

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**  
**Revision 2**

**April 17, 2007**

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

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

**IN RE: HB522** by Woolley (Relating to adoption and operation of requirements regarding health benefit plan identification cards.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB522, Committee Report 1st House, Substituted: a negative impact of (\$15,470) through the biennium ending August 31, 2009.

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
2008	(\$13,972)
2009	(\$1,498)
2010	(\$107,389)
2011	(\$40,706)
2012	(\$40,722)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> <b>1</b>	Probable (Cost) from <i>GR DEDICATED</i> <i>ACCOUNTS</i> <b>994</b>	Probable (Cost) from <i>OTHER SPECIAL</i> <i>STATE FUNDS</i> <b>998</b>	Probable (Cost) from <i>FEDERAL FUNDS</i> <b>555</b>
2008	(\$13,972)	(\$1,046)	(\$4,600)	(\$105)
2009	(\$1,498)	(\$112)	(\$500)	(\$11)
2010	(\$107,389)	(\$8,037)	(\$35,818)	(\$807)
2011	(\$40,706)	(\$3,046)	(\$13,577)	(\$306)
2012	(\$40,722)	(\$3,048)	(\$13,582)	(\$306)

Fiscal Year	Probable (Cost) from <i>STATE HIGHWAY</i> <i>FUND</i> <b>6</b>
2008	(\$4,432)
2009	(\$475)
2010	(\$34,062)
2011	(\$12,911)
2012	(\$12,916)

## **Fiscal Analysis**

The bill would amend the Insurance Code to require the issuance of an identification card with certain required information contained in either magnetic strip technology or smart card technology to each enrollee under certain health benefit plans. The bill would require the commissioner of insurance to set rules specifying the required form of technology. Compliance with the bill would be required by September 1, 2008 for counties with a population of at least 3 million and designated by the commissioner, and by September 1, 2010 for the rest of the state.

The bill would take effect September 1, 2007.

## **Methodology**

Based on the analysis of the Employee Retirement System (ERS), the 2008-09 cost is based on the number of HealthSelect members in Harris County multiplied by the cost per identification card and for subsequent years, the cost is based on the number of all HealthSelect members in the program, multiplied by the cost per identification card. It is assumed that after the initial card issuance, 4.9 percent of participants will require new cards each month. The table reflects costs estimated for use of magnetic strip, smart card, biometric, or other appropriate technology in the identification cards.

Based on the analysis of the Teacher Retirement System (TRS), it is assumed the bill would not affect the health benefit plans administered by TRS and would therefore have no fiscal impact on TRS.

Based on the analysis of the Texas Department of Insurance, that agency could absorb any cost associated with rulemaking and other duties required to implement the bill.

## **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 requirements of 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:** 323 Teacher Retirement System, 327 Employees Retirement System

**LBB Staff:** JOB, JRO, MW, JSc, SK, JW