

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 26, 2003

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1923 by Capelo (Relating to health benefit plan coverage for immunizations.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1923, As Introduced: a negative impact of (\$514,507) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	(\$514,507)
2006	(\$514,507)
2007	(\$1,029,014)
2008	(\$1,029,014)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Savings/ (Cost) from <i>GENERAL REVENUE DEDICATED ACCOUNTS</i> 994	Probable Savings/ (Cost) from <i>OTHER SPECIAL STATE FUNDS</i> 998	Probable Savings/ (Cost) from <i>FEDERAL FUNDS</i> 555
2004	\$0	\$0	\$0	\$0
2005	(\$514,507)	(\$39,763)	(\$3,077)	(\$182,349)
2006	(\$514,507)	(\$39,763)	(\$3,077)	(\$182,349)
2007	(\$1,029,014)	(\$79,526)	(\$6,154)	(\$364,698)
2008	(\$1,029,014)	(\$79,526)	(\$6,154)	(\$364,698)

Fiscal Year	Probable Savings/ (Cost) from <i>STATE HIGHWAY FUND</i> 6
2004	\$0
2005	(\$155,092)
2006	(\$155,092)
2007	(\$310,184)
2008	(\$310,184)

Fiscal Analysis

The bill, if enacted, would require Health Maintenance Organizations (HMOs) to provide coverage for a list of childhood immunizations as recommended by the Centers for Disease Control and Prevention. The immunization requirement would only apply to health plans on or after January 1, 2004.

According to the Employees Retirement System (ERS), adding new immunizations would have a fiscal impact on the HMOs in the Uniform Group Insurance Program (UGIP). At present, all health plans available through UGIP cover the CDC list of immunizations. Based on information provided by ERS regarding the number of dependents that are children and the average cost per participant for an immunization, each new immunization added to the CDC list would result in an additional cost to UGIP of \$894,787. Due to the expected depletion of reserve funds in fiscal year 2003, this additional cost is expected to increase premium costs.

Methodology

ERS's estimate of the average cost per participant for each new immunization added to the CDC list is \$12.50. This estimate is based on current provider costs for immunizations and allergy shots. Assuming that ERS provides the immunizations added by CDC to dependents from age 0-19 for all health plan options, and that an estimated 71,600 dependents (the estimated number of dependents from age 0-19 currently enrolled in HealthSelect) would be given these immunizations results in a total cost of \$894,787 for each new immunization.

For purposes of this analysis, the assumption is made that the CDC adds one new immunization to its list in 2005 and a second immunization in 2007.

Technology

None.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System, 359 Office of Public Insurance Counsel, 454 Department of Insurance, 116 Sunset Advisory Commission, 501 Department of Health

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