

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 26, 2007

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

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

IN RE: HB3361 by Coleman (Relating to health benefit coverage for children and grandchildren.),
As Introduced

Depending on the number of additional dependents that would be added to the TRS-Care plan, there could be significant costs that cannot be determined at this time.

The bill would require health benefit plans to provide coverage for all children and grandchildren, regardless of age or marital status, of insured group members.

The Employees Retirement System (ERS) assumes that because the bill does not reference Chapter 1551 of the Insurance Code the bill would have no significant fiscal impact on ERS.

The Teacher Retirement System (TRS) assumes that the bill could have a significant impact on the TRS-Care plan. TRS does not have data on the number of children or grandchildren enrollees in the TRS-Care plan have, and thus can not provide an estimate of the number of dependents that would be added to the plan as a result of the bill. It is assumed that additional costs to the TRS-Care plan would be recovered through increased premiums. Increases to the premiums could be substantial.

Based on the analysis the Texas Department of Insurance, it is assumed that there would be a one-time revenue gain of \$36,700 in the General Revenue Dedicated Account Fund 36 in fiscal year 2008 because the bill would result in 367 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 that would be realized by TDI from implementing the provisions of the bill could be absorbed within existing resources.

The bill would take effect September 1, 2007.

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, that could be substantial, of negotiated health insurance contracts to include the additional coverage required by the bill. For example, Harris County estimates that as a result of the bill, between 3,300 and 6,600 dependents could be added to their health care plans and that health care claims could increase between 11 and 22 percent. 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