

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

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

**April 20, 2021**

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

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

**IN RE: SB827** by Kolkhorst (Relating to health benefit plan cost-sharing requirements for prescription insulin.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds for SB827, As Engrossed :** an impact of \$0 through the biennium ending August 31, 2023.

**General Revenue-Related Funds, Five- Year Impact:**

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

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

| <i>Fiscal Year</i> | <b>Probable Savings/(Cost) from School Employees UGIP Trust Fund 855</b> | <b>Probable Savings/(Cost) from RETIRED SCHOOL EMP GROUP INSURANCE 989</b> |
|--------------------|--|--|
| 2022               | (\$828,000)  | (\$617,000)  |
| 2023               | (\$853,000)  | (\$636,000)  |
| 2024               | (\$879,000)  | (\$655,000)  |
| 2025               | (\$905,000)  | (\$674,000)  |
| 2026               | (\$932,000)  | (\$694,000)  |

**Fiscal Analysis**

The bill would amend the Insurance Code to limit the cost-share for prescription insulin to a participant to \$50 for a 30-day supply regardless of the amount or type of insulin needed to fill the participant's prescription.

**Methodology**

According to Employees Retirement System of Texas (ERS), in fiscal year 2020, a total of 18,452 prescriptions exceeded the out-of-pocket cap required by the bill. Since the bill only applies to health plans renewed on or after January 1, 2022, it is assumed the bill would have no impact until fiscal year 2023. The bill will result in an increased cost to the Group Benefits Plan administered by ERS, but it is assumed those costs can be absorbed.

Based on the analysis of the Teacher Retirement System (TRS), this analysis assumes that the provision of the bill requiring a cost sharing cap on insulin of \$50 per 30-day supply and assuming a 90-day supply would be 3 times the 30-day supply (same as 45 and 100 day supplies), would result in estimated additional costs of \$828,000 in 2022 and \$853,000 in 2023 to the School Employees Uniform Group Insurance Program Fund 855 (ActiveCare); and costs of \$617,000 in 2022 and \$636,000 in 2023 to the Retired School Employee Group Insurance Fund 989 (TRS-Care). 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.

### **Local Government Impact**

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

**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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