

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 7, 2003

TO: Honorable Bill Ratliff, Chair, Senate Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3456 by Heflin (Relating to health benefit plans under the Texas Employees Group Benefits Act.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3456, As Engrossed: a positive impact of \$89,222,000 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	\$44,611,000
2005	\$44,611,000
2006	\$44,611,000
2007	\$44,611,000
2008	\$44,611,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Savings/ (Cost) from <i>GR DEDICATED ACCOUNTS 994</i>	Probable Savings/ (Cost) from <i>OTHER SPECIAL STATE FUNDS 998</i>	Probable Savings/ (Cost) from <i>STATE HIGHWAY FUND 6</i>
2004	\$44,611,000	\$2,926,564	\$292,314	\$11,729,099
2005	\$44,611,000	\$2,926,564	\$292,314	\$11,729,099
2006	\$44,611,000	\$2,926,564	\$292,314	\$11,729,099
2007	\$44,611,000	\$2,926,564	\$292,314	\$11,729,099
2008	\$44,611,000	\$2,926,564	\$292,314	\$11,729,099

Fiscal Year	Probable Savings/ (Cost) from <i>FEDERAL FUNDS 555</i>
2004	\$13,482,983
2005	\$13,519,523
2006	\$13,519,523
2007	\$13,519,523
2008	\$14,751,438

Fiscal Analysis

This bill would make the following benefit design changes to the Uniform Group Insurance Program (UGIP) administered by the Employees Retirement System: a 90-day waiting period for new employees to be eligible for the UGIP; and establishing minimum co-pays for the health plan of \$20 for a visit to a primary care physician, \$25 for a visit to a non-primary care specialist (HMO-type plans), and \$30 for a visit to a non-primary care specialist (preferred provider benefit-type plans). The bill would take effect on September 1, 2003. However, it would apply to the UGIP as of June 1, 2003.

Methodology

This bill would implement recommendation GG9 from the Comptroller's e-Texas report, Limited Government, Unlimited Opportunity.

According to the Employees Retirement System, a 90-day waiting period for new hires would generate \$34.9 million in General Revenue savings and \$57.1 million in savings in All Funds during the 2004-05 biennium, and \$54.3 million in General Revenue savings and \$89.1 million in savings in All Funds during the 2004-05 biennium from new and increased co-pays. Total biennial savings in All Funds are estimated to be \$146.2 million, and \$89.2 million in General Revenue. (See Fiscal Impact table.)

The estimate related to the 90-day waiting period is highly dependent on the number of new hires during the 2004-05 biennium. Any vacancy freezes and reductions-in-force implemented by state agencies to comply with the 7 percent reduction in fiscal year 2003 and to stay within available revenue in the 2004-05 biennium will significantly reduce these estimated cost savings.

Technology

None.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 327 Employees Retirement System, 454 Department of Insurance

LBB Staff: JK, RR, MS, ZS