

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 23, 2013

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB1119** by Davis, Yvonne (Relating to HIV and AIDS tests and to health benefit plan coverage of HIV and AIDS tests.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1119, As Introduced: a negative impact of (\$12,851,628) through the biennium ending August 31, 2015. Additional agencies also estimated costs to local entities and plan members from implementing the provisions of the bill that are not included in the cost tables below.

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
2014	(\$3,366,083)
2015	(\$9,485,545)
2016	(\$10,037,424)
2017	(\$10,464,956)
2018	(\$10,884,459)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from State Highway Fund 6	Probable Savings/(Cost) from Federal Funds 555	Probable Savings/(Cost) from GR Match For Medicaid 758
2014	(\$1,537,530)	\$0	(\$2,603,228)	(\$1,828,553)
2015	(\$7,148,462)	(\$837,764)	(\$4,167,249)	(\$2,337,083)
2016	(\$7,512,829)	(\$900,656)	(\$4,491,114)	(\$2,524,595)
2017	(\$7,877,196)	(\$963,547)	(\$4,647,472)	(\$2,587,760)
2018	(\$8,241,563)	(\$1,026,439)	(\$4,792,672)	(\$2,642,896)

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from <i>GR Dedicated Accounts</i> 994</b>	<b>Probable Savings/(Cost) from <i>Other Special State Funds</i> 998</b>	<b>Probable Savings/(Cost) from <i>Local Funds</i></b>
2014	\$0	\$0	\$0
2015	(\$186,010)	(\$29,319)	(\$240,040)
2016	(\$199,973)	(\$31,520)	(\$258,060)
2017	(\$213,937)	(\$33,721)	(\$276,080)
2018	(\$227,901)	(\$35,922)	(\$294,100)

**Fiscal Analysis**

The bill would amend the Health and Safety Code, Chapter 85 to require opt-out HIV testing for routine medical screenings and require the Health and Human Services Commission to adopt rules related to testing. The bill would amend the Human Resources Code, Chapter 32 to require the Commission to adopt rules related to opt-out HIV testing for clients of the medical assistance program. The bill would amend the Insurance Code, Chapters 1364 and 1507 to require health plans to provide coverage for the required opt-out HIV testing.

The changes made by the bill related to health plan coverage of testing apply to plans issued or renewed on or after January 1, 2014. The Health and Human Services Commission must adopt rules required by the under the bill by January 1, 2014. The bill takes effect September 1, 2013.

**Methodology**

The estimated cost to comply with the provisions of the bill would be \$6.0 million in All Funds in fiscal year 2014. The cost would range from \$15.0 million to \$17.3 million in All Funds per year in subsequent fiscal years. These costs are associated with the Employees Retirement System (ERS), the Department of State Health Services (DSHS) and the Health and Human Services Commission (HHSC).

ERS indicates that HealthSelect plan members average 6.5 lab procedures per year, and approximately 10.3 percent of lab procedures are general diagnostic blood tests. Based on data from the HealthSelect plan, the agency estimates that 516,437 participants will require an additional 316,506 HIV tests each year, with a per test cost of \$21.74. The agency estimates that additional HIV testing would result in a cost of \$7.0 million to \$8.7 million in All Funds per year, and that coverage would be required under HealthSelect and the HMOs beginning with fiscal year 2015.

DSHS estimates that implementation of the bill will impact the primary health care program, the epilepsy program, the family planning program, tuberculosis program, Texas Center for Infectious Disease, mental health community hospitals and local mental health authorities, and opioid treatment programs. Based on the assumptions that 5 percent of clients will refuse testing and using the unduplicated counts for clients in each program, it is estimated that the HIV tests will cost \$1,537,530 in fiscal year 2014 and \$2,294,820 in fiscal year 2015 in General Revenue.

HHSC estimates that implementation of the bill will increase costs in the Medicaid program. Based on the number of Medicaid-eligible clients aged 13 and older, the frequency of Medicaid client routine screenings, and an expected refusal rate of 33 percent, the agency estimates that an

additional 224,963 HIV tests would be performed for clients in fiscal year 2014 and an additional 283,813 HIV tests would be performed in fiscal year 2015, with the number of tests increasing each subsequent year. The agency estimated a per test cost of \$19.70. State Medicaid expenditures are matched at the Federal Medical Assistance Percentage (FMAP).

The Teacher Retirement System (TRS) indicated a cost to the TRS-Care plan. The agency estimates a per test cost of \$16.35 for the plan. Assuming two-thirds of participants undergoing routine testing opt out, the TRS estimates an additional 120,000 tests would be performed each year, resulting in \$2.0 million cost per year. Under current law, the state pays 1 percent of payroll to TRS-Care. It is assumed for the purposes of this analysis that any increased costs would be absorbed by the plan through member premium increases or plan design changes.

Based on the information provided by the University of Texas System, it is estimated that annual costs to its health plan would increase by \$685,000 to \$970,000 per fiscal year. The agency's estimate assumes a cost of \$20 per test with one-third of member doing routine test choosing to opt-out. Based on the information provided by the Texas A&M University System, it is estimated that annual costs to its health plan would increase by \$170,500 to \$516,000 per fiscal year. Of these amounts, a portion would be paid from General Revenue and a portion would be paid from university funds.

Based on information provided by the Texas Department of Insurance (TDI), the bill would result in an increase in form filings; however, it is assumed that all duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing staff and resources. Also, based on information provided by TDI, this analysis assumes that implementation of the bill would result in a revenue gain of \$70,500 in General Revenue-Dedicated Texas Department of Insurance Fund 36 from additional form filings. Since General Revenue-Dedicated Texas Department of Insurance Fund 36 is a self-leveling account, this analysis also assumes that any additional revenue resulting from the implementation of the bill would accumulate in 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**

The Texas Association of Counties reported that no significant fiscal impact is anticipated.

Based on information provided by the Teacher Retirement System (TRS), the provisions of the bill could result in an increase in medical plan costs for the TRS Active Care program, a health insurance plan available to school districts and charter schools which is managed by TRS and funded through premiums paid locally. Increased plan costs would be passed along through increased premiums to be borne by school districts or beneficiaries. The level of increase would vary by plan choice within TRS Active Care. TRS estimates a per test cost of \$15.47 for TRS-Active Care. Assuming two-thirds of participants undergoing routine testing opt out, the agency estimates an additional 106,769 HIV tests would be performed each year, resulting in a \$1.7 million plan cost per year.

**Source Agencies:** 323 Teacher Retirement System, 327 Employees Retirement System, 454 Department of Insurance, 529 Health and Human Services Commission, 537 State Health Services, Department of, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

**LBB Staff:** UP, AG, JI, JJO, JW, EMO, ER, KKR