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## FISCAL IMPACT REPORT

SPONSOR: SFC DATE TYPED: 3/05/03 HB \_\_\_\_\_  
 SHORT TITLE: Health Care Coverage for Unmarried Dependents SB CS/457/aSFI#1  
 ANALYST: Wilson

### APPROPRIATION

| Appropriation Contained |      | Estimated Additional Impact |      | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|------|----------------------|---------------|
| FY03                    | FY04 | FY03                        | FY04 |                      |               |
|                         |      |                             | NFI  |                      |               |

Relates to HB 731

### SOURCES OF INFORMATION

LFC files

### SUMMARY

#### Synopsis of SFI #1

The Senate Floor Amendment clarifies that the dependent does not have to be enrolled in an educational institution in order to have insurance coverage.

#### Synopsis of Original Bill

The Senate Finance Committee Substitute for Senate Bill 457 mandates each blanket or group health policy or certificate of insurance delivered, issued for delivery or renewed in New Mexico on or after July 1, 2003 shall not terminate coverage of an unmarried dependent by reason of the dependent's age before the dependent's twenty-fifth birthday. It also amends the Insurance Code by adding new sections that address group health care policies, group health maintenance organization contracts, and group subscriber contracts and mandate coverage of unmarried dependents until their twenty-fifth birthday effective July 1, 2003.

SB 457/SFCS removes the requirement existing in current law that in order to be a covered dependent, the unmarried child from the age of 18 until his twenty-fifth birthday must be a full-time student.

The requirements of SB 457/SFCS do not apply to the Medicaid managed care system.

Significant Issues

Young adults comprise a significant portion of New Mexico's uninsured. It is unclear how many of the uninsured would be affected by the provisions of SB 457/SFCS. Nevertheless, the provisions of SB 457/SFCS would help some young adults, and would somewhat reduce the number of uninsured in New Mexico. This would clearly be a positive step since it is more likely for a person who is insured to receive adequate preventative care.

Health insurance coverage typically terminates at the dependent's twenty-fifth birthday for full time students, or at age 18 for those who do not meet the student criteria. Many young adults are left without health insurance as a result. Often these young adults are on very limited incomes and away from home for the first time. They may be struggling to pay for necessities such as food and shelter. Personal health care becomes a low priority until costly emergency room treatment becomes a matter of life and death.

**FISCAL IMPLICATIONS**

Insurers would refile policy forms with the Insurance Division of the PRC. This would be a one time refiling or filing of an endorsement and can be handled with existing staff. The fiscal impact is unknown but the PRC considers it minimal.

**ADMINISTRATIVE IMPLICATIONS**

There will be a one time re-filing or filing of an endorsement and can be handled with existing staff.

**RELATIONSHIP**

Relates to HB 731, Health Care Coverage for Unmarried Dependents

**DW/sb:njw**