

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2016 REGULAR SESSION**

**MEASURE**

2016 BR NUMBER **0007**

**HOUSE** BILL NUMBER **37**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** **An ACT relating to the Health Insurance Trust Fund and making an appropriation therefor.**

**SPONSOR** **Representative Brad Montell**

**NOTE SUMMARY**

FISCAL ANALYSIS:  IMPACT     NO IMPACT     INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT:  STATE     LOCAL     FEDERAL

BUDGET UNIT(S) IMPACT: \_\_\_\_\_

FUND(S) IMPACT:  GENERAL  ROAD  FEDERAL  RESTRICTED AGENCY \_\_\_\_\_  OTHER

**FISCAL SUMMARY**

FISCAL ESTIMATES	2015-2016	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
<b>REVENUES</b>				
<b>EXPENDITURES</b>		Indeterminable	Indeterminable	Indeterminable
<b>NET EFFECT</b>		(Indeterminable)	(Indeterminable)	(Indeterminable)

( ) indicates a decrease/negative

**MEASURE'S PURPOSE:** HB 37 specifies the allocation of surplus funds from prior plan years of the Public Employee Health Insurance Program.

**PROVISIONS/MECHANICS:** HB 37 amends KRS 18A.2254 to stipulate that 75% of surplus funds from a prior plan year are to be transferred from the Public Employee Health Insurance Trust Fund to the Kentucky Employees Retirement System, the Kentucky Teachers' Retirement System, the State Police Retirement System, and the County Employees Retirement System based upon each individual system's pro rata share of the total unfunded pension liabilities of all state-administered retirement systems. The remaining 25% is to be retained for four years in the event that a prior plan year deficit is identified. After four years, the surplus funds are required to be transferred to the retirement systems in the same manner as the initial 75% of surplus funds.

HB 37 amends KRS 18A.2254 to raise the amount that may be transferred from the Public Employee Health Insurance Trust Fund to offset a prior plan year deficit from 25% of another prior plan year's balance to all or part of another prior plan year's balance.

**FISCAL EXPLANATION:** HB 37 would prevent fund transfers from the public employee health insurance trust fund to the General Fund. However, fund transfers to the retirement systems as required by HB 37 may reduce future necessary appropriations for the actuarially required contributions to the retirement systems. \$500 million has been indentified by the Executive Branch as available for transfer in fiscal year 2017-2018.

**DATA SOURCE(S):** LRC Staff

**PREPARER:** Katherine L. Halloran **NOTE NUMBER:** 59 **REVIEW:** JRS **DATE:** 2/5/2016