



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104TH General Assembly*

BILL NO: HB 2378, as amended by HA 001

April 7, 2025

SPONSOR (S): Kifowit - Briel

SYSTEM: SURS

FISCAL IMPACT

There is no anticipated fiscal impact to SURS under this legislation as it does not affect the liabilities of the State Universities Retirement System (only health insurance eligibility is affected). A fiscal impact to the State is likely due to increased insurance premium costs. The Department of Central Management Services (CMS) has not yet quantified the potential increase in costs to the State Group Health Insurance Program.

IMPACT OF HA 001: HA 1 provides a hold harmless mechanism for CMS in which certain SURS annuitants participating in the Retirement Savings Plan must pay the full cost of their premiums plus processing fees in order to access insurance under the State Employees Group Insurance Program (SEGIP).

SUBJECT MATTER: House Amendment 1 to HB 2378 amends the SURS Article of the Pension Code and the State Employees Group Insurance Act (SEGIP). The bill allows SURS annuitants in the Retirement Savings Plan (the self-managed plan) to access retiree health insurance under SEGIP under certain conditions, as specified below.

COMMENTS: Currently, to receive retiree health insurance under the State Employees Group Insurance Program (SEGIP), an SURS Retirement Savings Plan (RSP) retiree must opt for an annuitized payout rather than a lump sum. As part of the RSP redesign in 2021, members who annuitize at least 50% of their account balance are considered to be receiving an annuity, making them eligible for retiree health insurance. The “50% rule” was implemented administratively by SURS; this standard is not enshrined in statute. House Amendment 1 to HB 2378 amends the SEGIP act to specify that participants must make payment for their proposed insurance coverage and pay the costs incurred by CMS in processing their payments. Under this amendment, if payment is not made, no benefit will be provided. According to SURS, as of June 30, 2024, this change would affect 13,574 active members, as the bill applies prospectively.

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