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## FISCAL IMPACT REPORT

SPONSOR Feldman DATE TYPED 2/07/05 HB \_\_\_\_\_

SHORT TITLE Health Coverage for Unmarried Dependents SB 269

ANALYST Wilson

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See Narrative		

Duplicates HB 335

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Corrections Department (CD)  
General Services Department (GSD)  
Human Services Department (HSD)  
Department of Health (DOH)  
Public School Insurance Authority (PSIA)  
Retiree Health Care Authority (RHCA)  
Public Regulation Commission (PRC)

### SUMMARY

#### Synopsis of Bill

Senate Bill 269 requires individual or group insurance or HMO contracts to allow dependents to be covered up to age 25, regardless of enrollment in an educational institution effective July 1, 2005.

#### Significant Issues

GSD currently provides “unmarried dependent coverage up to age 25 in its group health benefit plan”. GSD began providing this coverage on July 1, 2003.

During the 2003 Session, the legislature mandated coverage for dependents to age 25 for insur-

ance offered through the agencies participating in the Health Care Purchasing Act. PSIA estimates over 1000 children between ages 19 and 25 were added as a result of this bill and the agency has not seen a negative impact on claims due to this extension of coverage.

Similar legislation was passed in 2003 for group health care coverage. This bill will expand the definition to include individual health care coverage.

### **FISCAL IMPLICATIONS**

Insurers will refile policy forms & rates with the Insurance Division (ID). This will be a one time filing of an endorsement and should be handled with existing staff. The PRC believes the impact will be minimal.

### **ADMINISTRATIVE IMPLICATIONS**

This bill would require a one-time filing of rate and policy forms with the ID.

### **DUPLICATION**

SB 269 Duplicates HB 335

### **OTHER SUBSTANTIVE ISSUES**

This legislation is based on recommendations of the *Insure New Mexico!* Council to:

Amend the state law applicable to individual health insurance plans such that individuals ages 19-24 can stay on their parents' health insurance even if they are not students.

According to the Census' 2003 Current Population Survey, New Mexico ranks second in the nation for the rate of uninsurance at 22.1%, or an estimated 414,000 individuals. In 2004, young people were a significant portion of the uninsured population (32%), according to a survey on the uninsured. While these individuals have the option to create their own policies, they lose the benefit of a lower dependent premium rate if they are unable to stay covered on their parents' individual health insurance policies.

Senate Bill 269 also provides the following benefits:

- Offers financial incentives to parents to keep their children on their health insurance policies.
- Young adults will have the opportunity to stay insured while going to school or establishing a career.
- This group assumes little risk and is good to have within the insured pool because they are generally healthier and low health care consumers.