

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 122** SLS 20RS 128

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.: **w/ PROP SEN COMM AMD**

Sub. Bill For.:

Date: May 7, 2020	5:45 PM	Author: CARTER, TROY
Dept./Agy.: Office of Group Benefits		Analyst: Patrice Thomas
Subject: Notice for Over Age Dependent Coverage		

GROUP BENEFITS PROGRAM OR INCREASE SG EX See Note Page 1 of 1
Provides relative to notice and appeal rights for over-age dependent coverage by any health plan offered under the purview of the Office of Group Benefits. (8/1/20)

Proposed law provides that at least 7 months before a child or grandchild reaches the limiting age of 26, the health plans authorized under R.S. 42:851(A) shall send notice that coverage expires unless an application for continued coverage is filed. Proposed law stipulates the notices shall state that if the application is not filed prior to the date the child or grandchild reaches age 26 that coverage will terminate, and the notice shall explain the right to appeal to a review panel if the application is not submitted timely. Proposed law requires the application to be submitted no earlier 6 months before age 26. Proposed law provides that if continued coverage is denied due to failure to provide documentation, upon submission of documentation, the parent or grandparent may appeal to an administrative review panel to reinstate coverage. If an application is not submitted before the limiting age, proposed law provides that the parent or grandparent may appeal to a review panel to reinstate coverage. Under proposed law, the administrative review panel may reinstate coverage. Proposed law is effective August 1, 2020.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						
REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will result in a minimal expenditure increase in health plans authorized by state statute R.S. 42:851(A) as a result of additional mailing costs. R.S. 42:851(A) authorizes state departments and agencies of the executive, legislative, or judicial branches as well as state universities, colleges, local school boards, political subdivision or other governmental agencies to procure group health through the Office of Group Benefits (OGB), LSU First, or a private insurance companies. Proposed law requires each health plan provided by aforementioned state entities to mail notices to plan members that have dependent children who are within 7 months of reaching the limiting age of 26. The notices are required to explain that dependent coverage will expire unless an application for continued coverage is filed within 6 months of the child turning age 26, as well as a right to an administrative review if the plan member fails to apply timely.

For informational purposes, OGB would be required to mail 2,685 covered dependent children notices in FY 21, with an anticipated cost of \$1,476.75 (2,685 x \$0.55 first-class postage). The LFO assumes approximately 2,700 notices will be mailed each year. In 2019, OGB received 28 applications for continued coverage.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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