

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1405 (Delegate Heller, *et al.*)

Health and Government Operations

Finance

Health Insurance - Coverage for Part-Time Students With Disabilities

This bill requires a health insurer, nonprofit health service plan, or HMO (carrier) that provides health benefits to a full-time student over the age of 18 to provide benefits to a student over the age of 18 who is enrolled less than full-time as a result of a documented disability that prevents the student from maintaining a full-time course load, and who is maintaining a course load of at least seven credit hours per semester. The carrier may require an enrollee to provide verification of the disability from a disabilities services professional at the school or a health care provider with special expertise in and knowledge of the disability.

Fiscal Summary

State Effect: Minimal special fund revenue increase in FY 2007 only for the Maryland Insurance Administration from the \$125 rate and form filing fee. Potential significant increase in State Employee and Retiree Health and Welfare Benefits Program (State plan) expenditures, beginning in FY 2007.

Local Effect: Local jurisdiction health benefit expenditures could increase to the extent employees are enrolled in fully-insured plans and cover their children with disabilities who are enrolled in higher education courses.

Small Business Effect: Potential meaningful. To the extent small business employees cover children with disabilities who are enrolled in higher education courses, expenditures could increase.

Analysis

Current Law: Notwithstanding any limiting age stated in a health benefit policy, a child, grandchild, or individual for whom guardianship is granted must continue to be covered under the policy as a dependent of a covered individual if the child, grandchild, or individual under guardianship is unmarried, chiefly dependent for support on the covered individual, and is incapable of self-support because of a mental or physical incapacity.

The Secretary of Budget and Management administers the State plan and specifies the types of benefit options included in the State plan as well as the types or categories of State employees and retirees who are allowed to participate. In general, a participating State employee or retiree may enroll a spouse or dependent child. The enrollment of dependent children is limited by specified factors including age and marital status of the child, legal guardianship, college enrollment status, or disability.

The State plan covers an unmarried dependent child enrolled full-time (12 credit hours or more) at an institution of higher education until the child turns 23 years old. The State plan also covers dependent children with mental or physical disabilities who are not capable of self-support, regardless of age.

State Fiscal Effect: Depending on what types of disabilities would make a student eligible for coverage on a parent's policy, State plan expenditures could increase by a significant amount. The State plan currently provides coverage for dependent children with mental or physical disabilities that render the child incapable of self-support, as certified by a physician (every two years). If the bill's requirements extend to other types of disabilities, such as learning disabilities that do not render a child incapable of self-support, but could require the child to enroll in fewer classes each semester, State plan expenditures could increase. There are insufficient data to reliably estimate any increase, although the State plan does receive about 25 complaints or inquiries per year about coverage for part-time students who have learning disabilities. For each child who enrolls in the State plan under the bill, State expenditures could increase by a maximum of \$3,540 in fiscal 2007 and likely more in future years.

State plan expenditures assume a fund mix of 60% general funds, 20% federal funds, and 20% special funds; and 20% of expenditures are reimbursable through employee contributions.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Budget and Management, Department of Legislative Services

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