

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

February 28, 2011

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

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

IN RE: HB438 by Thompson (Relating to health benefit plan coverage for orally administered anticancer medications.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB438, As Introduced: a negative impact of (\$770,733) through the biennium ending August 31, 2013.

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
2012	\$0
2013	(\$770,733)
2014	(\$823,283)
2015	(\$875,833)
2016	(\$922,544)

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>Other Special State Funds</i> 998	Probable Savings/ (Cost) from <i>State Highway Fund</i> 6
2012	\$0	\$0	\$0	\$0
2013	(\$770,733)	(\$33,044)	(\$4,707)	(\$175,952)
2014	(\$823,283)	(\$35,297)	(\$5,028)	(\$187,949)
2015	(\$875,833)	(\$37,550)	(\$5,349)	(\$199,946)
2016	(\$922,544)	(\$39,553)	(\$5,634)	(\$210,609)

Fiscal Year	Probable Savings/ (Cost) from <i>Federal Funds</i> 555
2012	
2013	(\$185,084)
2014	(\$197,703)
2015	(\$210,323)
2016	(\$221,540)

Fiscal Analysis

The bill would amend the Insurance Code to require health benefit plans to provide coverage for orally administered anticancer medications on a basis no less favorable than intravenously administered cancer medications covered by the plans. The bill would not prohibit the plans from requiring prior authorization for the medication. If the medication is authorized, the patient's out-of-pocket costs could not be greater than the out-of-pocket costs for an intravenously administered anticancer medication.

Before the plans could increase patients' out-of-pocket costs for intravenously administered anticancer medications, the bill would require plans' issuers to file the proposed increase with the Department of Insurance (TDI) with evidence showing the increase to be directly related to an increase in costs to the plan for intravenous medication. The bill would allow the commissioner of insurance to deny the filed increase if evidence is not provided.

The bill would apply to health benefit plans issued on or after January 1, 2012. The bill would take effect September 1, 2011.

Methodology

Based on the analysis provided by the Employees Retirement System (ERS), the bill would increase coverage to some of the health plan participants and decrease the out-of-pocket costs for orally administered anticancer medications. It is assumed that the cost in fiscal year 2013 would be \$770,733 in General Revenue, \$33,044 in General Revenue-Dedicated Fund 994, \$4,707 in Special State Fund 998, \$175,951 in State Highway Fund 6, and \$185,084 in Federal Funds. The costs are projected to slightly increase for the next four years.

Based on the analysis provided by the University of Texas System, the bill would decrease the out-of-pocket costs for orally administered anticancer medication therefore resulting in increased cost to the health plan. Based on the analysis by the University of Texas System, it is assumed that the increased cost from implementation of the bill could be absorbed within existing agency resources.

Based on the analysis by the Texas A&M University System, it is assumed that the increased cost from implementation of the bill could be absorbed within existing agency resources.

Based on the analysis provided by the Teachers Retirement System (TRS), the bill would decrease the out-of-pocket costs for orally administered anticancer medication therefore resulting in increased cost to the health plan. The agency anticipates that there could be some plan costs to the TRS Active School Employees Uniform Group Insurance Program (TRS-ActiveCare) starting in 2013.

Based on the analysis provided by TDI, it is assumed that any costs associated with the implementation of this bill would be absorbed within existing agency resources. Also based on information provided by TDI, this analysis assumes that implementation of the bill would result in a small one-time revenue gain (\$3,700 in fiscal year 2012) in General Revenue-Insurance Maintenance Tax and Insurance Department Fees from new filing fees. Since General Revenue – Insurance Maintenance Tax and Insurance Department Fees is a self-leveling account, this analysis also assumes that any additional revenue resulting from the implementation of the bill would accumulate in the account fund balances and that the department would adjust the assessment of the maintenance tax or other fees accordingly in the following year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

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