

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0275-02  
Bill No.: HCS for HB 119  
Subject: Insurance - Life; Military Affairs; State Employees  
Type: Original  
Date: February 11, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Office of Administration (COA) - Division of Budget and Planning, COA - Division of Accounting, County Employees' Retirement System, Missouri Consolidated Health Care Plan, State Highway Employees and Patrol Retirement System, Department of Insurance, Missouri Local Government Employees' Retirement System, Public School Retirement System (PSRS) of Kansas City, PSRS of the City of St. Louis, Kansas City Police Employees' Retirement System, and Prosecuting Attorneys' Retirement System** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Public School Retirement System (PSRS)** state the proposal will have no fiscal impact on the PSRS or the Non-Teacher School Employee Retirement System of Missouri.

Officials from the **Joint Committee on Public Employee Retirement (JCP)** state a review of the proposal indicates the proposal would not create a "substantial proposed change" in future plan benefits as defined in Section 105.660(5). Therefore, an actuarial cost statement is not required. The JCP states no increased cost to contribution rates or increased actuarial costs to the state systems are anticipated for this proposal.

Officials from the **Department of Public Safety (DPS) - Director's Office** defer any cost estimates to the Office of Administration and the Missouri Consolidated Health Care Plan since health care premiums are handled through those agencies.

ASSUMPTION (continued)

Officials from the **DPS - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the fiscal impact of this proposal on their organization.

Officials from the **Missouri Department of Transportation (DOT)** state presently participants maintain their life insurance benefits when called to active military duty, but are required to pay the total premium for the coverage. Therefore, the DOT assumes no fiscal impact.

Officials from the **Missouri State Employees' Retirement System (MOS)** state the MOS facilitates the basic and optional life insurance programs through a third party administrator known as The Standard Insurance Company (Standard). Under the current insurance contract, all employees who are eligible for any type of leave have the option of continuing both basic and optional life insurance at their own expense for a period not to exceed twelve (12) months. Under this proposal, employees who are called to active military duty would be able to continue such insurance coverage for the length of their deployment, which may well extend beyond twelve months.

Standard is unable to assess whether or not there would be any increased costs associated with this proposal since any risk is unknowable and cannot be actuarially determined.

Officials from the **St. Louis Fireman Retirement System** did not respond to our request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (12 Mo.)	FY 2007	FY 2008
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2006 (12 Mo.)	FY 2007	FY 2008
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## DESCRIPTION

This substitute allows state employees and retirees who are called to military service, in times of active armed warfare, to retain life insurance benefits for the entire duration of deployment, subject to the terms and conditions of any life insurance policy in place. Employees or retirees who retain this insurance while deployed must pay for the cost of coverage.

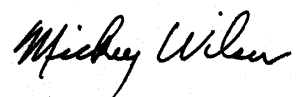
The substitute contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

## SOURCES OF INFORMATION

Office of Administration -  
    Division of Accounting  
    Division of Budget and Planning  
Missouri Department of Transportation  
Department of Public Safety -  
    Director's Office  
    Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
State Highway Employees and Patrol Retirement System  
Department of Insurance  
County Employees Retirement System  
Joint Committee on Public Employee Retirement  
Missouri Local Government Employees' Retirement System  
Missouri State Employees' Retirement System  
Public School Retirement System  
Public School Retirement System of Kansas City  
Kansas City Police Employees' Retirement System  
Public School Retirement System of St. Louis City  
Prosecuting Attorneys' Retirement System

**NOT RESPONDING: St. Louis Fireman Retirement System**



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Mickey Wilson, CPA  
Director  
February 1, 2005