

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: **HB3930** by Miller (Relating to health benefit plan coverage for early childhood intervention services.), **As Introduced**

No significant fiscal implication to the State is anticipated. However, the bill would result in costs to the Teacher Retirement System's TRS-ActiveCare plan, and could provide the basis for making reductions to appropriations for the Early Childhood Intervention program.

The bill would amend the Insurance Code to expand the coverage requirements for affected plans in relation to early childhood intervention services and developmental delays. Under the provisions of the bill, a health benefit plan that provides coverage for rehabilitative and habilitative therapies may not prohibit or restrict payment for covered services provided to a child and determined to be necessary to and provided in accordance with an individualized family service plan issued by the Interagency Council on Early Childhood Intervention. The bill would require coverage to include specialized skills training by early intervention specialists, applied behavior analysis treatment by a board certified behavior analyst or licensed psychologist, and case management provided by a person certified as an early intervention specialist. The bill would establish a \$7,000 limit for each child for specialized skills training and would require that a child exhaust available coverage under this section before the child may receive benefits provided by the state for early childhood intervention services.

The bill specifies that its provisions would not apply to a qualified health plan to the extent that a determination was made that the state was required to defray the cost of the benefits mandated by the bill.

The bill would take effect September 1, 2017.

Health and Human Services Commission (HHSC)

The bill would expand covered benefit requirements in the Texas Insurance Code to include Specialized Skills Training (SST) and Targeted Case Management (TCM) services. These services are currently included in the Early Childhood Intervention (ECI) program service array. Additionally, the bill would expand covered benefit requirements to include applied behavioral analysis services. These services are not currently included in the ECI program service array, so no significant fiscal impact to HHSC is anticipated.

The ECI program served an average of 27,000 children per month in fiscal year 2016. According to analysis by HHSC, 29 percent of ECI families have private insurance. However, this analysis cannot determine what the effect of increased private insurance coverage would be on

participation in the ECI program or the amount of revenue ECI providers would collect. As a result, this analysis assumes that the provisions of the bill would result in an indeterminate but potentially significant increase in revenue to the network of ECI providers.

State funding for ECI is subject to appropriation. To the extent that additional revenue from private insurance billing allows for a reduction of appropriated funding, the state could experience a savings in future years but the method of financing would be dependent on a number of other factors including availability of Federal Funds, Medicaid participation, and Maintenance of Effort requirements. Absent a reduction to appropriations, increased revenue from private insurance would increase overall funding for the program.

Teacher Retirement System (TRS)

Based on information provided by the Teacher Retirement System (TRS), the bill would result in estimated costs of \$2.57 million per plan year for TRS-ActiveCare, the health plan for active educational employees. Since state and district funding of ActiveCare is set by statute with a minimum contribution per member per month, not by direct appropriation. In addition, the bill specifies that its provisions would not apply to a qualified health plan if the state was required to defray the cost of the benefits mandated by the bill. For these reasons, it is anticipated that any increased costs to the ActiveCare plan that resulted from the bill would be passed on to members in the form of higher deductibles, copays, and coinsurance, or through reduced benefits. In addition, although Chapter 1367 of the Insurance Code specifies that a health benefit plan issuer may not use the cost of rehabilitative or habilitative therapies as the sole justification for increased plan premiums, it is anticipated that the benefit increases established by the bill would partially contribute to premium increases for plan participants. TRS reports that the bill would have minimal impact on TRS-Care, the health plan for retirees, and that any costs to the plan could be absorbed within existing resources.

It is assumed that the bill would result in no significant fiscal impact to the Texas Department of Insurance (TDI), based on information provided by the agency.

Local Government Impact

The ECI provider network consists of 46 providers, including non-profit organizations, education service centers, independent school districts, and local mental health authorities. These providers would be likely to experience additional revenue related to provisions of the bill. Additionally, ECI providers receive funding from local governments, including counties and municipalities. To the extent that this additional revenue allows local governments to decrease contributions to ECI providers, they could experience a savings.

Source Agencies: 323 Teacher 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

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