

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 139 (Southern Maryland Delegation)
Appropriations

**State Employee and Retiree Health and Welfare Benefits Program -
Participation by Employees of Tri-County Council for Southern Maryland**

This bill permits employees of the Tri-County Council for Southern Maryland to enroll and participate in the State Employee Health Benefits Plan. The council must pay the State plan all costs associated with employee participation, and the council may determine the extent to which it chooses to subsidize its employees' health benefits.

This bill takes effect July 1, 2001.

Fiscal Summary

State Effect: Reimbursable fund revenue increase of \$658 in FY 2002 for the State Employee Health Benefits Plan as a result of the 2% administrative fee paid by the Tri-County Council for participation in the State plan. Future year revenue increases assume no change in participation levels and 12% health care inflation (\$1,159 in FY 2006).

Local Effect: \$13,600 expenditure reduction in FY 2002 for employee health benefits. Future year expenditures assume no change in participation levels and 12% health care inflation.

Small Business Effect: None.

Analysis

Current Law: Individuals eligible to enroll in the State Employee Health Benefits Plan include: (1) State employees; (2) elected officials; (3) registers of wills and their employees; (4) clerks of the court and their employees; (5) board or commission

members; (6) employees of political subdivisions that have chosen to participate in the State plan; (7) employees of agencies, commissions, or organizations permitted by law; (8) State retirees; and (9) enrollees' eligible dependents. Employees of non-State organizations and entities that participate in the State plan do not receive State subsidies and must pay any administrative costs associated with enrollment.

Background: The Tri-County Council for Southern Maryland was created (Chapter 708 of 1976) as a regional planning and development agency for the tri-county area, consisting of all of Calvert, Charles, and St. Mary's counties. The council receives funding from State, federal, and county grants.

State Fiscal Effect: Reimbursable fund revenues for the State Employee Health Benefits Plan could increase by an estimated \$658 in fiscal 2002 as a result of the administrative fee charged to the Tri-County Council for participation in the State plan. Under the State plan, the council's premium expenditures are expected to total \$32,942 in fiscal 2002, 2% of which would be paid to the State to cover the administrative cost of participation. Future year increases assume constant enrollment and 12% health care inflation. Expenditures would not be affected.

Local Fiscal Effect: Under current law, the Tri-County Council must contract directly with health insurance carriers to provide medical and dental coverage for its employees. The council's health insurance expenditures for fiscal 2002 are projected at \$38,804, accounting for the 75% subsidy it provides to its employees. Under the State plan, the council's premium expenditures would decrease by \$13,603 in fiscal 2002. Future year expenditures are expected to increase by 12% annually to reflect health care inflation. Revenues would not be affected.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Tri-County Council for Southern Maryland, Department of Legislative Services

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