

June 30, 2010

## **KANSAS STATE EMPLOYEES HEALTH CARE COMMISSION**

### **ECONOMIC IMPACT STATEMENT FOR PROPOSED AMENDMENTS TO K.A.R. 108-1-1**

#### **I. Summary of Proposed Regulation and Its Purpose.**

K.A.R. 108-1-1 establishes the eligibility requirements for state employees to be covered under the state's health care benefits program; i.e., the State Employee Health Plan (SEHP). K.S.A. 75-6501(c) provides that the Kansas State Employees Health Care Commission (HCC) may designate by rules and regulations those persons who are qualified to participate in the SEHP.

The proposed regulation change will increase the age that eligible dependents may participate in the SEHP from up to age 23 to up to age 26 for those dependents covered by the SEHP on July 1, 2010, who turn 23 after that date. The proposed dependent age change was adopted by the HCC at their May 27, 2010 meeting. This change was prompted by federal health care reform legislation which will require the SEHP to change the age limit and definition of an eligible dependent effective January 1, 2011. It was the HCC's desire that dependents covered by the plan on July 1, 2010 and who will reach the current limiting age of 23 after that date, not be removed from the plan.

#### **II. Federal Law.**

This regulation is not mandated by federal law as a requirement for participating in or implementing a federally subsidized or assisted program and does not exceed the requirements of any applicable federal law.

#### **III. Economic Impact.**

No economic impact on the general public is anticipated. The SEHP is a self-funded health plan. Participating employers and employees pay monthly contributions into the SEHP fund. The cost/savings to an employee resulting from their dependents being able to remain enrolled in the state plan earlier is unknown. We estimate that this change will allow 474 dependents to remain on the plan through December 31, 2010. This change would require the state to pay an additional \$106,050.06 in direct contributions toward the cost of health plan coverage on behalf of the members. We estimate the impact to the health care fund for claim costs to be \$169,692.

#### **IV. Less Costly or Less Intrusive Alternatives.**

No other less costly or less intrusive alternatives to the proposed amendments were identified.