

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 31, 2009

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

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

IN RE: HB2969 by Coleman (Relating to health benefit plan coverage for an enrollee with certain mental disorders.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2969, As Introduced: a negative impact of (\$4,188,135) 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	(\$4,188,135)
2012	(\$4,488,837)
2013	(\$4,889,538)
2014	(\$5,290,239)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>General Revenue Fund</i> 1	Probable Savings/ (Cost) from <i>GR Dedicated Accounts</i> 994	Probable Savings/ (Cost) from <i>Federal Funds</i> 555	Probable Savings/ (Cost) from <i>Other Special State Funds</i> 998
2010	\$0	\$0	\$0	\$0
2011	(\$4,188,135)	(\$144,479)	(\$780,020)	(\$1,615,276)
2012	(\$4,488,837)	(\$156,935)	(\$847,263)	(\$1,816,593)
2013	(\$4,889,538)	(\$169,390)	(\$914,506)	(\$1,917,909)
2014	(\$5,290,239)	(\$181,845)	(\$981,749)	(\$2,019,226)

Fiscal Year	Probable Savings/ (Cost) from <i>State Highway Fund</i> 6
2010	\$0
2011	(\$794,410)
2012	(\$862,894)
2013	(\$931,377)
2014	(\$999,861)

Fiscal Analysis

The bill would amend Subchapter A, Chapter 1355 of the Insurance Code to expand health benefit plan coverage of mental disorders. The bill would require the Employees Retirement System's (ERS) Group Benefit Program (GBP) health plan coverage for all mental disorders be treated the same as any other illness (SAAOI) effective September 1, 2010. The current statute requires SAAOI coverage for only those mental disorders that are categorized as Serious Mental Illness (SMI), as defined by the statute, and substance abuse.

The bill would take effect September 1, 2009.

Methodology

Both ERS and The University of Texas System estimate that the bill would increase non-prescription drug plan costs for treatment of mental disorders by approximately 25 percent, based on the expectation that a significant percentage of the cost of treatment of mental disorders is already covered under the SMI standard in both the ERS GBP and UT-Select plans. Also, both group health plans currently provide partial coverage for the treatment of non-SMI mental disorders. The ERS actuary also assumes similar cost increases would occur in connection with members currently covered by Health Maintenance Organizations (HMOs).

ERS reports that the bill would have a fiscal impact to the state in All Funds of \$5,222,320 in fiscal year 2011 (\$3,632,514 in General Revenue-related funds). The University of Texas System reports that the bill would have a fiscal impact to the state in All Funds of \$2,300,000 in fiscal year 2011 (\$700,000 in General Revenue-related funds). The additional costs would require higher contributions from both the state and the members. It is assumed that there would be no increase in prescription drug costs as a result of this bill and no current plan limitations in connection with drugs prescribed in the treatment of mental disorders.

The Texas A&M University System's Benefits Administration reports that the bill would not have a significant fiscal impact to its health plan costs.

The Department of Insurance reports that its Life, Health and Licensing program expects a small possible revenue gain as a result of an increase in filings to bring plans into compliance with the bill. Since General Revenue Dedicated Account Fund 036 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.

Local Government Impact

The bill would prohibit a political subdivision that provides group health insurance to officers or employees from providing less coverage for a mental disorder. Under current law, a political subdivision is required to provide coverage for a serious mental illness. The costs associated with implementing the provisions of the bill are not anticipated to be significant.

Source Agencies: 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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