

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 7, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2247 by Dukes (Relating to certain required coverages for children under health benefit plans.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2247, As Introduced: a positive impact of \$1,264,172 through the biennium ending August 31, 2005.

The bill relates to certain required coverages for children under health benefit plans. Under the provisions of the bill, health benefit plans that provide coverage for rehabilitative and habilitative therapies, as specified in the bill, may not prohibit or restrict payment for these services determined to be necessary and provided in accordance with individualized family service plans (IFSPs) issued by the Interagency Council on Early Childhood Intervention (ECI). The bill would require health benefit plans, that provide coverage for rehabilitative and habilitative therapies, to cover these therapies in the amount, duration, scope and service setting established in the IFSPs. Under the provisions of the bill, health benefit plan issuers may not apply the cost of these therapies to an annual or lifetime maximum plan benefit or similar provision and may not use the cost of these therapies as the sole justification to increase plan premiums or terminate the insured's or enrollee's participation in the plan.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$632,086
2005	\$632,086
2006	\$632,086
2007	\$632,086
2008	\$632,086

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2004	\$632,086
2005	\$632,086
2006	\$632,086
2007	\$632,086
2008	\$632,086

Fiscal Analysis

ECI estimates that \$632,086 in savings to the General Revenue Fund in fiscal years 2004-08 would result from implementing the provisions of the bill. Private insurance company reimbursements for

rehabilitative and habilitative therapies currently paid for by the ECI would subsequently reduce ECI program cost.

According to the Department of Insurance, the bill would allow health plan carriers to amend their contracts to remove coverage for rehabilitative and habilitative therapies which would require review by the department's Life, Health and Licensing Program. The agency indicates that any additional workload would be handled by existing staff and resources.

Methodology

ECI estimates there are 6,769 children enrolled in the ECI program whose families are covered by insurance. The families of 2,843 of these children have given ECI permission to bill their insurance. ECI estimates insurance collections from private insurance for ECI services are approximately \$322 per child. Of the families covered by insurance, the families of 3,926 children have not given the ECI program permission to bill. Based on the assumption that 50% of the families that have not given ECI permission to bill will give their permission, the agency estimates additional insurance collections of \$632,086 per fiscal year, thus projected savings to the ECI program would be this amount. (1,963 children whose family will now allow ECI to bill X \$322 per child = \$632,086)

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance, 532 Interagency Council on Early Childhood Intervention

LBB Staff: JK, JO, JRO, RT, RM