

Kentucky Health Departments Association, Inc.

Health Insurance Impact Statement

The Kentucky Health Departments Association appreciates the Legislature's efforts contained in HB 1 (2004 Extraordinary Session) to assist local health departments and other quasi-governmental agencies with the substantial increase in the cost of the employer's share of state mandated health insurance coverage for their employees. According to a survey of local health departments the additional cost incurred for health insurance by local health departments for calendar year 2005 over calendar year 2004 was \$4,867,338. For calendar year 2006, the estimated cost of health insurance over calendar year 2004 is \$7,350,496. The two-year total increase in cost is \$12,217,834. This is almost a 100% increase over a two-year period.

Local health departments have received checks from the Department for Personnel from the HB1 reimbursement fund. The total amount received to date is \$3,120,117 or 25.5% of the total additional cost. This leaves \$9,097,717 in increased cost to be covered by local health departments during the January through June 2006 period. Local health departments had hoped that the amount received would more closely approximate the 50% thought to be covered by the HB1 fund.

Each department will make its own choice as to how this additional cost will be covered. Departments may elect to restrict travel and training, to reduce supply purchases, to defer maintenance, not to fill staff vacancies, to stop subsidizing non-core state programs that do not cover their own costs or any number of other methods. Regardless of the method chosen, a budgetary cut of this magnitude will ultimately hinder service delivery resulting in a less healthy community..

The Kentucky Health Departments Association respectfully requests that the General Assembly take positive steps in appropriating funds to assist local health departments in covering this expense.

Approved by membership February 14, 2006.