

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 765 (Senator McCabe)

Finance

State Personnel - Health Insurance - Dependent Coverage

This bill requires the State Employee Health Benefits Plan to provide coverage for a State employee's dependent child who must take a leave of absence from an accredited educational institution in order to fulfill an educational requirement.

Fiscal Summary

State Effect: Potential minimal expenditure increase for the State Employee Health Benefits Plan. No effect on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A dependent child of a State employee or retiree may be covered under the State Employee Health Benefits Plan until the end of the calendar year in which the dependent child turns 19. A dependent child who is age 20 through 25 may be covered under the employee's or retiree's coverage if the dependent child is enrolled full-time at an accredited educational institution. The State plan requires documentation from the educational institution certifying that the institution considers the student to be enrolled full-time.

In addition, if a dependent child goes from full-time to part-time enrollment status, or is no longer attending the educational institution, the dependent child is then eligible to continue

coverage under COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985). This provision allows a dependent child to continue any or all of the child's State benefit selections for a period of up to 36 months. If the dependent child re-enrolls full-time, the child would be allowed back in the employee's or retiree's coverage.

The State plan currently subsidizes medical premiums for State employees and retirees, and generally pays 80%-85% of the monthly premium while the enrollee pays 15%-20%. If a dependent child continues coverage under COBRA, the child is required to pay the full premium with no State subsidy.

State Fiscal Effect: Expenditures for the State Employee Health Benefits Plan could increase by a minimal amount. There are insufficient data at this time to estimate how many dependent children would be affected by the bill's requirements. In addition, it is unclear as to whether the COBRA continuation coverage already provided under the State plan is sufficient to meet the bill's requirements. If COBRA continuation coverage is sufficient, there would be no fiscal impact on the State plan. If the bill's intent is to continue the dependent child on the enrollee's coverage, expenditures could increase under the State plan. The State plan would be required to continue premium subsidization for a dependent child who takes a required leave of absence from school. Any additional expenditures are assumed to be minimal.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Budget and Management (Employee Benefits Division), Department of Legislative Services

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drg/jr

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