

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 3, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

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

IN RE: SB674 by Zaffirini (Relating to health benefit plan coverage for routine patient care costs for enrollees participating in certain clinical trials.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB674, As Introduced: a negative impact of (\$533,206) 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 | (\$533,206) |
| 2010 | (\$592,451) |
| 2011 | (\$651,696) |
| 2012 | (\$710,941) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1 | Probable (Cost) from <i>GR DEDICATED</i> <i>ACCOUNTS</i> 994 | Probable (Cost) from <i>OTHER SPECIAL</i> <i>STATE FUNDS</i> 998 | Probable (Cost) from <i>STATE HIGHWAY</i> <i>FUND</i> 6 |
|-------------|---|--|--|---|
| 2008 | \$0 | \$0 | \$0 | \$0 |
| 2009 | (\$533,206) | (\$27,807) | (\$2,792) | (\$123,932) |
| 2010 | (\$592,451) | (\$30,897) | (\$3,103) | (\$137,702) |
| 2011 | (\$651,696) | (\$33,986) | (\$3,413) | (\$151,472) |
| 2012 | (\$710,941) | (\$37,076) | (\$3,723) | (\$165,242) |

| Fiscal Year | Probable (Cost) from <i>FEDERAL FUNDS</i> 555 |
|-------------|--|
| 2008 | \$0 |
| 2009 | (\$117,853) |
| 2010 | (\$130,948) |
| 2011 | (\$144,043) |
| 2012 | (\$157,138) |

Fiscal Analysis

The bill would amend the Insurance Code to require health insurance policies to provide coverage for routine patient care costs for enrollees in certain clinical trials.

The bill would take effect September 1, 2007 and would apply to health benefit plans that were issued, delivered, or renewed on or after January 1, 2008.

Methodology

Based on the analysis of the Employees Retirement System, it is assumed the bill would result in an increase in claims of .05 percent and that costs would total amounts in the table above.

Based on the analysis of the Teacher Retirement System, it is assumed the bill would result in an increase in claims of .04 percent or less and that any costs associated with the increase in claims could be absorbed by current policies.

Based on the analysis the Texas Department of Insurance (TDI), it is assumed that there would be a one-time revenue gain of \$5,840 in the General Revenue Dedicated Account Fund 36 in fiscal year 2008 because the bill would result filings of amendments to reflect this change of law by insurers. 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.

Based on the analysis of the Health and Human Services Commission, Texas A&M University Administrative and General Offices, University of Texas System Administration, and the Central Education Agency any costs associated with the bill could be absorbed within existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System, 454 Department of Insurance, 529 Health and Human Services Commission, 701 Central Education Agency, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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