

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 28, 2009**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1290** by Oliveira (Relating to health benefit plan coverage for certain tests for the early detection of cardiovascular disease.), **As Passed 2nd House**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend Subtitle E, Title 8 of the Insurance Code by adding Chapter 1376, which would require certain health plans to provide minimum required coverage of up to \$200 every five years for early detection screening tests of cardiovascular disease. The bill would take effect September 1, 2009, and would apply to all health plans delivered or renewed on or after January 1, 2010.

The University of Texas System Administration indicates that there would be some cost to implement the provisions of the bill, but the costs are expected to be absorbed within the agency's existing budget. It is assumed that any costs realized by the Employee Retirement System, Teachers Retirement System, and Texas A&M System Administration from implementing the provisions of the bill could be absorbed within existing resources.

The Texas Department of Insurance (TDI) indicates that there would be a one-time revenue gain of \$40,900 in the General Revenue Dedicated Account Fund 36 in fiscal year 2010 because the bill would result in filings of amendments to reflect this change of law by insurers. Since General Revenue Dedicated Account Fund 36 is a self-leveling account, this analysis assumes all revenue would go toward fund balances or the maintenance tax would be set to recover a lower level of revenue the following year. It is also assumed that any costs realized by TDI from implementing the provisions of the bill could be absorbed within existing resources.

The bill would amend Subchapter E, Chapter 1551, Insurance Code by adding Section 1551.225 to require the Employees Retirement System (ERS) Board of Trustees to develop a cost-neutral or cost-positive plan for providing bariatric surgery under the group benefits program. The bill would require the Group Benefits Program (GBP) health plan, HealthSelect, to make coverage for bariatric surgery available to enrollees as long as the benefit is cost-neutral or cost-positive to the plan, meaning the benefit would not increase healthcare costs to the GBP.

ERS reports that in order to achieve cost-neutral or cost-positive results, some examples of potential benefits designs would include, but not be limited to: (a) availability to employees who have been covered under the HealthSelect portion of the GBP continuously for 5 years prior to the surgery; (b) adherence to guidelines established by the GBP's Third Party Administrator (TPA) including, but not limited to, a Body Mass Index (BMI) of 40 or more, or a BMI of 35 or more with at least 1 co-morbidity, and participation in a medically supervised weight loss program and failure at least 1 year prior to the surgery; (c) services would be required to be performed at a Center of Distinction, as defined by the TPA; (d) benefits would be subject to a separate deductible and co-insurance rate; (e) expenses would not be applied against the employee's annual out-of-pocket limit; (f) benefits would be limited to in-network only and no coverage would be available out-of-network or through a non-contracted facility or physician; and (g) surgery would only be allowed once in the lifetime of a member.

**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, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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