

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: HB2929 by Sheets (Relating to health benefit plan coverage for brain injury.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2929, As Introduced: a negative impact of (\$974,166) through the biennium ending August 31, 2015.

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	\$0
2015	(\$974,166)
2016	(\$1,985,456)
2017	(\$2,226,076)
2018	(\$2,445,383)

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 Other Special State Funds 998	Probable Savings/(Cost) from State Highway Fund 6
2014	\$0	\$0	\$0	\$0
2015	(\$974,166)	(\$37,334)	(\$5,885)	(\$168,146)
2016	(\$1,985,456)	(\$76,090)	(\$11,994)	(\$342,700)
2017	(\$2,226,076)	(\$85,311)	(\$13,447)	(\$384,232)
2018	(\$2,445,383)	(\$93,716)	(\$14,772)	(\$422,086)

Fiscal Year	Probable Savings/(Cost) from Federal Funds 555	Probable Savings/(Cost) from Local Funds
2014	\$0	\$0
2015	(\$183,292)	(\$48,178)
2016	(\$373,569)	(\$98,192)
2017	(\$418,842)	(\$110,092)
2018	(\$460,105)	(\$120,938)

Fiscal Analysis

The bill would amend the Insurance Code relating to health benefit plan coverage for brain injury. The bill would prohibit a health benefit plan from limiting the number of days of treatment under a health benefit plan that does not specifically identify a particular therapy, treatment, testing, remediation, or other service. The bill would prohibit a health benefit plan from limiting the number of days covered for post-acute care and custodial care. The bill would prohibit a health benefit plan from refusing to contract with a facility to provide certain services solely because the facility is an assisted living facility.

The conditions of the bill would only apply to health benefit plans delivered, issued for delivery, or renewed on or after January 1, 2014. The bill would take effect on September 1, 2013.

Methodology

The estimated cost to comply with the provisions of the bill would be \$1.4 million in All Funds in fiscal year 2015, and would range from \$2.9 million to \$3.6 million in All Funds per year in subsequent fiscal years. These costs are associated with the Employees Retirement System (ERS).

ERS indicates that the changes made by the bill would require adjustments to the benefits structure of the Group Benefits Plan to include coverage for custodial care. ERS anticipates that administrative costs along with plan impact costs would increase for the HealthSelect plan as a result of the increase in custodial care and the decrease in the third-party administrator's oversight and ability to rule over medical necessity. Based on data from the Center for Disease Control, approximately 95 hospitalizations occur from traumatic brain injury per 100,000. The agency estimates that the plan's 465,500 participants would result in 440 hospitalizations. Of the hospitalized population, ERS assumes that 15 percent would require home healthcare services for 2-years following hospitalizations at an annual cost of \$20,600 per year, and 1.5 percent would require assisted living services for 5-years at an annual cost of \$40,000, with cost growth assumptions of 1 percent and 6 percent, respectively.

Based on information provided by TDI, the bill would result in an increase in form filings due to Health Maintenance Organizations and health insurers filing amendments to policies, certificates, and evidence of coverage; 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 an increase in form filings and a one-time revenue gain (\$70,500 in fiscal year 2014) in General Revenue-Dedicated Texas Department of Insurance Fund 36. 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.

According to the Teacher Retirement System (TRS), the bill would require coverage for custodial care if determined to be the appropriate level of care related to an acquired brain injury. The impact to the TRS-Care retiree insurance trust fund to provide the provisions of the bill is an estimated cost of \$9.6 million per year, representing approximately 200 cases per year/\$4,000 per month.

Local Government Impact

Based on information provided by the Teacher Retirement System, the estimated impact to the TRS-ActiveCare trust fund is \$4.5 million, representing an estimated cost of 332 cases per year/\$13,500 per case. TRS ActiveCare is 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.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System, 454 Department of Insurance, 701 Central Education Agency, 720 The University of Texas System Administration

LBB Staff: UP, AG, EP, EMO, ER, LXH, JW