

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 14, 2009**

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

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

**IN RE: HB861** by Naishtat (Relating to the authority of certain university systems to provide benefits to certain qualified individuals.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB861, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	(\$16,245,000)
2013	(\$17,670,000)
2014	(\$19,000,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2010	\$0
2011	\$0
2012	(\$16,245,000)
2013	(\$17,670,000)
2014	(\$19,000,000)

**Fiscal Analysis**

The bill would authorize the Texas A&M University System and The University of Texas System to expand the group health insurance eligibility for dependent coverage. Currently, only spouses and children are eligible to participate as dependents in each system's group health insurance program.

**Methodology**

While neither system has indicated it will use the authority granted by the bill to expand eligibility for dependent coverage, both systems did provide cost estimates showing the fiscal effect of a 10 percent increase in dependent coverage enrollment in their respective group health insurance programs. These estimates assume a 10 percent increase in enrollment in 2010, plus 7 to 8 percent compounded rate increases in each out year.

The estimates provided by the systems have been prorated to reflect the state's current contribution level for group health insurance. For The University of Texas and Texas A&M University systems, the state currently funds 95 percent of the full cost of premiums.

In addition, the enrollment data used to generate group health insurance contributions for fiscal years 2010 and 2011 has already been submitted earlier this year. As such, any increase in cost due to the bill would not be captured by the state until the 2012-13 biennium. Until the state counts the new participants in the next enrollment census, the cost increase would have to be paid with institutional funds.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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