

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 8, 2019

TO: Honorable Eddie Lucio III, Chair, House Committee on Insurance

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: HB2682 by Collier (Relating to health benefit coverage for certain fertility preservation services under certain health benefit plans.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2682, As Introduced: a negative impact of (\$1,906,753) through the biennium ending August 31, 2021.

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
2020	\$0
2021	(\$1,906,753)
2022	(\$1,897,074)
2023	(\$2,056,086)
2024	(\$2,089,143)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from School Employees UGIP Trust Fund 855	Probable (Cost) from GR Match For Medicaid 758	Probable (Cost) from Federal Funds 555	Probable Revenue Gain from General Revenue Fund 1
2020	(\$4,000,000)	\$0	\$0	\$0
2021	(\$4,000,000)	(\$1,966,936)	(\$3,191,564)	\$45,137
2022	(\$4,000,000)	(\$2,054,750)	(\$3,346,800)	\$118,257
2023	(\$4,000,000)	(\$2,155,784)	(\$3,511,366)	\$74,773
2024	(\$4,000,000)	(\$2,189,887)	(\$3,566,913)	\$75,558

Fiscal Year	Probable Revenue Gain from Foundation School Fund 193
2020	\$0
2021	\$15,046
2022	\$39,419
2023	\$24,925
2024	\$25,186

Fiscal Analysis

The bill would amend the Insurance Code to require that certain health benefit plans provide coverage for fertility preservation services to members who receive medically necessary treatments that American Society of Clinical Oncology or the American Society for Reproductive Medicine have established may directly or indirectly cause impaired fertility. The fertility preservation services would be required to be standard procedures to preserve fertility consistent with established medical practices or professional guidelines published by those organizations.

Methodology

The Teacher Retirement System (TRS) assumes the bill would result in approximately \$4,000,000 in additional claims costs per year to the School Employees Uniform Group Insurance Program Trust Fund 855 (ActiveCare). The bill would not amend the statutorily required state contribution to ActiveCare, therefore, the provisions of the bill relating to TRS would have no impact to General Revenue. However, additional costs to the health plan may result in the need for higher contribution rates from the state, employers, or members. TRS assumes the provisions of the bill would have no significant fiscal implementation to the TRS-Care program.

To implement the new benefit, the Health and Human Services Commission (HHSC) assumes it would be required to develop policy language, conduct rate hearings, update provider and policy manuals, complete a state plan amendment, and submit provider and MCO notifications and related educational materials regarding the new covered services. This process is assumed to take a minimum of 12 months; therefore, HHSC client services costs associated with the additional benefit will begin in fiscal year 2021. It is assumed 25 percent of clients eligible based on diagnosis would choose to utilize the new benefit at a cost of \$5.2 million in All Funds, including \$2.0 million in General Revenue, in fiscal year 2020 increasing in each subsequent year to \$5.8 million in All Funds, including \$2.2 million in General Revenue, in fiscal year 2024. The increase in client services payments through managed care is assumed to result in an increase to insurance premium tax revenue. Revenue is adjusted for assumed timing of payments and prepayments resulting in assumed increased collections of \$0.1 to \$0.2 million beginning in fiscal year 2021. Pursuant to Section 227.001(b), Insurance Code, 25 percent of the revenue is assumed to be deposited to the credit of the Foundation School Fund.

This analysis assumes costs to implement the provisions of the bill could be absorbed by the Employees Retirement System and the University of Texas System using existing resources. Texas A&M University System assumes costs to implement the provisions of the bill could be absorbed using existing resources. However, additional costs to the health plans may result in the need for higher contribution rates from the state, employers, and/or members.

Local Government Impact

Additional costs to the health plans may result in the need for higher contribution rates from school districts that participate in ActiveCare.

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

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