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FISCAL IMPACT REPORT

SPONSOR: Stewart DATE TYPED: 3/15/03 HB 696/aHBIC/aHJC/aHFI#1

SHORT TITLE: Insurance Coverage of Domestic Partners SB _____

ANALYST: Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			See Narrative		

SOURCES OF INFORMATION

Responses Received From
 General Service Department (GSD)
 Public School Insurance Authority (PSIA)
 Retiree Health Care Authority (RHCA)
 Health Policy Commission (HPC)
 Human Services Department (HSD)

SUMMARY

Synopsis of HFI Amendment

The House Floor Amendment #1 adds the restriction that domestic partners may not be related to each other by blood. The amendment removes the definition that a "domestic partner" is included in the term "spouse."

The amendment allows a domestic partner to insure their domestic partner for a life or health individual insurance contract without obtaining the written consent of the insured partner.

Synopsis of HJC Amendment

The House Judiciary Committee amendment makes a spelling correction.

Synopsis of HBIC Amendment

The House Business & Industry Committee amendment expands the insurance coverage to persons in an opposite-sex relationship.

The HBIC amendment adds the requirements that in order for a relationship to be covered, the partners must have been cohabitating for a minimum of six months and must be financially interdependent.

The HBIC also adds that an affidavit of domestic partnership may be required by an insurer.

Synopsis of Original Bill

House Bill 696 allows coverage of same-sex domestic partners under insurance policies.

HB 696 defines “domestic partner” as those over age 18, cohabitating, emotionally interdependent and intending to reside together indefinitely. A domestic partner and any child of either domestic partner is considered a family member in this bill.

HB 696 expands the Insurable Interest statute on personal insurance to include domestic partners. It permits Life and Health insurance contracts to be written on a domestic partner without the domestic partner’s consent. It permits individual health insurance contracts on families to cover domestic partners.

HB 696 adds new material allowing coverage for domestic partners and domestic partners’ children to be an option under a group health policy, including a small group policy. It prohibits insurance companies from excluding coverage for specific domestic partners, if the group selects the optional coverage.

Significant Issues

The growth of domestic partner benefits is partly a consequence of changing domestic relationships. For example, a legally married couple headed 76 % of households in the United States in 1960, compared with only 55 % in 1995. Twenty-one % of households consisted of two or more unrelated individuals in 1960. That percentage had increased to 39 % by 1995.

New Mexico employers such as UNM, Intel, Target, and America On Line already offer domestic partner benefits to employees.

HB 696 specifies health and life insurance only as required domestic partner coverage. No mention is made of long-term care insurance, dental, or vision insurance.

Employer policies and laws in other states banning discrimination on the basis of sexual orientation and marital status have been used to argue that employers are required to offer domestic partner benefits

HB 696 is silent with respect to coverage for unmarried heterosexual couples, which might be construed as discriminatory on the basis of sexual orientation or marital status.

There is a concern employees or retirees will attempt to exploit the system by enrolling sick relatives or friends. However, a strict enrollment process to determine eligibility should be sufficient to prevent fraud.

FISCAL IMPLICATIONS

The HPC states employers currently offering benefits to domestic partners, regardless of whether coverage is extended to same-sex or opposite-sex domestic partners, have not experienced higher risks or costs in health insurance coverage than they have with legally married spouses. The RHC, PSIA and GSD agree insurance premiums will not increase significantly, if at all.

ADMINISTRATIVE IMPLICATIONS

The RHCA says the addition of new classes of eligible participants will further strain an already overworked staff and make it difficult to provide quality, timely service. They are concerned about the difficulty of certifying and policing the status of domestic partners and dependent children, since there are few such mechanisms as for spouses (e.g., marriage certificate, birth certificate). The PSIA and GSD have the same issues.

TECHNICAL ISSUES

GSD suggested the following:

Page 1, line 20, add after “cohabiting” for a minimum of six months.

Page 1, line 21, add before the word “interdependent” and financially

Page 2, line 1, add new sentence “An affidavit of domestic partnership may be required.”

DW/njw:yr