

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 29, 2007

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

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

**IN RE: SB2040** by Jackson, Mike (Relating to coverage for bariatric surgical procedures for certain state employees.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB2040, As Introduced: an impact of \$0 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	\$0
2010	(\$10,901,095)
2011	(\$11,849,016)
2012	(\$12,974,673)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Probable (Cost) from GR DEDICATED ACCOUNTS 994	Probable (Cost) from OTHER SPECIAL STATE FUNDS 998	Probable (Cost) from STATE HIGHWAY FUND 6
2008	\$0	\$0	\$0	\$0
2009	\$0	\$0	\$0	\$0
2010	(\$10,901,095)	(\$568,499)	(\$57,089)	(\$2,533,711)
2011	(\$11,849,016)	(\$617,933)	(\$62,053)	(\$2,754,034)
2012	(\$12,974,673)	(\$676,637)	(\$67,948)	(\$3,015,667)

Fiscal Year	Probable (Cost) from FEDERAL FUNDS 555
2008	\$0
2009	\$0
2010	(\$2,409,446)
2011	(\$2,618,963)
2012	(\$2,867,765)

**Fiscal Analysis**

The bill would amend the Government Code relating to coverage for bariatric surgical procedures for certain state employees.

The bill would apply to health plans delivered or renewed beginning in the 2010-2011 plan year. The bill would take effect September 1, 2007.

**Methodology**

Currently the health benefit plan administered by the Employees Retirement System (ERS) does not include coverage for bariatric coverage. The bill would require the removal of that exclusion for state employees with at least 5 years of creditable services. Based on the analysis of ERS, it is assumed the bill would increase costs for ERS health plans by the amounts in the table above.

Based on the analysis of the Texas Department of Insurance (TDI), there may be a one-time revenue gain of \$3,700 in fiscal year 2008 to General Revenue Dedicated Account Fund 36 associated with approval filings filed as a result of the bill. 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. As a result, this revenue is not reflected in the table above. Also, it is assumed that any costs TDI would realize associated with implementing the provisions of 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

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