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FISCAL NOTE

Drafting Number: LLS 18-1195
Prime Sponsors: Sen. Gardner

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Bill Status: Senate Finance
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Bill Topic: LOCAL GOVERNMENT MEDICAL BENEFITS IN WORK-RELATED DEATH

- Summary of Fiscal Impact:
- State Revenue (conditional)
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government (conditional)
- Statutory Public Entity

This bill creates the Police Officers' and Firefighters' Continuation of Benefits Board to review submissions from participating employers for the continuation of medical and dental benefits for the dependents of any employee who dies in a work-related death and whose duties were directly involved with the provision of police or fire protection services.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill. While all agencies were canvassed for the fiscal note, not all agencies responded within the required time frames. As such, this fiscal note should be considered preliminary. It will be updated if new information becomes available.

Summary of Legislation

This bill creates the Police Officers' and Firefighters' Continuation of Benefits Board (board) in the Department of the Treasury (Treasury). The board, which is to be staffed by the Treasury, is responsible for reviewing submissions from employers for the continuation of medical and dental benefits for the dependents of any employee who dies in a work-related death and whose duties were directly involved with the provision of police or fire protection services (services).

Optional participation and use of funds. Any county, municipality, special district, or county improvement district that employs one or more persons to provide police or fire services may enter into an agreement with the board to make quarterly contributions to the newly created Police Officers' and Firefighters' Continuation of Benefits Fund (fund) in the Treasury.

The fund consists of moneys received by participating employers, any appropriations or transfers of funds made by the General Assembly, and any interest earnings. All expenditures by the board, including payments to employers for dependent medical and dental coverage, must be appropriated by the General Assembly. If at any time there are insufficient moneys in the fund to cover dependent benefit payments, the State Treasurer must advance moneys to the fund in order to cover those costs. Any advanced moneys are to be repaid by the board on a schedule to be set by the board.

Continuation of benefits. The dependents of an employee who dies in a work-related death are automatically qualified for the continuation of medical and dental benefits through the employer's benefit plans for 12 months from the end of the month in which the death occurred. To be eligible for payments from the fund, the dependents must have been enrolled in the applicable medical or dental benefit plans at the time of the death, and the employer must have an agreement with the board, although the bill allows employers to independently continue such benefits directly if they choose.

State Revenue

Conditional upon local governments choosing to enter into agreements with the board, state cash fund revenue will increase as early as the current FY 2017-18. This intergovernmental revenue is exempt from the provisions of TABOR. As of this writing, it is unknown how many local governments will choose to participate or what the contribution rates will be.

State Expenditures

This bill increases workload for the executive directors or their designees of the Treasury and Department of Public Safety to serve on the board beginning in the current FY 2017-18. Treasury will also be required to provide staff support to the board and to reimburse the board members for any necessary expenditures. These amounts are assumed to be minimal and not require an increase in appropriations for either state agency.

Conditional upon local governments choosing to enter into agreements with the board, state expenditures will increase. The fiscal note assumes the Treasury will request additional appropriations for expenditures by the board once its costs are known.

Local Government

Conditional upon local governments choosing to enter into agreements with the board, local governments may have an increase in expenditures. The amount of any expenditures depends on several factors including: whether contributions to the fund are made by the employer or from employee payments, the number of employees for which contributions are made, and the contribution rates set by the board. In addition, if a participating employer's eligible employee dies and his or her's dependents choose to continue medical and dental coverage, the employer will receive revenue from the board to make benefits payments for up to 12 months. These impacts cannot be determined as of this writing, but may vary widely depending on the size of each participating local government employer.

Statutory Public Entity

The bill increases workload for the executive director of the Fire and Police Pension Association or his or her designee to serve on the board beginning in the current FY 2017-18.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Counties
Local Affairs
Sheriffs

Fire Chiefs
Municipalities
Special Districts

Information Technology
Public Safety
Treasury