

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 714 (Delegate McKee)
Health and Government Operations

Health Insurance - Coverage for Returning Veterans - Limiting Age for Students

This bill requires insurers, nonprofit health service plans, and HMOs (carriers) that provide coverage for full-time students over age 18 under a parent's health insurance contract to extend coverage beyond the limiting age for a full-time student who meets certain conditions.

The bill applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in Maryland on or after October 1, 2007.

Fiscal Summary

State Effect: Potential minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2008. Additional resources may be required to review policy forms to ensure compliance, but the volume of such forms cannot be reliably estimated at this time. Potential significant increase in expenditures for the State Employee and Retiree Health Benefit Plan (State plan) to cover individuals specified by the bill. Any such increase cannot be reliably quantified at this time.

Local Effect: Potentially significant increase in health insurance expenditures to cover dependents beyond the limiting age of the plan.

Small Business Effect: Minimal.

Analysis

Bill Summary: The student must have been on active military duty while over the age of 18 but before attaining the limiting age in the contract. Also, the student cannot have

been covered under the parent's policy or contract during the period of active military duty. Finally, the student must be a full-time student and older than the limiting age for full-time students in the contract.

Carriers must extend coverage equal to the period of time that the student was on active military duty but had not attained the limiting age for full-time students specified in the policy or contract. The carrier may require proof that the student is a full-time student and was on active military duty for a specified period of time.

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. Generally, children are allowed to remain on the policy of a parent until age 19 or until age 23 if the child is a full-time student.

The Secretary of Budget and Management administers the State plan and specifies the types of benefits as well as the types or categories of State employees and retirees who may participate. 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. State regulations cover dependent children through the end of the year in which they turn age 19. Thereafter, the dependent child may continue coverage through age 23 if a full-time student or continue coverage indefinitely if certified as disabled.

Background: Young adults, ages 19 through 24, have a high risk of being uninsured in Maryland, primarily because they are among the least likely to have access to employer sponsored health insurance coverage. In 2004-2005, 26% of individuals in this age group (about 110,000 individuals) did not have health insurance coverage.

State Fiscal Effect: Expenditures for the State plan could increase in fiscal 2008 (60% general funds, 20% federal funds, 20% special funds) to extend coverage to full-time students who are beyond the limiting age of the State plan (age 19 or age 23 if a full-time student) after completion of active military duty. The total number of individuals eligible to remain on the plan under the bill cannot be reliably estimated at this time. The annual cost per individual to remain on the plan in fiscal 2008 would be \$1,976 per individual. The State would pay 80% of the cost (\$1,581) for each individual, while employees would pay 20% of the cost (\$395).

Additional Information

Prior Introductions: None.

Cross File: None.

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

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