



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill #	SB0027	Title:	Revise Insure Montana laws to expand small employer definition
Primary Sponsor:	Larsen, Cliff	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
Expenditures:				
General Fund	\$0***	\$0***	\$0***	\$0***
State Special Revenue	\$0***	\$0***	\$0***	\$0***
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	\$0***	\$0***	\$0***	\$0***

Description of fiscal impact: SB 27 expands the definition of “eligible small employer” as it relates to the Insure Montana Program pursuant to 33-22-2002(3)(a), MCA, from the current range of 2 to 9 employees to a range of 2 to 25 employees. Although SB 27 significantly expands the size of the pool of employers that are eligible to participate in the Insure Montana Program, the program cost is limited by the amount of funding made available by the legislature. Beginning January 1, 2014, funding for these insurance premium subsidies and tax credits has been removed from the executive budget with the assumption that these employers/employees will seek coverage under the federal health insurance exchange.

The following assumptions are intended to provide context as to what the fiscal impact of SB 27 would be if the legislature chose to fully fund the additional eligible small employers.

FISCAL ANALYSIS

Assumptions:

1. There are approximately 4,874 small businesses with 10 to 25 employees in Montana, based on data from the Montana Department of Commerce, Census and Economic Information Center.
2. These small businesses employ an average of 17.5 employees.
3. According to a 2004 report by the Bureau of Business and Economic Research of the University of Montana, 29% of businesses with 10 to 19 employees do not provide group health coverage to their employees.
4. Based on this information it is assumed that 1,413 businesses would be eligible for the Purchasing Pool program and 3,461 businesses would be eligible for the Tax Credit program.
5. The average tax credit paid at the 100% calculation for these businesses is estimated to be \$29,000; therefore the Tax Credit program total cost would be approximately \$100,369,000 per year (3,461 x \$29,000)
6. The average business incentive for these businesses is estimated to be \$19,000; therefore the total business incentive cost would be approximately \$26,847,000. The average employee assistance payment for these employees is anticipated to remain the same as employees currently on the program at \$1,584, so the employee assistance cost would be approximately \$39,168,360. The total cost for the Purchasing Pool program would be approximately \$66,015,360.
7. The total annual cost of SB 27 would be approximately \$166,384,360 if the Insure Montana Program were to be fully funded by the legislature.
8. Insure Montana is funded in the current biennium from the health and Medicaid initiatives state special revenue account which has been structurally imbalanced for several years. If additional funding was unavailable from the health and Medicaid initiatives state special revenue account, it is assumed the funding would come from the general fund to expand the Insure Montana pool.

Sponsor's Initials

Date

Budget Director's Initials

Date