

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 1, 2017

TO: Honorable Larry Phillips, Chair, House Committee on Insurance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB717** by Wu (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 HB717, As Introduced: a negative impact of (\$18,673,665) through the biennium ending August 31, 2019.

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
2018	(\$6,159,559)
2019	(\$12,514,106)
2020	(\$13,030,454)
2021	(\$13,520,745)
2022	(\$14,033,503)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from GR Match For Medicaid 758	Probable Savings/(Cost) from GR Dedicated Accounts 994	Probable Savings/(Cost) from Federal Funds 555
2018	\$0	(\$6,159,559)	\$0	(\$8,105,284)
2019	(\$6,284,000)	(\$6,230,106)	(\$231,000)	(\$9,312,987)
2020	(\$6,628,000)	(\$6,402,454)	(\$244,000)	(\$9,610,728)
2021	(\$6,993,000)	(\$6,527,745)	(\$258,000)	(\$9,833,409)
2022	(\$7,376,000)	(\$6,657,503)	(\$272,000)	(\$10,066,104)

Fiscal Year	Probable Savings/(Cost) from State Highway Fund 6	Probable Savings/(Cost) from Other Special State Funds 998	Probable Savings/(Cost) from Local Funds
2018	\$0	\$0	\$0
2019	(\$640,000)	(\$27,000)	(\$283,000)
2020	(\$675,000)	(\$29,000)	(\$299,000)
2021	(\$713,000)	(\$30,000)	(\$315,000)
2022	(\$752,000)	(\$32,000)	(\$333,000)

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 (HHSC) to adopt rules related to testing. The bill would amend the Human Resources Code, Chapter 32 to require HHSC to adopt rules related to opt-out HIV testing for Medicaid clients. 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 delivered, issued for delivery, or renewed on or after January 1, 2018. The executive commissioner of HHSC must adopt rules required by the bill by January 1, 2018. The bill would take effect September 1, 2017.

Methodology

The Employees Retirement System (ERS) indicates that the Group Benefits Plan (GBP) covers a total of approximately 369,000 participants between HealthSelect and Health Maintenance Organizations (HMOs). The analysis assumes no year-to-year increase in GBP participation. HealthSelect plan participants average 1.21 general diagnostic blood tests (excluding HIV blood tests) per participant per year. The analysis assumes GBP participants in HMOs receive general diagnostic blood tests at the same rate, resulting in a total of 446,490 general diagnostic tests each year (369,000 total GBP participants x 1.21 general diagnostic blood tests each year = 446,490 total general diagnostic blood tests each year). The analysis assumes participants will opt out of the HIV test one-third of the time, resulting in a gross increase of 297,660 HIV tests each year (446,490 total general diagnostic blood tests x 66.0 percent = 297,660 additional tests). In fiscal year 2016, HealthSelect participants received 8,400 HIV diagnostic tests; the analysis assumes 50.0 percent of these HIV tests will be replaced by tests performed as a result of the bill, resulting in a net increase of 293,460 HIV tests (297,660 gross increase in HIV tests - (8,400*0.5) = 293,460 net increase in HIV tests). ERS anticipates each HIV test to cost approximately \$32.00 in fiscal year 2018, resulting in an increased base cost of \$9.39 million each year (293,460 additional tests x \$32.00 per test = \$9,390,720). Based on an anticipated cost increase of 5.5 percent each year for professional and other medical services, it is estimated that additional HIV testing would result in a cost of \$9.91 million in fiscal year 2019; costs are assumed to increase 5.5 percent for each year thereafter. Additional costs would be split between the state (84.8 percent) and members (15.2 percent).

HHSC estimates that implementation of the bill would increase costs in the Medicaid program. Based on the number of Medicaid clients, the frequency of Medicaid client blood screenings, and an expected refusal rate of 34.0 percent, the agency estimates an additional 664,853 HIV tests would be performed for clients in fiscal year 2018, and an additional 677,494 HIV tests would be performed in fiscal year 2019, with the number of tests increasing each subsequent year. The

agency estimates the cost per test would be \$21.46. State Medicaid expenditures are matched at the Federal Medical Assistance Percentage (FMAP). It is estimated that additional HIV testing would result in a cost of \$14.3 million in fiscal year 2018 and \$14.6 million in fiscal year 2019 for the Medicaid program. HHSC cost estimate only includes the impact to Medicaid, and not to other agency programs. In the Family Planning and Healthy Texas Women programs, the number of HIV screening tests performed would increase as a result of the bill, resulting in an increased financial impact to the contractors. Any financial impact could result in a reduction of other types of available services.

The analysis assumes that any costs associated with implementing the provisions of the bill can be absorbed within existing resources by the Texas Department of Insurance, Department of State Health Services, the University of Texas System and the Texas A&M University System.

Local Government Impact

The analysis assumes the provisions of the bill could result in an increase in medical plan costs for the Teachers Retirement System (TRS) health plans: TRS-Care, the health plan for retired educational employees, and TRS-ActiveCare, the health plan for active educational employees. Because state and district funding for TRS health plans are set by statute and the General Appropriations Act, respectively, any increases in plan costs would be passed along to members in the form of higher premiums and deductibles or reduced benefits. The level of increase for each member would vary by plan choice within TRS-Care and TRS-ActiveCare.

TRS-Care covers approximately 261,528 participants and TRS-ActiveCare covers approximately 484,316, for a total of 745,844 participants. Assuming an average of 1.21 general diagnostic tests per participant per year and an opt-out rate of 50.0 percent, the bill could result in an increase of 451,236 HIV tests each year. At a cost of \$32.00 a test, this would result in a cost of \$15.2 million in fiscal year 2019. Costs are estimated to increase 5.5 percent for each year thereafter.

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

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