

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: HB2967 by Coleman (Relating to coverage of anorexia nervosa and bulimia nervosa as serious mental illnesses under certain group health benefit plans.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2967, As Introduced: a negative impact of (\$1,503,507) 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	(\$1,503,507)
2012	(\$1,623,787)
2013	(\$1,804,208)
2014	(\$1,924,488)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from General Revenue Fund 1	Probable Savings/ (Cost) from GR Dedicated Accounts 994	Probable Savings/ (Cost) from Federal Funds 555	Probable Savings/ (Cost) from Other Special State Funds 998
2010	\$0	\$0	\$0	\$0
2011	(\$1,503,507)	(\$62,276)	(\$336,215)	(\$6,584)
2012	(\$1,623,787)	(\$67,258)	(\$363,113)	(\$7,111)
2013	(\$1,804,208)	(\$74,731)	(\$403,458)	(\$7,901)
2014	(\$1,924,488)	(\$79,713)	(\$430,356)	(\$8,428)

Fiscal Year	Probable Savings/ (Cost) from State Highway Fund 6
2010	\$0
2011	(\$342,418)
2012	(\$369,812)
2013	(\$410,902)
2014	(\$438,295)

Fiscal Analysis

The bill would require health plans to expand coverage for serious mental health treatment to include the treatment of eating disorders, specifically anorexia nervosa and bulimia nervosa. The requirement would affect a group benefit plan that is delivered, issued for delivery, or renewed on or after January 1, 2010.

The bill would require the Sunset Advisory Commission to conduct a study and report findings to the Legislature on usage of the new benefit coverage by enrollees and the impact of the provision to the health benefit plans.

Methodology

The Employee Retirement System projects that the provisions of the bill would increase plan costs and state contributions for the Group Benefits Plan (GBP). The ERS actuary used prevalence rates published in the 2003 article, "Review of the Incidence and Prevalence of Eating Disorders" as a source of estimating prevalence rates for females and males. In addition, the actuary assumed that the number of patients receiving benefits under the category, serious mental illness, would increase 50 percent; that the treatment cost would be approximately \$50,000 per individual; and that the amount paid for each patient represent 95 percent of allowable charges (versus the current 50 percent). Overall, ERS projects increased costs to the state (state employees and higher education employees) of \$2,251,000 in fiscal year 2011, increasing to \$2,881,280 by fiscal year 2014.

Based on the analysis of the Texas Department of Insurance (TDI), it is assumed that there would be a one-time revenue gain of \$3,700 in the General Revenue Dedicated Account Fund 36 in fiscal year 2010 because the bill would result in additional form filings by Health Maintenance Organizations. 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 Sunset Commission projects that no additional costs would be incurred related to implementation of provisions of the bill affecting the Commission.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 327 Employees Retirement System, 454 Department of Insurance

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