

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: House Bill 308 (First Edition)

SHORT TITLE: Clarify Reasonable Health Insur./Child Supp.

SPONSOR(S): Representatives Zachary, Stevens, Glazier, and Davis

FISCAL IMPACT					
(\$ in millions)					
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
State Impact					
General Fund Revenues:					
General Fund Expenditures:					
Special Fund Revenues:					
Special Fund Expenditures:					
State Positions:					
NET STATE IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Impact					
Revenues:					
Expenditures:					
NET LOCAL IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
NO FISCAL IMPACT - Department of Health and Human Services, Division of Medical Assistance					
EFFECTIVE DATE:					
TECHNICAL CONSIDERATIONS:					
Yes - See Technical Considerations Section					

BILL SUMMARY:

H308. CLARIFY REASONABLE HEALTH INSUR./CHILD SUPP. (March 19, 2015)

An Act to amend the laws pertaining to the medical support and health insurance coverage relating to child support to align State law with federal guidelines that no longer include the provision that employer-provided group health insurance is automatically considered “reasonable”.

Amends GS 50-13.11(a1) concerning orders and agreements regarding medical support and health insurance coverage for minor children, making a clarifying change and adding language establishing that health insurance for the benefit of a child is considered reasonable if, in addition

to being employment related or some other type of group health insurance, coverage of the child is available to the parent at a cost that does not exceed 7% of the parent's gross income (previously, only provided that such insurance was considered reasonable if it was employment related or other group health insurance).

Effective when the bill becomes law, applying to orders issued or agreements entered into on or after that date.

ASSUMPTIONS AND METHODOLOGY:

No fiscal impact

SOURCES OF DATA:

Department of Health and Human Services, Division of Medical Assistance

TECHNICAL CONSIDERATIONS:

The Division of Medical Assistance prepared a response that states :

H 308 amends the Divorce and Alimony chapter in the NC General Statutes. It requires parents to purchase health insurance for their children, at a “reasonable cost” not to exceed 7% of the purchasing parent’s gross income. DMA staff do not anticipate that this bill would have a fiscal impact on the Medicaid and NC Health Choice programs. More specifically, no enrollment expansion would be anticipated. The reasons why are outlined below:

1. The bill would not affect any federal or State Medicaid or NC Health Choice Program eligibility laws or criteria. Therefore, regardless of a court order, the same number of low income children would *or* would not be eligible for Medicaid or NC Health Choice. And Affordable Care Act legislation has made child support enforcement a *post*-eligibility requirement.
2. A large percentage of children living at $\leq 200\%$ of FPL in NC are already insured. As of 2013, the NC Institute of Medicine reported 8.2% of children in that FPL range as “uninsured.” http://www.nciom.org/wp-content/uploads/2010/08/2014_CHRC-revised.pdf
 - a. Of that ~8%, not all children will have parents divorcing, so the *sub*-population with court-ordered health insurance coverage to be paid by one parent would be small.
 - b. Furthermore, among the parents with court-ordered health insurance coverage for children, not all parents would be low-income (and subsequently not all parents and/or children would be eligible for children’s or family Medicaid coverage).
 - c. Furthermore, among the parents with court-ordered health insurance coverage for children, some may already have employer-sponsored insurance to which they could add dependents, or be eligible for a plan on the Federally Facilitated Marketplace.

- d. Finally, there is always the possibility that an absent parent will not *comply* with a court order requiring that parent to purchase health insurance for a dependent.

As a side note, federal law (see below) already requires that beneficiary cost sharing for Medicaid and CHIP programs cannot exceed 5% of household income, so the 7% threshold in the bill is not aligned with federal law IF the legislative intent is to indirectly increase enrollment in the Medicaid or NC Health Choice programs specifically.

42 C.F.R. 447.56: “Medicaid premiums and cost sharing incurred by all individuals in the Medicaid household may not exceed an aggregate limit of 5 percent of the family's income applied on either a quarterly or monthly basis, as specified by the agency.” Furthermore, Medicaid child beneficiaries are exempt from *all* premiums and cost sharing.

42 C.F.R. 457.560: “A State may not impose premiums, enrollment fees, copayments, coinsurance, deductibles, or similar cost-sharing charges that, in the aggregate, exceed 5 percent of a family's total income for the length of a child's eligibility period in the State.” Furthermore, Well-child visits are exempt from cost sharing, and Native American and Alaska Native CHIP beneficiaries are exempt from all cost sharing.

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DATE: May 28, 2015



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