GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

# Fiscal Note 2009 Biennium

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| **Bill #** | SB0419 | **Title:** | Allow children to remain covered by parent's health insurance to age 26 |
| **Primary Sponsor:** | Lind, Greg | **Status:** | As Amended in Senate Committee |

- ☐ Significant Local Gov Impact
- ☐ Needs to be included in HB 2
- ☐ Technical Concerns
- ☐ Included in the Executive Budget
- ☐ Significant Long-Term Impacts
- ☐ Dedicated Revenue Form Attached

## FISCAL SUMMARY

| | FY 2008 Difference | FY 2009 Difference | FY 2010 Difference | FY 2011 Difference |
|---|---|---|---|---|
| **Expenditures:** | | | | |
| General Fund | $0 | $0 | $0 | $0 |
| **Revenue:** | | | | |
| General Fund | $0 | $0 | $0 | $0 |
| **Net Impact-General Fund Balance** | $0 | $0 | $0 | $0 |

**Description of fiscal impact:**

This bill requires that non-ERISA group health plans in the state may not terminate coverage for dependents on the basis of age prior to the dependent reaching 25 years of age.

## FISCAL ANALYSIS

**Assumptions:**

1. Currently the State Employee Group Benefit Plan covers dependents until they reach 25 years of age, marry, or become eligible for coverage through their employer or service in the military.
2. Under SB 419, unmarried dependents would remain on the State Employee Plan at the option of the covered employee until age 25 unless they have coverage through an employer plan and the out-of-pocket premium contribution for the dependent is less than the cost for the parents to maintain the child on the state coverage.
3. Once dependents reach 25 years of age, they become ineligible to remain on the plan.
4. The department would not require additional staff or operating costs to implement this bill.
5. Currently if an employee covers one dependent (or a spouse and one dependent), there is no additional cost to cover additional dependents under the premium structure for the State Employee Plan. For

purposes of this fiscal note, the Department of Administration assumes that this same premium structure will be applied to all employees choosing to continue coverage for their dependents to age 25.

6. It is unknown how many individuals will exercise the option to maintain their dependents on their coverage through the State Employee Plan and therefore the impact to the plan.
7. Given that the age is the same as current eligibility requirements and that the employee is responsible for the entire cost of the premium, it is reasonable to assume that there will be minimal to no impact to current eligibility.

**Effect on County or Other Local Revenues or Expenditures:**

1. To the extent that city, county, or local government health plans are impacted by this bill, it may increase the cost of health insurance coverage or self-insurance funds for those entities. The impact will vary by individual entity and will depend in part on whether age is the primary basis for limiting coverage of these dependents.

| *Sponsor's Initials* | *Date* | *Budget Director's Initials* | *Date* |
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