LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 17, 2007

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

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

IN RE: **SB568** by Ellis (Relating to group health benefit plan coverage for an enrollee with certain mental disorders.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to group health benefit plan coverage for an enrollee with certain mental disorders. The bill would define a mental disorder and would require coverage of a mental disorder subject to the same amount limits, deductibles, copayments and coinsurance factors as any other physical illness. The bill would apply to group health benefit plans delivered, issued, or renewed on or after January 1, 2008.

This analysis assumes that because the bill would not apply to health benefit plans administered by the Employees Retirement System (ERS), the bill would not have a significant fiscal impact on ERS. However, if the bill was interpreted to apply to health benefit plans administered by ERS, the bill would have a fiscal impact to the state in All Funds of $4,654,520 in fiscal year 2009 ($3,241,407 in General Revenue related funds), $5,102,070 in fiscal year 2010 ($3,553,081 in General Revenue related funds), $5,549,620 in fiscal year 2011 ($3,864,754 in General Revenue related funds), and $6,086,680 in fiscal year 2012 ($4,238,763 in General Revenue related funds).

Based on the analysis of the Texas Department of Insurance (TDI), it is assumed that there would be a one-time revenue gain of $25,500 in the General Revenue Dedicated Account Fund 36 in fiscal year 2008 because the bill would result in 255 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.

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 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: 327 Employees Retirement System, 454 Department of Insurance

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