

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6497

BILL NUMBER: HB 1383

DATE PREPARED: Nov 30, 1998

BILL AMENDED:

SUBJECT: Medicare Supplement for Retired State Employees.

FISCAL ANALYST: Alan Gossard

PHONE NUMBER: 233-3546

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the state to provide a Medicare supplement for each retired employee who: (1) retires after June 30, 1999; (2) is eligible for Medicare coverage; and (3) meets certain employment requirements. The bill provides that the state may elect to pay any part of the retired employee's premium for the Medicare supplement. It also provides that a retired employee who is eligible for the Medicare supplement may elect to have the employee's spouse covered under the Medicare supplement. The bill also provides that the surviving spouse's eligibility for the Medicare supplement ends on the date of the spouse's remarriage.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill requires the state to provide a Medicare supplement for employees who retire after June 30, 1999. However, the bill does not require the state to pay any part of the retired employee's premium. The Department of Personnel is expected to require two additional employees to administer a Medicare supplement benefit. Estimated personnel costs are \$66,600 for FY2000 and \$65,600 for FY2001.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. According to the October manning table, the Department of Personnel has 8 vacant positions. The Benefits Division within the Department of Personnel currently has one vacant position for an E7. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Personnel

Local Agencies Affected:

Information Sources: Keith Beesley, Department of Personnel, 232-3062.