LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 16, 2007

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

IN RE: **SB419** by Lucio (Relating to health benefit plan coverage for enrollees with autism spectrum disorder.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB419, Committee Report 1st House, Substituted: a negative impact of ($1,303,392) 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	$0
2009	($1,303,392)
2010	($1,421,882)
2011	($1,599,617)
2012	($1,718,107)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from *GENERAL REVENUE FUND* 1	Probable (Cost) from *STATE HIGHWAY FUND* 6	Probable (Cost) from *GR DEDICATED ACCOUNTS* 994	Probable (Cost) from *OTHER SPECIAL STATE FUNDS* 998
2008	$0	$0	$0	$0
2009	($1,303,392)	($302,944)	($67,973)	($6,826)
2010	($1,421,882)	($330,484)	($74,152)	($7,446)
2011	($1,599,617)	($371,795)	($83,421)	($8,377)
2012	($1,718,107)	($399,335)	($89,600)	($8,998)

Fiscal Year	Probable (Cost) from *FEDERAL FUNDS* 555	Probable Revenue Gain from *DEPT INS OPERATING ACCT* 36
2008	$0	$37,900
2009	($288,086)	$0
2010	($314,276)	$0
2011	($353,560)	$0
2012	($379,750)	$0

Fiscal Analysis

The bill would amend the Insurance Code to require certain health plans to provide coverage for autism spectrum disorder.

The bill would take effect September 1, 2007.

Methodology

It is assumed that there would be costs for the Employees Retirement System associated with the bill. No fiscal impact to the state associated with Teacher Retirement System (TRS) administered programs is anticipated. However, to the extent that the provisions of the bill drive an increase in claims in the self-funded TRS-ActiveCare insurance program for public school employees, premiums paid by employees in that program could increase.

It is assumed that the bill requires coverage of children ages 3-5 and that coverage for children ages 6 and older is optional. If the bill was interpreted to require coverage of children ages 6 and older, costs could be greater than those identified here.

Based on the analysis of the Texas Department of Insurance (TDI), it is assumed that there would be a one-time revenue gain of $37,900 in the General Revenue Dedicated Account Fund 36 in fiscal year 2008 because the bill would result in 379 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: 323 Teacher Retirement System, 327 Employees Retirement System, 454 Department of Insurance

LBB Staff: JOB, JRO, CL, MW, JW, SK