



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 6, 2025

Honorable Derrick McCollum
State Representative
401-D Coverdell Legislative Office Bldg.
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
House Bill (LC 55 0390)

Dear Representative McCollum:

The bill would require the state employees' health insurance plan to include high deductible health plans (HDHP) and allow the flexible employee benefit plan to provide for voluntary deductions or salary reductions for health savings accounts (HSA) as authorized under federal law. The bill also authorizes the Department of Administrative Services to request and receive information from other state agencies necessary to implement the bill's provision.

The Department of Administrative Services (DOAS) and Department of Community Health (DCH) estimate one-time costs of \$1.4 million and annual costs of \$107,000 would be necessary to add an HSA option to DOAS flexible benefit program offerings (see **Table 1**). It should be noted that State Health Benefit Plan members consist of state employees and local school system employees (school systems administer payroll and flexible benefits for their employees). The estimate includes the cost of offering the HSA program for the 143 payroll locations (primarily state entities) currently participating in the DOAS flexible benefits program. Costs would increase if new entities (e.g., school systems) join the DOAS flexible benefits program in the future.

Table 1. Costs to Administer an HSA Program for 143 Payroll locations

	One Time Cost	Annual Cost
<u>DOAS</u>		
HSA Vendor ¹	\$1,072,500	
Staffing		\$107,000
Marketing	\$300,000	
<u>DCH</u>		
SHBP Vendor	\$17,500	
Total	\$1,390,000	\$107,000

¹ Cost only considers the 143 existing payroll centers currently participating in the DOAS Flexible Benefits program.

DOAS HSA Vendor, Marketing, and Staffing

- One-time costs of \$1,072,500 would be needed to contract with a vendor to implement and fully administer the HSA program. The HSA vendor would establish an interface with each of the 143 payroll centers (at a cost of \$7,500 per center) that currently participate in the DOAS flexible

benefits program. The vendor would handle eligibility, enrollment, and payroll deduction billing services.

- Approximately \$300,000 in one-time costs would be needed to market the program. Deliverables would include videos, an enrollment guide, interface instructions, FAQs, emails, and other communication materials.
- DOAS also indicated it would need one FTE to provide ongoing administrative support for managing the HSA program. The estimated cost of \$107,000 includes annual salary and benefits for the position.

DCH/SHBP Vendor - One-time costs of \$17,500 would be needed for the SHBP vendor to develop the eligibility file (list of HDHP plan members) that DOAS would need to identify state employees eligible for the HSA program.

Additional Considerations:

- SHBP currently administers a HDHP medical plan with approximately 10,000 current members. The HDHP vendor currently offers an HSA to plan members, though it only supports post-tax contributions (not pre-tax payroll deductions). Of the 10,000 HDHP plan members, approximately 600 have opened HSA accounts.
- According to DOAS and DCH, the current design of the state's benefit system—health benefits and flexible benefits administered by two separate agencies—presents challenges to implementing the bill's requirements. For example, SHBP has approximately 800 payroll locations, compared to 143 payroll locations participating in the DOAS flexible benefits program. Currently, there is no mechanism for DOAS to interface with the approximately 650 additional payroll centers for the purpose of administering a pre-tax HSA payroll deduction.

Respectfully,



Greg S. Griffin
State Auditor



Richard Dunn, Director
Office of Planning and Budget

GSG/RD/jb