

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 5, 2021

TO: Honorable Tom Oliverson, Chair, House Committee on Insurance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB40 by Talarico (Relating to a cap on the monthly price of insulin and insulin supplies.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB40, As Introduced : an impact of \$0 through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from RETIRED SCHOOL EMP GROUP INSURANCE 989</i>	<i>Probable Savings/(Cost) from School Employees UGIP Trust Fund 855</i>
2022	(\$151,000)	(\$1,092,000)
2023	(\$156,000)	(\$1,125,000)
2024	(\$160,000)	(\$1,158,000)
2025	(\$165,000)	(\$1,180,000)
2026	(\$170,000)	(\$1,185,000)

Fiscal Analysis

The bill would amend the Insurance Code relating to a cap on the monthly price of insulin and insulin supplies. This bill provides that health benefit plans, including TRS' plans, delivered on or after January 1, 2022, cap the total amount that a covered person is required to pay for a covered prescription insulin drug at an amount not to exceed \$100.00 per thirty-day supply of insulin, regardless of the amount or type of insulin needed to fill the covered person's prescription. The bill gives the Insurance Commissioner the power to promulgate rules necessary to implement and administer the bill and align it with federal requirements. It also requires the Department of Health and Human Services to investigate and report on the pricing of prescription insulin drugs.

Methodology

Based on information provided by the Teacher Retirement System of Texas, the bill would have a cost to the Retired School Employee Group Insurance (Fund 989 - TRS-Care) of \$151,000 in 2022 and \$156,000 in 2023. Additionally, according to the agency, the bill would have a cost to the School Employees Uniform Group Insurance Program Trust Fund (Fund 855 - TRS ActiveCare) of \$1,092,000 in 2022 and \$1,125,000 in 2023. The bill applies to a basic plan under Chapter 1575 (non-Medicare TRS-Care) and a primary care coverage plan under Chapter 1579 (TRS-ActiveCare). Additional costs would not increase the statutorily-required state contributions to TRS-Care and ActiveCare for the 2022-23 biennium; therefore, no significant fiscal impact to the General Revenue Fund is anticipated. However, the additional costs may result in the need for higher contribution rates from the State, employers, or members to the TRS-Care and ActiveCare programs.

Based on information provided by the Texas Department of Insurance and Employees Retirement System, the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Technology

There is no anticipated technology impact as a result of implementing this bill.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

Source Agencies: 302 Office of the Attorney General, 323 Teacher Retirement System, 327 Employees Retirement System, 454 Department of Insurance, 529 Hlth & Human Svcs Comm

LBB Staff: JMc, AAL, MB, MPUK, RSTE