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: **HB1957** by Ortiz, Jr. (Relating to benefits under certain health benefit plans for prenatal care, birth of a child, and postdelivery care.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code to require health benefit plans to provide coverage for prenatal care, birth of a child, and postdelivery care. The bill would require the commissioner of insurance to adopt necessary rules.

Based on the analysis of the Employees Retirement System, it is assumed any costs associated with the bill would be insignificant because their health benefit plans currently provide coverage in compliance with the requirements of the bill.

Based on the analysis of the Teacher Retirement System (TRS), it is assumed any costs to the TRS-ActiveCare plan would be insignificant because that plan currently provides coverage in compliance with the requirements of the bill, with one minor exception. TRS estimates that any costs associated with providing coverage for the exception will be minimal.

TRS estimates that the bill would cause an increase in claims in the TRS-Care plan of $1 million each fiscal year. To the extent that balances in the TRS-Care trust fund are insufficient to cover these additional costs, premium increases could be necessary.

Based on the analysis the Texas Department of Insurance (TDI), it is assumed that there would be a one-time revenue gain of $34,300 in the General Revenue Dedicated Account Fund 36 in fiscal year 2008 because the bill would result in 343 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.

Based on the analysis of TDI, duties and responsibilities associated with any necessary rule-making could be accomplished within existing resources.

The bill would take effect September 1, 2007, and would only apply to a health benefit plan that is delivered, issued for delivery, or renewed on or after January 1, 2008.

Local Government Impact

Counties, municipalities, and other local government entities to which the bill would apply 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: 323 Teacher Retirement System, 327 Employees Retirement System, 454 Department of Insurance

LBB Staff: JOB, JRO, MW, SK, KJG