

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 25, 2007

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

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB510 by Farabee (Relating to health benefit plan coverage for certain mental disorders in children.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend the Insurance Code to require health benefit plans to provide coverage for the diagnosis and treatment of mental disorders in children.

Based on the analysis of the Employees Retirement System (ERS), it is assumed the bill would not have an impact on HealthSelect of Texas but would have a minimum impact on HMOs and may increase HMO premiums.

Based on the analysis of the Texas Department of Insurance (TDI), it is assumed that there would be a one-time revenue gain of \$29,300 in the General Revenue Dedicated Account Fund 36 in fiscal year 2008 because the bill would result in 293 filings, each accompanied by a \$100 filing fee. Since General Revenue Dedicated Account Fund 36 is a self-leveling account, this analysis assumes all revenue generated would go toward fund balances or the maintenance tax would be set to recover a lower level of revenue the following year. It is also assumed that any costs realized by TDI from implementing the provisions of the bill could be absorbed within existing resources.

Local Government Impact

Counties, municipalities, and other local government entities to which the bill would apply under the Local Government Code that either provide health insurance benefits for their employees and employees' dependents or participate in a group risk pool to provide insurance benefits could experience an increase in costs of negotiated health insurance contracts to include the additional coverage required by the bill. Whether those amounts would be absorbed by the local entity or passed on to the insured employees or in what amounts would vary depending on decisions made by local government officials and number of employees covered.

Source Agencies: 454 Department of Insurance, 327 Employees Retirement System

LBB Staff: JOB, JRO, MW, SK