

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 16, 2013**

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

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

**IN RE: HB3227** by Coleman (Relating to coverage of certain eating disorders as serious mental illnesses under certain group health benefit plans.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3227, As Introduced: an impact of \$0 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2014	\$0
2015	\$0
2016	\$28,090
2017	\$0
2018	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund</b>
2014	\$0
2015	\$0
2016	\$28,090
2017	\$0
2018	\$0

**Fiscal Analysis**

The bill would amend the Insurance Code, Chapter 1355 to add anorexia nervosa, bulimia nervosa, and eating disorders not otherwise specified to the list of Serious Mental Illnesses covered by certain group health benefit plans. The bill would require the Sunset Commission to

study to what extent the additional health benefit coverage is being used by enrollees and the impact of the required coverage on the cost of those health plans by September 1, 2016. The bill would also require the Commission to report its findings to the Legislature by January 1, 2017.

The bill would take effect September 1, 2013.

### **Methodology**

The costs related to changes made by the bill relate to the Sunset Advisory Commission (SAC). The agency indicates that the requirement for SAC to review the impact of changes to the Insurance Code would result in costs to the agency of approximately \$28,090. These costs are related to one-time costs to contract for actuarial expertise not currently available on staff and production costs to issue the report. The agency assumes the required study would be conducted during fiscal year 2016 and would take approximately one month to complete. The agency anticipates that it would contract for 160 hours of actuarial services at standard hourly rates for this profession based on Bureau of Labor Statistics wage data. Report production costs are based on historical costs of similar studies conducted by the the agency.

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 one-time revenue gain (\$34,700 in fiscal year 2014) 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 TDI would adjust the assessment of the maintenance tax or other fees accordingly in the following year.

Multiple agencies including the Employees Retirement System, the Teacher Retirement System, and the Texas A&M University System anticipate any additional work resulting from the passage of the bill could be reasonably absorbed within current resources. The University of Texas System estimates that there would be a cost associated with implementing provisions of the bill. It is anticipated that the costs could be absorbed within current agency resources.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 116 Sunset Advisory Commission, 323 Teacher Retirement System, 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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