

# **FISCAL NOTE**

## **HB 2819 - SB 2841**

February 16, 2006

**SUMMARY OF BILL:** Prohibits the termination of coverage for a spouse or dependent children in the event of a divorce or the death of the insured under an existing group accident and sickness insurance policy. The right to coverage will terminate upon failure to pay premiums, when the plan is terminated to all group members, when the divorced or surviving spouse remarries or becomes eligible for Medicare. Requires the insured spouse to give 90 days written notice to a spouse before removing the spouse and/or dependent children from coverage under any health insurance policy.

### **ESTIMATED FISCAL IMPACT:**

**Local Govt. Expenditures – Forgo Decrease - Not Significant**  
**Increase Local Govt. Revenues – Not Significant**

Assumptions:

- Local health plans that are not part of the state health plans would forgo a decrease in expenditures due to the divorced spouse of a member of such plans not being dropped from the plan on the first day of the month following the finalization of the divorce.
- The divorced spouse will have the opportunity to keep the same coverage by paying 100% of the premium for such coverage plus a two percent administrative fee which would result in a not significant increase in local govt. revenues.
- Local governments would not have a significant increase in expenditures for administrative costs for the additional policies.
- This bill does not apply directly to the state sponsored health insurance plans as they are not subject to state regulations pursuant to federal ERISA requirements.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director