

Fiscal Analysis

HEALTH INSURANCE FOR DEPENDENTS OF OFFICERS KILLED IN LINE OF DUTY



Bill/Sponsor HOUSE BILL 4298 as introduced, Rep. Scott Shackleton

House Committee Veterans Affairs and Homeland Security

Analysis

Summary

House Bill 4298 would create a new act to establish and provide funding for the Public Safety Officers Survivors Fund, which would provide lifetime health insurance coverage for the spouse and/or children (until 18 years of age, or until 23 years of age if enrolled full-time in a college or university) of a public safety officer who was killed in the line of duty. The term “public safety officer” is defined to include law enforcement officers, firefighters, rescue squad members, and ambulance crew members—regardless of whether they serve with compensation.

Fiscal Impact

This analysis assumes that the provisions of the bill would apply only to the spouses and children of officers killed in the line of duty subsequent to enactment of the bill, although the language of the bill appears to be general enough that health insurance coverage could be extended to spouses and children of officers killed prior to enactment of the bill if sufficient funds were appropriated.

Based on data from a recent 10-year period, an average of 5.0 public safety officers (as defined by the bill) have been killed in the line of duty annually in Michigan. Based on demographic and health insurance cost data from various sources—and utilizing a number of simplifying assumptions—the estimated state costs created by the bill would be about \$33,000 in the first year following the bill’s enactment, increasing to \$4.6 million in the fiftieth year following enactment.

Year Following Enactment	State Costs
Year 1	\$33,246
Year 5	\$192,972
Year 10	\$465,062
Year 25	\$1.3 million
Year 50	\$4.6 million

Please note the following:

- (1) These figures have not been adjusted for inflation, so the nominal costs would likely be higher than these estimates indicate. The figures presented provide a representation of the bill’s estimated costs by current standards.

- (2) These estimates assume that health insurance costs continue to increase at recent rates: about 3.8 percent above the general level of inflation. Variations from this rate would substantially impact the bill's costs. If health insurance costs are assumed to grow exactly consistent with general inflation, the estimated costs of the bill in the fiftieth year are \$738,351 (again, in current dollars), substantially lower than the \$4.6 million figure presented above.
- (3) These estimates are based on recent experience in terms of the number of officers killed in the line of duty. If an incident such as a terrorist event occurred in Michigan and a high number of public safety officers were killed, the costs of the bill would greatly increase.
- (4) It is assumed that any health insurance coverage currently being provided to spouses and/or children of officers killed in the line of duty by local governments would be discontinued and replaced by the state-level coverage created by this bill.

Since no funding source is identified in the bill, the increased costs created by the bill would presumably be funded through an annual General Fund/General Purpose appropriation.

Analyst(s)

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