

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 3, 2021

TO: Honorable Tom Oliverson, Chair, House 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.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB827, Committee Report 2nd House, Substituted : a negative impact of (\$1,236,073) 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>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	\$0
2023	(\$1,236,073)
2024	(\$1,273,566)
2025	(\$1,311,312)
2026	(\$1,351,314)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from GR Dedicated Accounts 994	Probable (Cost) from Federal Funds 555	Probable Savings/(Cost) from Other Special State Funds 998
2022	\$0	\$0	\$0	\$0
2023	(\$1,236,073)	(\$89,489)	(\$136,588)	(\$14,130)
2024	(\$1,273,566)	(\$92,156)	(\$140,660)	(\$14,551)
2025	(\$1,311,312)	(\$94,921)	(\$144,880)	(\$14,988)
2026	(\$1,351,314)	(\$97,783)	(\$149,247)	(\$15,439)

<i>Fiscal Year</i>	Probable Savings/(Cost) from State Highway Fund 6	Probable Savings/(Cost) from RETIRED SCHOOL EMP GROUP INSURANCE 989	Probable Savings/(Cost) from School Employees UGIP Trust Fund 855
2022	\$0	(\$957,000)	\$0
2023	(\$172,697)	(\$986,000)	(\$1,400,000)
2024	(\$177,846)	(\$1,000,000)	(\$1,400,000)
2025	(\$183,181)	(\$1,000,000)	(\$1,500,000)
2026	(\$188,704)	(\$1,100,000)	(\$1,500,000)

Fiscal Analysis

The bill would amend the Insurance Code to limit the participant cost-share for prescription insulin to \$25 for a 30-day supply regardless of the amount or type of insulin needed to fill the participant's prescription.

Methodology

According to the Employees Retirement System (ERS), in fiscal year 2020, a total of 61,389 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 additional cost to the Group Benefits Program administered by ERS is estimated to be \$1.6 million in all funds in fiscal year 2023 and \$1.6 million in all funds in fiscal year 2024. The additional cost to the health plans may result in the need for higher contributions from both the state and plan members, depending on actual plan experience and the totality of benefit requirements passed by the legislature.

According to UT System Administration, the proposed requirements could result in an increase of approximately \$3.0 million in total plan costs over the five year period beginning with FY2023, with \$2.5 million being employer costs. Approximately \$0.5 million in additional costs would be paid by plan participants. The employer cost is in the form of increased premium sharing contributions and includes \$0.4 million of general revenue and \$2.1 million of institutional and other funds. The plan participant cost is in the form of increased out-of-pocket premiums.

Based on information provided by the Teacher Retirement System, the projected cost to TRS-ActiveCare primary care coverage plan under Chapter 1579, in fiscal years 2023 and 2024 would be \$1.4 million. Cost to TRS-Care basic plan under Chapter 1575, the projected cost in 2022 and 2023 would be \$1.0 million per year.

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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