

SUBJECT: Health insurance coverage of grandchildren

COMMITTEE: Insurance — committee substitute recommended

VOTE: 8 ayes — Smithee, Eiland, Averitt, Burnam, Moreno, Olivo, Seaman,
Thompson

0 nays

1 absent — G. Lewis

WITNESSES: For — Melvin Johnson

Against — None

BACKGROUND: Grandchildren can be covered by a grandparent's health insurance policy if the grandchild is considered a dependent for federal income-tax purposes, lives with the grandparent, and is under a certain age. A grandchild also may be covered if the parent is covered or if the grandparent is under a medical support order (a variation on child support).

Insurance Code, sec. 3.51-6 defines who may be covered by group accident and health insurance. A policy must include coverage for spouses and dependents of employees or members, including an employee's or member's dependent grandchild who is less than 21 years old and lives in the household of the employee or member.

Under Insurance Code, sec. 3.70-2, an accident or sickness insurance policy must insure one person and may insure additional eligible members of the family, including a spouse, dependent children, and dependent grandchildren under age 21 and living in the household. Eligible family members also may include any children under age 25, any child the policyholder must insure under a medical support order, and any other person dependent upon the policyholder.

Sec. 3.70-2(L) states that both individual and group accident and sickness insurance policies must insure any grandchildren if the policyholder's child

is a dependent for federal income-tax purposes or is under a medical support order. Sec. 20A.09(r) permits a health maintenance organization to provide benefits to a dependent grandchild who is under age 21 and living in the household.

DIGEST:

CSHB 1066 would broaden the definition of grandchildren who may be covered by a grandparent's health coverage. Grandchildren would be considered eligible dependents regardless of whether the grandchild was treated as a dependent for federal income-tax purposes. This provision would apply to both group and individual accident and health insurance.

The bill also would broaden the definition of eligible grandchildren in the statute that applies to health maintenance organizations.

This bill would take effect September 1, 2001, and would apply to policies delivered, issued for delivery, or renewed on or after January 1, 2002.

**SUPPORTERS
SAY:**

CSHB 1066 would provide better access to health care for children. Under current law, a grandparent must claim a grandchild as a dependent to secure coverage for the grandchild. That may not be possible if the child's parents are working and paying taxes. If the parents' jobs do not provide health insurance or if the insurance is too expensive, the child may go without coverage. This bill would open up another avenue to health care for children.

CSHB 1066 would reduce dependence on the state-federal Children's Health Insurance Program (CHIP), Medicaid, and hospital emergency rooms. In cases where a parent cannot obtain affordable health coverage through an employer and the family income is below a certain level, children may be enrolled in CHIP or Medicaid. Families who are ineligible for those services often go without insurance altogether. The family then relies on emergency room visits, generally when the child is acutely sick. From both a financial and a health perspective, these scenarios are less ideal than continuous health-care coverage under a private program.

Coverage of grandchildren would not be unlimited. The children covered still would have to be less than 21 years old and be the grandparent's dependent, just not necessarily as defined for federal income tax purposes.

HB 1066
House Research Organization
page 3

OPPONENTS
SAY: No apparent opposition.

NOTES: HB 1066 as filed included a definition of a dependent grandchild as one for whom the grandparent provided 75 percent of the child's care, regardless of whether the grandparent claimed the child as a dependent for tax purposes. The committee substitute struck the qualification of the percentage of care provided by the grandparent.