

### Fiscal Estimate - 2001 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>01-3688/2</b>	<b>Introduction Number</b> <b>AB-720</b>
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**Subject**  
 Domestic partner insurance coverage under state employee plan

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate  
 Increase Existing Appropriations     
  Increase Existing Revenues     
  Increase Costs - May be possible to absorb within agency's budget  
 Decrease Existing Appropriations     
  Decrease Existing Revenues     
   
  Yes    
  No  
 Create New Appropriations    
  Decrease Costs

**Local:**

No Local Government Costs  
 Indeterminate

1. <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input checked="" type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> ETF/ Pam Henning (608) 267-2929	<b>Authorized Signature</b> Dave Hinrichs (608) 266-3763	<b>Date</b> 2/1/02
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## Fiscal Estimate Narratives

ETF 2/1/02

LRB Number	<b>01-3688/2</b>	Introduction Number	<b>AB-720</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Domestic partner insurance coverage under state employee plan					

### Assumptions Used in Arriving at Fiscal Estimate

AB 720 provides that domestic partners of employees and annuitants are eligible dependents under programs administered by the Department of Employee Trust Funds, including all insurance plans offered by the Group Insurance Board (Board) to state and participating local government employees. It further provides that the Board may not promulgate rules excluding domestic partners from any insurance plan that includes coverage for dependents. This bill will have a fiscal effect to the extent that it increases costs for health insurance premiums paid by the state and participating local governments. These costs are estimated to be \$4.8 to \$9.6 million annually for the state and \$750,000 to \$1.5 million for local governments participating in the Board's program.

Under the proposed bill, domestic partners must be unmarried, 18 years of age, not involved in more than one domestic partner relationship and not related by blood in a way that would prohibit marriage. They must also consider themselves to be part of each other's immediate family and agree to be responsible for each other's basic living expenses. This definition of alternative families is vague and may result in individuals with above average risk becoming eligible for health insurance coverage. As proposed, domestic partner relationships will be more difficult to verify than other legally recognized dependent arrangements (e.g., marriage, natural and adopted children and legal wards). For example, it does not offer definitive criteria for determining the beginning and ending dates of coverage. In addition, providing dependent status if the individuals consider themselves to be part of the immediate family appears to be sufficiently broad to allow for other types of relationships, such as friendships or roommates. It also does not appear to require that they live in the same household. As a result, in some cases, a domestic partner relationship may be created when medical care is needed.

Domestic partner coverage is still a relatively uncommon benefit and credible experience is not widely available. Based on the information provided by the consulting actuary to the Group Insurance Board, the additional premium required is estimated to be one to two percent of total health insurance premiums or \$4.8 to \$9.6 million annually in year 2002 dollars.

The Department also administers health insurance on an optional basis for approximately 200 participating local governments covering approximately 10,000 employees and annuitants. Using the method above for state costs, we estimate that this bill will increase health insurance for these local governments approximately \$750,000 to \$1.5 million, assuming that the requirement has no impact on the number of participating local governments.

This bill will also result in domestic partners and their children being covered under the spouse and dependent component of the life insurance program and the long-term care insurance program. We estimate no fiscal effect, since neither the state nor participating local governments pay a share of the premium for these programs.

### Long-Range Fiscal Implications

On-going.