

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 24, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1161 by Davis, Sarah (Relating to health benefit plan coverage of prescription contraceptive drugs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1161, As Introduced: a negative impact of (\$4,565,000) 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	\$0
2019	(\$4,565,000)
2020	(\$4,905,000)
2021	(\$5,268,000)
2022	(\$5,660,000)

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>Federal Funds</i> 555	Probable Savings/(Cost) from <i>State Highway Fund</i> 6
2018	\$0	\$0	\$0	\$0
2019	(\$4,565,000)	(\$168,000)	(\$682,000)	(\$465,000)
2020	(\$4,905,000)	(\$181,000)	(\$733,000)	(\$500,000)
2021	(\$5,268,000)	(\$194,000)	(\$788,000)	(\$537,000)
2022	(\$5,660,000)	(\$207,000)	(\$846,000)	(\$576,000)

Fiscal Year	Probable Savings/(Cost) from Other Special State Funds 998	Probable Savings/(Cost) from All Local Units of Government
2018	\$0	\$0
2019	(\$20,000)	(\$206,000)
2020	(\$21,000)	(\$221,000)
2021	(\$23,000)	(\$238,000)
2022	(\$25,000)	(\$255,000)

Fiscal Analysis

The bill would amend the Insurance Code to require health benefit plans to provide up to a 12-month supply of prescription contraceptive drugs at one time.

The bill would take effect September 1, 2017, but only apply to plans that are delivered, issued for delivery, or renewed on or after January 1, 2018.

Methodology

The Employees Retirement System indicates that there would be a fiscal impact to the state's employee health plans due to expected wastage from dispensed but unused products and products dispensed to participants who receive a 12-month supply but then leave the plan. The results of the actuarial and fiscal analysis are included in the table above and do account for some offsetting medical cost savings from avoided maternal and pediatric care. The analysis also includes participants in HealthSelect as well as Health Maintenance Organizations, health care cost trends, and also separates out the plan's costs for state agencies (\$4.1 million in All Funds in fiscal year 2019) and for higher education (\$1.8 million in All Funds for fiscal year 2019).

According to the Health and Human Services Commission, any cost to Medicaid would be offset by savings related to averted births and reduced costs for prescriptions provided through the Healthy Texas Women program, which are not eligible for federal matching funds. Costs to the Children's Health Insurance Program (CHIP) would be minimal because coverage of prescription contraceptives is limited to uses other than the prevention of pregnancy.

According to the Teacher Retirement System, the bill would result in increased costs to the ActiveCare plan.

The University of Texas System indicates that the impact of the bill would be minimal, but difficult to predict due to numerous unknown factors.

The Department of Insurance anticipates that it could absorb any cost of the bill within existing resources.

Local Government Impact

According to the Department of Insurance, no fiscal implication to local government is anticipated.

According to the Texas Association of Counties, the fiscal impact is not anticipated to be significant.

According to the Texas Municipal League, the fiscal impact is not anticipated to be significant.

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

LBB Staff: UP, AG, NV, KFa, TSI, TBo, JGA