

Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 361—Chapters 1, 5, and 6
“Group Insurance for State Employees”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 509A.8

State or federal law(s) implemented by the rulemaking: Iowa Code sections 509A.6 and 509A.12

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

November 27, 2023
11:30 a.m.

Room G9, Iowa State Capitol
1007 East Grand Avenue
Des Moines, Iowa

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis. Written or oral comments in response to this Regulatory Analysis must be received by the Executive Council no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Nate Ristow
Governor’s Office, Iowa State Capitol
1007 East Grand Avenue
Des Moines, Iowa 50319
Phone: 515.314.2998
Email: nate.ristow@governor.iowa.gov

Purpose and Summary

This proposed rulemaking authorizes the director of the Department of Administrative Services (DAS) to administer the deferred compensation and health benefits programs for state employees.

Analysis of Impact

1. Persons affected by the proposed rulemaking:

- Classes of persons that will bear the costs of the proposed rulemaking:
Taxpayers and public employees will bear the costs of the proposed rulemaking.
- Classes of persons that will benefit from the proposed rulemaking:
State employees, health insurers, health care providers, and Iowans generally will benefit from the proposed rulemaking.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

- Quantitative description of impact:

DAS incurs \$1.4 million in operational costs to administer the programs. The State of Iowa also matches up to \$75 per month for employees’ contributions into the deferred compensation program and pays approximately 90 percent of the health care premium cost. These costs are covered by tax revenues.

State employees also incur some costs for the employee health care premium contribution, approximately 10 percent of the health care premium cost. State employees can also divert current income to deferred income.

- Qualitative description of impact:

State employees benefit from the existence of deferred compensation and health insurance through their employer. Health insurers and health care providers benefit from state employee customers and employer subsidized premiums. Iowans generally benefit from the ability of the State to attract high-caliber employees with employer benefits such as health insurance and deferred compensation programs.

3. Costs to the State:

- Implementation and enforcement costs borne by the agency or any other agency: DAS incurs \$1.4 million in operational costs to administer the programs.
- Anticipated effect on state revenues: There is no impact on state revenues.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

The costs are justified by the ability of the State to compete for excellent employees. The State must provide benefits on par with private sector competitors for the available workforce.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

This rulemaking simply authorizes the DAS Director to administer the deferred compensation and health benefits programs and cross-references DAS rules. Less costly alternatives would only exist through changes to DAS rules, which are not adopted in this rulemaking.

6. Alternative methods considered by the agency:

- Description of any alternative methods that were seriously considered by the agency: No alternative methods were considered. DAS is the appropriate state entity to administer these programs.
- Reasons why alternative methods were rejected in favor of the proposed rulemaking: The Executive Council does not have staff that can administer the program, but DAS is equipped to handle the workload.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

The rulemaking does not have a significant impact on small business.

Text of Proposed Rulemaking

ITEM 1. Adopt the following new 361—Chapter 1:

CHAPTER 1
GROUP INSURANCE FOR STATE EMPLOYEES

361—1.1(509A) Administration. The executive council authorized the director of the department of administrative services or designee to administer the deferred compensation program and the health maintenance organization program for employees of the state of Iowa. The rules for administering the program are as provided for in 11—Chapter 64.

This rule is intended to implement Iowa Code sections 509A.6 and 509A.12.

ITEM 2. Rescind and reserve **361—Chapter 5.**

ITEM 3. Rescind and reserve **361—Chapter 6.**