

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

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6624

BILL NUMBER: SB 290

DATE PREPARED: Jan 2, 2001

BILL AMENDED:

SUBJECT: Group Insurance for Township Employees.

FISCAL ANALYST: Jim Landers

PHONE NUMBER: 232-9869

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill provides that a township may elect to provide coverage for township employees under a group insurance program offered to county employees by the county in which the township is located. The bill requires a township employee covered under a county group insurance program to pay the same premium as a county employee. The bill also requires that the township pay the employer's share of the premium unless the county chooses to pay the employer's share of the premium for the township employee.

Effective Date: January 1, 2002.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *County Impact:* The decision to join a county group health plan would be optional for townships. There are 1,008 townships in Indiana. A township that chooses to participate in a group health program established for county employees may have an effect on the county health plan premiums depending upon (1) the health claims history of that township's employees and (2) the number of county employees already enrolled in the group health plan. In particular, if the claims history of the township's employees suggests that they are a higher-risk group than those already enrolled in the county group health plan, premiums could potentially increase. The extent of the increase would depend, in part, upon the size of the group already enrolled in the county group health plan among whom the premium increase would have to be distributed. However, this does not necessarily imply additional budgetary outlays since employer responses to increased health benefit costs may include: (1) greater employee cost sharing in health benefits; (2) reduction or elimination of health benefits; (3) reduction in the size of the workforce eligible for health benefits; and (4) passing costs onto workers in the form of lower wage increases than would otherwise occur.

There would also be an increase in cost to a county if the county chooses to pay the employer's share of the premium for township employees.

Township Impact: Townships may realize some savings through a reduction in the employer's share of premium costs as well as a reduction in the administration of the employees' health plan if they elect to join the county's group health plan. These savings are dependent on local action. Also, any premium savings would vary depending upon (1) the claims risk of the township's employees relative to those already enrolled in the county group health plan and (2) the size of the group already enrolled in the county group health plan. There could also be a cost savings to a township if the county elects to pay the employer's share of the premium for township employees. The township savings could be redirected for other purposes.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Townships; Counties.

Information Sources: Steve Buschmann, Representing the Indiana Township Association, (317) 636-5511.