Fiscal Estimate - 2007 Session

☑ Original ☐ Updated	Corrected Supp	lemental				
LRB Number 07-2084/1	Introduction Number AB-02	80				
Description Health insurance coverage of a full-time student on medical leave						
Fiscal Effect						
Appropriations Rev Decrease Existing Dec Appropriations Rev Create New Appropriations	ease Existing enues rease Existing enues The provided HTML rease Costs - May to absorb within agence enues Decrease Costs					
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Fund Sources Affected Affected Ch. 20 Appropriations ☐ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS						
Agency/Prepared By	Authorized Signature Date					
ETF/ Jon Kranz (608) 267-0908	Rhonda Dunn (608) 266-9854	5/16/2007				

Fiscal Estimate Narratives ETF 5/16/2007

LRB Number	07-2084/1	Introduction Number	AB-0280	Estimate Type	Original	
Description						
Health insurance coverage of a full-time student on medical leave						

Assumptions Used in Arriving at Fiscal Estimate

This bill requires health insurers under the group health insurance programs to provide extended coverage for up to one year for former full-time student dependents who cease to be full-time students due to a medical leave of absence.

According to the group insurance board's actuary, this legislation is expected to result in additional annual premium costs to the state group health insurance program ranging from \$1.4 to \$1.8 million dollars per year and additional annual premium costs to the local health insurance program (offered by the Department) ranging from \$210,000 to \$270,000. This assumes that approximately 20% of full-time students drop out of school annually and that 20-25% of these do so for medical reasons. In addition, it assumes that these individuals have, on average, two-times the medical claim cost of the average current participant. Finally, it is assumed that the average medical leave of absence lasts is 80% of the full one year eligibility period.

Currently the group health insurance programs allows former full-time students to remain covered through the end of the year in which they cease to be full-time students. As a result, this estimate assumes that the state employee program already covers these former full-time students for six months, on average.

In addition, this bill would require one-time expenditures of approximately \$16,000 to cover costs associated with information technology system changes, training, and the revision of agency publications.

Long-Range Fiscal Implications