



HOUSE COMMITTEE ON APPROPRIATIONS

2008-09 Legislative Session

FISCAL NOTE

HOUSE BILL NO: 1089

PRINTER'S NO: 1397

PRIME SPONSOR: Matzie

FISCAL IMPACT SUMMARY	FY 2008/09	FY 2009/10
Expenditure Increase/(Decrease):		
General Fund	See Analysis	See Analysis

OVERVIEW:

House Bill 1089 creates the Small Employer Group Health Plan and Premium Assistance Act.

Under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA), terminated employees or other non-eligible employees of employers with 20 or more employees may purchase a continuation of health benefits for 18-36 months at no more than 102% of the group rate before termination of coverage. Applicable persons have 60 days to accept or reject federal COBRA coverage.

House Bill 1089 extends the continuation of coverage for an employee or eligible dependent that is no longer eligible for that policy for employers with 2-19 employees. Under the bill, terminated employees may purchase continuation of coverage for up to nine months. To qualify, the employee must be insured under the group policy during the three month period ending with the termination of coverage. Under this mini-COBRA provision, the premium to be paid by the employee may not be more than 105% of the group rate. The employee or member must request mini-COBRA coverage within 60 days of the termination. This coverage is not available to those covered by Medicare or Medicaid or covered by any other insurance which provides hospital, surgical, or major medical coverage.

The bill mirrors federal law in respect to the list of "qualifying events" in which a loss in coverage for an eligible dependent may occur. This legislation specifies that an individual may qualify for coverage under the federal American Recovery and Reinvestment Act (ARRA) or successor legislation. This act will remain in effect after the extended COBRA benefits under ARRA expire.

The act shall take effect immediately.

ANALYSIS:

The Insurance Department estimates minimal costs associated in complying with the requirements set forth in the act, including developing regulations and oversight. Any costs are expected to be absorbed within the department's current operating budget.

The provisions set forth in House Bill 1089 do not apply to those covered by Commonwealth's medical assistance program; therefore no additional costs will be incurred in this program.

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House Appropriations Committee, (D)

DATE: April 21, 2009

General Note and Disclaimer: *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*