

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**  
**Revision 1**

**May 6, 2021**

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

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE:** **HB2134** by Bernal (relating to coverage for childhood cranial remolding orthosis under certain health benefit plans.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2134, Committee Report 1st House, Substituted : a negative impact of (\$3,552,313) 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>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2022	(\$1,190,137)
2023	(\$2,362,176)
2024	(\$2,532,138)
2025	(\$2,665,965)
2026	(\$2,871,937)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from GR Match For Medicaid 758</b>	<b>Probable Savings/(Cost) from Tobacco Receipts Match For Chip 8025</b>	<b>Probable Savings/(Cost) from Federal Funds 555</b>	<b>Probable Revenue Gain/(Loss) from General Revenue Fund 1</b>
2022	(\$1,218,663)	(\$8,166)	(\$1,918,188)	\$27,519
2023	(\$2,512,754)	(\$21,461)	(\$3,978,992)	\$129,029
2024	(\$2,630,123)	(\$23,141)	(\$4,154,472)	\$90,845
2025	(\$2,767,914)	(\$25,182)	(\$4,356,045)	\$95,348
2026	(\$2,931,799)	(\$27,585)	(\$4,536,083)	\$65,585

<i>Fiscal Year</i>	<b>Probable Revenue Gain/(Loss) from Foundation School Fund 193</b>
2022	\$9,173
2023	\$43,010
2024	\$30,281
2025	\$31,783
2026	\$21,862

## **Fiscal Analysis**

The bill would require a health benefit plan to cover, in full, the cost of a cranial remolding orthosis for a children with certain diagnosis. Coverage could no be less favorable than coverage for other orthotics under the plan and would be subject to the same dollar limits, deductibles, and coinsurance factors as coverage for other orthotics under the plan.

## **Methodology**

Currently, cranial remolding is covered for one diagnosis in Medicaid and is on the Children's Health Insurance Program (CHIP) excluded services list. It is assumed that eligible diagnosis will be expanded in Medicaid and the services will become a CHIP benefit, expanding the availability of the benefit to more clients. Assuming the benefit becomes available on March 1, 2022, the estimated cost to Medicaid and CHIP client services is \$3.1 million in All Funds, including \$1.2 million in General Revenue, in fiscal year 2022, and increases in subsequent years to \$7.4 million in All Funds, including \$2.9 million in General Revenue, in fiscal year 2026.

The net increases in client services payments through managed care are assumed to result in an increase to insurance premium tax revenue, estimated as 1.75 percent of the increased managed care expenditures. Revenue is adjusted for assumed timing of payments and prepayments resulting in assumed increased collections of \$36,692 in fiscal year 2022, \$0.1 million in fiscal year 2023, \$0.1 million in fiscal year 2024, \$0.1 million in fiscal year 2025, and \$0.1 million in fiscal year 2026. 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.

It is assumed that costs to the Health and Human Services Commission associated with rulemaking, and development of any state plan amendments or waivers could be absorbed within existing agency resources.

This analysis assumes any cost to the Teachers Retirement System, Employees Retirement System, Texas Department of Insurance, Texas A&M System Administration, and University of Texas System Administration associated with the bill could be absorbed within existing resources.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 323 Teacher Retirement System, 327 Employees Retirement System, 454 Department of Insurance, 529 Hlth & Human Svcs Comm, 710 Texas A&M Univ System Admin, 720 UT Sys Admin

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