

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: HB2399 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 HB2399, As Introduced: a positive impact of \$2,377,302 through the biennium ending August 31, 2005.

The bill relates to certain required coverages for children under health benefit plans. The bill would require health benefit plans that provide benefits for family members of the insured or enrolled to provide coverage for children with developmental delay for rehabilitative and habilitative therapies, as specified in the bill. The bill provides that health benefit plans 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). 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.

If enacted, the provisions of the bill would take effect September 1, 2003 and apply only to health benefit plans that are delivered, issued for delivery or renewed on or after January 1, 2004.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$1,141,485
2005	\$1,235,817
2006	\$1,338,390
2007	\$1,449,476
2008	\$1,569,783

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2004	\$1,141,485
2005	\$1,235,817
2006	\$1,338,390
2007	\$1,449,476
2008	\$1,569,783

Fiscal Analysis

ECI estimates that \$1,141,485 in FY 2004 and \$1,235,817 in FY 2005 in savings to the General Revenue Fund 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. The agency projects an 8.3% growth rate each year for FY 2006-08 that is reflected in the subsequent savings increases for these years.

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 there may be other administrative costs associated with implementing the provisions of the bill such as revising examination tools to reflect the new requirements. The agency indicates that any additional workload would be handled by existing staff and resources.

Methodology

Based on the December 1, 2000 Once-A-Year survey, ECI estimates insurance collections from private insurance for ECI services are approximately \$313 per child. Currently of the families with insurance, 42% of these families consent to bill. ECI estimates that an additional 39% of families with insurance will consent if the provisions of the bill are implemented. The agency assumes an 8.3% growth rate from the previous year for FY 2006-08.

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