

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2652 - SB 2640

February 2, 2010

SUMMARY OF BILL: Deletes provision that the group health insurance plan is the only approved plan for state employees and requires the State Insurance Committee to establish and approve a high deductible health plan combined with a health savings account for full- and part-time state employees.

ESTIMATED FISCAL IMPACT:

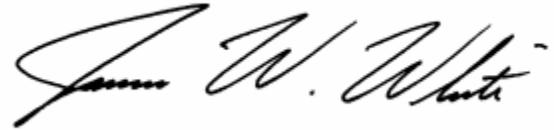
Other Fiscal Impact - The fiscal impact of this bill cannot be determined due to multiple unknown factors. However, it is reasonable to expect that the proposed changes to the state employee group health plan will result in a net increase on state expenditures which exceeds \$100,000.

Assumptions:

- State employees electing to participate in the high deductible health plan will receive a contribution from the state into the employee's health savings account. The monthly premiums paid by the state for an employee electing to participate in the high deductible health plan will include an amount equal to the monthly state contribution to the employee's health savings account.
- According to the Department of Finance and Administration, depending on the health status of the employees who elect to participate in the high deductible health plan instead of the state group health plan, there would be a shift in the average employer contribution to the base plan based on the shift in the composition of the group of employees participating in the base plan. Currently, the state pays approximately 80 percent of the base plan premium.
- Any contracts that the state enters into with vendors to administer the health savings accounts and/or the high deductible health plan will result in an increase in state expenditures. Depending on a shift in enrollees in the group health plan, there may be a fiscal impact to the current contracts for the state group health plan.
- The estimated fiscal impact on the current group health plan and the high deductible health plan with a health savings account cannot be reasonably determined due to multiple unknown factors, such as the enrollment shift between the current group plan and the high deductible plan, the health needs of the populations enrolled in each plan, the amount of state and employee contributions to the health savings accounts and the high deductible health plan premiums, and the fiscal impacts to current and new contracts for these health plans.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and "W".

James W. White, Executive Director

/kml