

**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: HB2134 by Bernal (Relating to coverage for childhood cranial remolding orthosis under certain health benefit plans.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2134, As Introduced : a negative impact of (\$2,410,701) 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	(\$808,555)
2023	(\$1,602,146)
2024	(\$1,716,871)
2025	(\$1,807,088)
2026	(\$1,945,967)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from GR Match For Medicaid 758</i>	<i>Probable Savings/(Cost) from Federal Funds 555</i>	<i>Probable Revenue Gain/(Loss) from General Revenue Fund 1</i>	<i>Probable Revenue Gain/(Loss) from Foundation School Fund 193</i>
2022	(\$833,410)	(\$1,296,983)	\$18,641	\$6,214
2023	(\$1,718,403)	(\$2,682,116)	\$87,193	\$29,064
2024	(\$1,798,668)	(\$2,799,153)	\$61,348	\$20,449
2025	(\$1,892,900)	(\$2,933,463)	\$64,359	\$21,453
2026	(\$2,004,976)	(\$3,052,985)	\$44,257	\$14,752

Fiscal Analysis

The bill would require a health benefit plan to cover, in full, the cost of a cranial remolding orthosis for a child diagnosed with a cranial deformity if it is deemed necessary for treatment of the child's condition and for which an orthotic will result in the improvement of the child's quality of life as determined by the child's physician. 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 remodeling is covered for one diagnosis in Medicaid. It is assumed that diagnosis restrictions will be removed, expanding the availability of the benefit to more clients. Assuming the benefit becomes available on March 1, 2022, the estimated cost to Medicaid is \$2.1 million in All Funds, \$0.8 million in General Revenue, in fiscal year 2022, and increases in subsequent years to \$5.1 million in All Funds, including \$2.0 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 \$24,855 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.

The Teachers Retirement System, Employees Retirement System, Texas Department of Insurance, Texas A&M System Administration, and University of Texas System Administration indicate that any costs 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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