

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

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

**May 16, 2021**

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

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

**IN RE: SB1065** by Alvarado (relating to coverage for diagnostic imaging for breast cancer under certain health benefit plans.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1065, Committee Report 2nd House, Substituted : a negative impact of (\$750,933) through the biennium ending August 31, 2023.

Any state agency subject to this Act is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the agencies may, but are not required to, implement a provision of this Act using other appropriations available for that purpose.

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               | \$0   |
| 2023               | (\$750,933)   |
| 2024               | (\$791,409)   |
| 2025               | (\$834,766)   |
| 2026               | (\$880,004)   |

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

| <i>Fiscal Year</i> | <b>Probable Savings/(Cost) from General Revenue Fund 1</b> | <b>Probable Savings/(Cost) from State Highway Fund 6</b> | <b>Probable Savings/(Cost) from Federal Funds 555</b> | <b>Probable Savings/(Cost) from School Employees UGIP Trust Fund 855</b> |
|--------------------|--|--|---|--|
| 2022               | \$0  | \$0  | \$0   | \$0  |
| 2023               | (\$750,933)  | (\$79,095)   | (\$62,557)  | (\$1,000,000)  |
| 2024               | (\$791,409)  | (\$83,494)   | (\$66,036)  | (\$1,000,000)  |
| 2025               | (\$834,766)  | (\$88,174)   | (\$69,738)  | (\$1,000,000)  |
| 2026               | (\$880,004)  | (\$93,135)   | (\$73,661)  | (\$1,100,000)  |

| <i>Fiscal Year</i> | <b>Probable Savings/(Cost) from<br/>RETIRED SCHOOL EMP<br/>GROUP INSURANCE<br/>989</b> | <b>Probable Savings/(Cost) from<br/>GR Dedicated Accounts<br/>994</b> | <b>Probable Savings/(Cost) from<br/>Other Special State Funds<br/>998</b> |
|--------------------|--|---|---|
| 2022               | (\$459,000)  | \$0   | \$0   |
| 2023               | (\$468,000)  | (\$40,985)  | (\$6,471)   |
| 2024               | (\$478,000)  | (\$43,265)  | (\$6,831)   |
| 2025               | (\$487,000)  | (\$45,690)  | (\$7,214)   |
| 2026               | (\$497,000)  | (\$48,261)  | (\$7,620)   |

## **Fiscal Analysis**

The bill would amend the Insurance Code relating to coverage for diagnostic imaging for breast cancer under certain health benefit plans. The bill would define “diagnostic imaging” as an imaging examination using mammography, ultrasound imaging, or magnetic resonance imaging that is designed to evaluate abnormality detected by a physician or patient in a breast, an abnormality seen by a physician on a screening mammogram, or an abnormality previously identified as benign in a breast for which follow-up imaging is recommend by a physician. The bill also requires that a health benefit plan that provides coverage for screening mammogram must provide coverage for diagnostic imaging that is no less favorable than the coverage for a screening mammogram. The bill takes effect September 1, 2021 and applies to health plans renewed on or after January 1, 2022.

The bill states that the Texas Department of Insurance, the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the University of Texas System, the Texas A&M University System, and any other state agency or institution subject to the bill would be required to implement the provisions of the bill only if the Legislature appropriates money specifically for that purpose.

## **Methodology**

According to analysis 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 \$459,000 in 2022 and \$468,000 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 \$1.0 million in fiscal year 2023 and fiscal year 2024. 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 UT System Administration, the bill would have a cost to the General Revenue Fund of \$221,000 in fiscal year 2023 and \$232,000 in fiscal year 2024. Additionally, the bill would have a cost to institutional funds of \$1.1 million in fiscal year 2023 and fiscal year 2024. These funds are not appropriated to the institution in the General Appropriations Act (and not reflected in the table above). The additional Plan cost would require higher contributions from both employers and members. Such cost would be split on the basis of 83.5% for the employers and 16.5% for the members.

Based on information provided by the Employees Retirement System (ERS), the bill would have a cost to the General Revenue Fund of \$0.5 million in fiscal year 2023 and \$0.6 million in fiscal year 2024. There is no cost in fiscal year 2022 because the bill applies to health plans renewed on or after January 1, 2022. 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.

## **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:** 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

**LBB Staff:** JMc, AAL, MB, MPUK, SZ, JPO, RSTE