LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 18, 2021

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB2051** by Menéndez (Relating to health benefit plan coverage of prescription drugs for serious mental illnesses.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2051, As Introduced : a negative impact of ($557,264) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	$0
2023	($557,264)
2024	($607,603)
2025	($662,452)
2026	($721,809)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from State Highway Fund 6	Probable Savings/(Cost) from Federal Funds 555	Probable Savings/(Cost) from School Employees UGIP Trust Fund 855
2022	$0	$0	$0	$0
2023	($557,264)	($38,845)	($30,723)	($196,000)
2024	($607,603)	($42,777)	($33,832)	($202,000)
2025	($662,452)	($47,082)	($37,238)	($208,000)
2026	($721,809)	($51,763)	($40,939)	($214,000)

Fiscal Year	Probable Savings/(Cost) from RETIRED SCHOOL EMP GROUP INSURANCE 989	Probable Savings/(Cost) from GR Dedicated Accounts 994	Probable Savings/(Cost) from Other Special State Funds 998
2022	($378,000)	$0	$0
2023	($389,000)	($20,129)	($3,178)
2024	($401,000)	($22,166)	($3,500)
2025	($413,000)	($24,397)	($3,852)
2026	($425,000)	($26,822)	($4,235)

Fiscal Analysis

The bill would amend the Insurance Code relating to prohibiting certain health plans that provide coverage from providing step therapy criteria for coverage of drugs used in the treatment of serious mental illness. The bill would prohibit a pharmacy benefit manager (PBM) from engaging in utilization management for drugs used to treat serious mental illness. Such prohibition would be required under an applicable health plan issued or renewed on or after January 1, 2022, resulting in minimal costs to the State in fiscal year 2022.

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 $378,000 in 2022 and $389,000 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 $196,000 in fiscal year 2023 and $202,000 in 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 $297,000 in fiscal year 2023 and $321,000 in fiscal year 2024. Additionally, the bill would have a cost to institutional funds of $1.4 million in fiscal year 2023 and $1.6 million in fiscal year 2024. These are funds not appropriated to the institution in the General Appropriations Act. 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), there were approximately 1,700 prescriptions for these drugs disallowed due to utilization management in calendar year 2020 in the HealthSelect drug program, avoiding $320,000 in costs associated with these prescriptions. The bill would have a cost to the General Revenue Fund of $260,000 in fiscal year 2023 and $287,000 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.

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, SZ, MB, MPUK, AAL, RSTE