Fiscal Note **Expiration of Group Health Insurance for Retired Governors and Legislators** *18-Jan-06*

Bill Number: HB0216 *9:18 AM*

State Impact

Passage of this bill will require the governor or legislators to retire prior to January 1, 2007 in order to receive post-retirement medical coverage.

In the long term, it is anticipated that passage of this bill will result in lower personnel costs to the state. Absent an actuarial study, no reliable estimate of this savings is available. Factors that influence annual costs of providing health insurance for former legislators and governors include the number who retire each year (and thus, the number who have remained in office until retirement age), years of service (percentage at which premium is paid), whether or not retirees have a spouse, which Medicare plan retirees elect, and dynamics in premiums. As an example, the House of Representatives and Senate paid approximately $120,200 in health premiums for 24 retired legislators in FY 2005, an average of about $5,000 per legislator.

It is possible that this bill would result in unanticipated retirements between its passage and January 1, 2007 (19 legislators will be eligible for retirement during this time period), which could increase payments for retiree health insurance and retirement contribution rates in the short term.

Individual and Business Impact

Current legislators and the governor, if they will not retire before January 1, 2007, will no longer be eligible to receive post-retirement medical coverage.

Office of the Legislative Fiscal Analyst