

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

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

**April 20, 2009**

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

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

**IN RE: HB868** by Farabee (Relating to health benefit plan coverage for certain mental disorders.),  
**As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB868, As Introduced: a negative impact of (\$1,503,507) through the biennium ending August 31, 2011.

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
2010	\$0
2011	(\$1,503,507)
2012	(\$1,623,787)
2013	(\$1,804,208)
2014	(\$1,924,488)

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

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>GR Dedicated Accounts</i> 994	Probable (Cost) from <i>Other Special State</i> <i>Funds</i> 998	Probable (Cost) from <i>State Highway Fund</i> 6
2010	\$0	\$0	\$0	\$0
2011	(\$1,503,507)	(\$62,276)	(\$6,584)	(\$342,418)
2012	(\$1,623,787)	(\$67,258)	(\$7,111)	(\$369,812)
2013	(\$1,804,208)	(\$74,731)	(\$7,901)	(\$410,902)
2014	(\$1,924,488)	(\$79,713)	(\$8,428)	(\$438,295)

Fiscal Year	Probable (Cost) from <i>Federal Funds</i> 555
2010	\$0
2011	(\$336,215)
2012	(\$363,113)
2013	(\$403,458)
2014	(\$430,356)

## **Fiscal Analysis**

The bill would amend the Insurance Code to expand certain health benefit plan coverage to include certain medical disorders. The bill would require the Sunset Advisory Commission (SAC), in coordination with the Texas Department of Insurance (TDI), to conduct a study regarding the changes in health benefit plan coverage and the subsequent costs. The bill would require SAC to report this information to the legislature on or before January 1, 2015.

The bill would take effect September 1, 2009.

## **Methodology**

Based on actuarial analysis provided by the Employee Retirement System, the bill would expand coverage of the state health insurance plans to include anorexia and bulimia at a cost of \$2,251,000 in fiscal year 2011. Additionally, the higher cost would require higher contributions from all employers and the members.

Based on the analysis of the TDI, it is assumed that there would be a one-time revenue gain of \$23,600 in the General Revenue Dedicated Account Fund 36 in fiscal year 2010 because the bill would result in additional form filings. 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 analysis provided by SAC, and Teacher Retirement System, the bill will have no fiscal impact on these agencies.

The University of Texas and Texas A&M University System health plans may incur additional cost by the bill's addition of anorexia and bulimia to the list of serious mental diseases. These university plans would be expected to adjust their respective plan designs to absorb any new costs associated with the bill.

## **Technology**

No technology impact is anticipated.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 116 Sunset Advisory Commission, 323 Teacher Retirement System, 327 Employees Retirement System, 454 Department of Insurance, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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