

**NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.**

**The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.**

## FISCAL IMPACT REPORT

SPONSOR: Cravens DATE TYPED: 02/03/02 HB \_\_\_\_\_

SHORT TITLE: Proof of Disability SB 154

ANALYST: Wilson

### APPROPRIATION

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

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

#### Responses Received From

Health Policy Commission (HPC)  
 Retiree Health Care Authority (RHCA)  
 Public Regulation Commission (PRC)

### SUMMARY

#### Synopsis of Bill

Senate Bill 154 amends the Insurance Code limiting the requirement to provide proof of a disability to an employer for insurance. An individual who is at least sixty years old and has certified a disability to an employer for the previous five years shall not be required to certify that disability in order to obtain insurance.

#### Significant Issues

Employees who are disabled and receiving disability benefits are required to establish that they continue to be disabled in order to continue receiving benefits. Proponents of SB154 believe that limits should be placed on the number of times this can be required in certain instances. Opponents believe that employers and insurers need to establish whether or not a person is disabled in order to continue providing benefits and to prevent fraud.

## **ADMINISTRATIVE IMPLICATIONS**

The Insurance Division of the PRC currently administers the insurance Code. Enforcement of the provisions of SB154 will require no additional resources.

## **TECHNICAL ISSUES**

SB154 as drafted creates enforcement problems for the Insurance Division of the PRC. This bill prohibits an employer from requiring certification of disability in certain circumstances. The PRC recommends that since the Insurance Division does not license or regulate employers, it might be more appropriate to have SB154 prohibit insurers from requiring proof of disability. This could be accomplished by mandating that all disability income in policies contain a provision limiting the insurers right to request proof of disability in certain circumstances.

SB154 needs to add definitions of the terms: “disability” and “certification of disability.”

DW/njw