



January 13, 2020

Honorable Eli Bebout
Honorable Bob Nicholas
Joint Appropriations Committee
200 West 24th Street
Capitol Building, E201
Cheyenne, WY 82002

Re: Employees Group Insurance (Letter #8)

Dear Chairman Bebout, Chairman Nicholas and members of the JAC,

As you are aware, my office has been working diligently to address the challenges facing the Employees Group Insurance (EGI) plan, including when I approved the 12 percent rate increase that took effect in December. EGI operates the group health insurance plans, which include health, dental, life insurance, and flexible benefits. Members of the Legislature along with staff from the Department of Administration and Information, including both the Human Resources Division and the Budget Division, have been collaborating with my staff to develop options going forward.

I recommend that any funds previously swept and currently being held in the State Auditor's Office on behalf of EGI not revert until June 30, 2022. I also propose that the same unexpended, unobligated monies from the current biennium not revert on June 30, 2020 and are reappropriated to the State Auditor's Office. I suggest that the State Auditor's Office establish a new standalone fund/account to hold this money and any loans issued from this new fund/account shall be interest free. I have attached proposed language to update Section 303 Chapter 0134.

For Chapter 309 Chapter 0080 (b), I recommend the continuation of the borrowing authority for EGI. I propose increasing the loan to \$30 million. I also have attached updated language for this section.

I believe this supports our ongoing efforts to improve transparency, and affords opportunities for increased dialogue and collaboration. I also understand how complex this matter is and support your consideration of further discussion of the EGI program during the interim.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Gordon", is written over the word "Sincerely,".

Mark Gordon
Governor

Proposed Update Language

Section 303. Chapter 0134

[EMPLOYEE GROUP HEALTH INSURANCE]

(g) Notwithstanding W.S. 9-2-1008, 9-2-1012(e) and 9-4-207, of unexpended, unobligated monies appropriated for purposes of employer paid health, dental and life insurance benefits under 2016 Wyoming Session Laws, Chapter 31, as amended by 2017 Wyoming Session Laws, Chapter 120 swept and currently held by the State Auditor shall not revert on June 30, 2020. In addition the same unexpended, unobligated monies appropriated in 2018 Wyoming Session Laws Chapter 0134, as amended by 2019 Wyoming Session Laws Chapter 0080 and also shall not revert on June 30, 2020, are hereby reappropriated to the state auditor's office, to be held within the state auditor's office in a newly established standalone fund/account for purposes provided for in this subsection. Interest free loans or expenditures may be made from this reappropriation only upon determination by the governor that insufficient funds exist from appropriations in this act and all enacted laws for employee group health, dental and life insurance premium increases during the period beginning July 1, 2020 and ending June 30, 2022. Upon notification from the governor, the state auditor shall transfer funds to agencies for purposes of state employees' and officials' group insurance fund cash flow loans or employee group health, dental and life insurance premium increases. Loans shall be repaid with cash balances in excess of eighteen million five hundred thousand dollars (\$18,500,000.00) within the combined state employees' and officials' group insurance pools. All transfers authorized under this subsection shall be approved by the governor and reported to the joint appropriations committee through the B-11 process as authorized by W.S. 9-2-1005(b)(ii) and reported pursuant to W.S. 9-2-1013(b). This reappropriation shall not be loaned, transferred or expended for any other purpose not specified in this subsection and any unexpended, unobligated funds remaining from this reappropriation shall revert as provided by law on June 30, 2022.

Section 309. Chapter 0080

(b) At the recommendation of the director of the department of administration and information and with the approval of the governor, the state auditor, budget division and the state treasurer are authorized to borrow from the legislative stabilization reserve account up to thirty million (\$30,000,000.00) as necessary to meet cash flow requirements of the employees' and officials' group health insurance plan. The governor shall report to the joint appropriations committee, the president of the senate and the speaker of the house immediately upon exercise of this authority. The director of the department of administration and information shall report to the joint appropriations committee and the governor within thirty (30) days of exercise of this loan authority with a recommendation on the change of employee payroll deductions, an increase in employer paid premiums, other modifications to the plan or any combination thereof. Interest charged on the amounts borrowed shall be the interest rate earned on pooled fund investments in the previous fiscal year.