultaneously eligible for the provisions in this bill. This would have an estimated annual cost of about \$222,000 (not accounting for inflation of health and dental insurance costs).

Local Fiscal Impact

None

References/Sources

SEGIP, 2015 Advantage Health Plan Rates (<http://www.mn.gov/mmb/images/2015-health-plan-rates.pdf>)

SEGIP, 2015 Dental Plan Rates (<http://www.mn.gov/mmb/images/2015-dental-plan-rates.pdf>)

DHS Human Resources, MSRS Total and Permanent Disability Report

Agency Contact: Shirley Jacobson (651)

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HF329 - 1E - "Health Insurance Continuation"

Chief Author: **Bob Dettmer**
 Committee: **Public Safety and Crime Prevention Policy and Finance**
 Date Completed: **03/02/2015**
 Agency: **Corrections Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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General Fund	-	-	17	34	51	
Total	-	-	17	34	51	
Biennial Total			17		85	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Jim King Date: 2/25/2015 4:51:43 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	17	34	51
Total	-	-	17	34	51
Biennial Total			17		85
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	17	34	51
Total	-	-	17	34	51
Biennial Total			17		85
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

The proposed legislation would require the Department of Corrections (DOC) to continue employer contributions for medical and dental benefits to a DOC employee who is a member of the Correctional Employees Retirement Plan (CERP) of the Minnesota State Retirement System (MSRS), is assaulted by a person under correctional supervision for a criminal offense, and as a result of the assault is determined to be totally and permanently disabled under the laws governing the MSRS. Benefits would continue until the person reaches age 65, provided the person makes the required employee contributions.

Assumptions

The DOC currently provides similar insurance coverage for employees under similar circumstances who are members of the general plan of the MSRS.

In the last ten years ten DOC employees covered by the CERP of the MSRS were assaulted by a person under correctional supervision for a criminal offense where that assault resulted in the employee's total and permanent disability.

Based on current rates the annual cost of the employer contribution, including dependent coverage, is \$16,388 for health insurance and \$657 for dental insurance. The total annual employer contribution would be \$17,045.

Under the provisions of this bill the DOC would be required to continue insurance benefits until the person reaches age 65, provided the person makes the require employee contributions.

The DOC cannot determine with certainty how often this type of event may occur in the future. Based on the historical analysis, it would be reasonable to assume that, on average, one additional person each year may be eligible to receive the employer contribution for insurance benefits under the provisions of this bill.

Due to the amount of time it takes from the date of an assault and MSRS disability certification, the fiscal impact wouldn't begin until FY2017.

There are no criminal provisions in this bill.

There would be no impact on state prison beds or supervision caseloads.

This bill would be effective the day following final enactment and would apply to a person assaulted by an inmate on or after that date.

Expenditure and/or Revenue Formula

Estimated Cost (\$ in 000s)

Fiscal Year	2016	2017	2018	2019
Newly eligible individuals	0	1	1	1
Cumulatively eligible individuals	0	1	2	3
Employer contributions for medical and dental benefits with dependent coverage @ \$17,000 per individual	0	17	34	51
FTEs	0	0	0	0

Long-Term Fiscal Considerations

Costs would continue to compound into subsequent years. It is estimated one additional person may become eligible every fiscal year for the next several years (at least ten), and would eventually result in annual payments of at least \$170,000. Given the dangerous work environment among an inmate population, the actual impact of the costs is uncertain.

Local Fiscal Impact

There would be no fiscal impact on local correctional resources as a result of this bill.

References/Sources

Department of Corrections staff

Minnesota State Retirement System staff

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