

Oklahoma State Senate

PATRICK ANDERSON
State Senator
District 19



STATE CAPITOL
2300 N. LINCOLN BLVD., ROOM 520
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April 17, 2008

Senators:

I have been able to obtain from OSEEGIB the cost estimates for Senator Gumm's autism coverage proposal and Senator Wilson's health insurance proposal. These estimates reflect the cost to the OSEEGIB system only – they do not include the cost increases that would occur to private employers or private individuals.

The autism measure (originally SB 1537) has a projected cost to OSEEGIB of \$6 million. The actuary has prepared the attached memorandum regarding the cost of Senator Wilson's proposal (originally SB 2114).

Sincerely,


PATRICK ANDERSON
State Senator, Dist. 19

PA:sr

Projected Fiscal Impact on Claim Cost
for the Proposed Bills

2/18/2008
JDMc

	<u>Actuarial Fiscal Impact</u>	<u>Increased Claim Cost 2009</u>
SB 1498	1.00%	6,000,000
SB 1521	0.25%	1,500,000
SB 1537	1.00%	6,000,000
SB 1666	0.25%	1,500,000
SB 1692	1.00%	6,000,000
SB 1864	0.25%	1,500,000
SB 1914	1.00%	6,000,000
SB 2114	Severe Negative Fiscal Impact	
HB 2459	0.75%	4,500,000
HB 3131	0.00%	0
HB 3329	0.10%	600,000

Memo

AON

*State of Oklahoma
SB 2114*

To: Joe McCoy, CPA
Dana Webb
From: Justin Kindy, FSA, MAAA
cc: Kelly Wilson, CPA
Timothy Nimmer, FSA, MAAA
Colleen Thompson, ASA, MAAA
Jennifer Becker
Date: April 16, 2008
Re: SB 2114 - Revised

Dear Mr. McCoy and Ms. Webb,

Per your request, Aon reviewed the proposed Senate Bill 2114. Section 1A would cover any health care service that is deemed to be medically necessary. Under the current plan, the services that are not covered are typically high dollar claims. This bill could lead to a severe, negative fiscal impact dependent on the types of services.

Based on the above this bill will likely lead to the expansion of current benefit levels, subsequently Aon would expect to see a substantial increase in claims. Aon estimates this will have a material impact on the needed funding for the plan. If monthly funding rates are adjusted to account for the additional services covered, the affordability of the plan to participants may be jeopardized. However, if no action is taken on monthly funding rates to account for the increased services, the solvency of the plan may be jeopardized within the next 5-10 years. As this bill introduces the possibility of significant increases to claims liability of the plan, the cost will be supported by the member or the plan, or a combination thereof.

Based on volatility, this can not be actuarially measured but the effect could be catastrophic. If you need further information or have any questions, please do not hesitate to contact us.

Thanks,



Justin Kindy, FSA, MAAA
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