

OVERVIEW

THE AUDITOR
STATE OF HAWAII

Study of Mandatory Health Insurance for Newborn Infant Adoptees

Summary

In Act 268, Regular Session of 1991, the Legislature required insurers to extend to newborn adoptees the same health insurance coverage that they extend to natural born children of insured parents. The law is scheduled to be repealed on June 30, 1995. The State Auditor is to report to the 1995 session of the Legislature on its impact and implications.

Prior to enactment of Act 268, a number of adoptive parents had expressed concern to the Legislature about their difficulties in obtaining health insurance coverage for their newborn adoptees. They testified that insurers were discriminating against them by not covering the adoptees from birth. Consequently, there was a gap between the time the child was born and the time coverage was available. One prospective parent had been told that coverage would not be available until the adoption was finalized. This gap could leave adoptive parents responsible for thousands of dollars of hospital and doctor bills. In addition, some insurers were not covering adoptees who had preexisting medical conditions.

With the enactment of Act 268, newborns are now receiving the same coverage as natural born newborns of the insured member once the insurer is notified (1) in writing of the insured's intent to adopt the child prior to or within 30 days of the child's birth or within the time period required for enrolling natural born child, or (2) when the insurer receives legal notification of the insured's ability to consent to treatment of the child.

Under the first instance, the insured would receive insurance coverage retroactive to the birth of the newborn adoptee. Under the second condition, coverage would be effective the first day after receipt of notification of the ability to consent to treatment. The law also sets forth for health maintenance organizations the circumstances under which coverage would be retroactive and those under which coverage would begin after the required notification is received.

Our study found that Act 268 appears to have eliminated problems relating to insurance coverage faced by parents in adopting newborn children. The two largest health benefits programs, Hawaii Medical Service Association (HMSA) and Kaiser have both changed their

policies to reflect the new law. They allow newborn adoptees to be added like any other dependent. They reported no problems in implementing the new law.

None of the adoption agencies or other organizations interested in adoptions reported any complaints from parents about being unable to obtain health insurance for their newborn adoptees.

We found that the financial impact of the law is probably negligible. The impact is not identifiable since none of the health insurers or health maintenance organizations keeps data on newborn adoptees or tracks them separately from other newborns. They are unable to identify the number of adopted children that are enrolled, their health status, or the care they received. They do believe, however, that either the premiums have not increased because of the act or that any increase has been negligible.

HMSA and Kaiser reported that they are uncertain as to what they will do when the law sunsets in 1995. They do not believe that sunseting the law would significantly change the availability of insurance coverage for newborn adoptees. However, if the Legislature wishes to ensure that the former problems encountered by adoptive parents do not recur, it could amend Act 268 to remove the repeal date of June 30, 1995.

Recommendations and Response

We recommend that the Legislature consider retaining the mandated health insurance coverage for newborn adoptees by amending Act 268 of 1991 to remove the repeal date of June 30, 1995.

A draft of this report was transmitted to the Department of Health for comment. The department responded that it agrees with our recommendation to retain mandated coverage for newborn adoptees.

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