

**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: HB2000** by McCall (Relating to health benefit plan coverage for certain amino acid-based elemental formulas.), **As Passed 2nd House**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Insurance Code by adding Chapter 1377, which would require health insurance plans to provide coverage to enrollees for amino acid-based elemental formulas for certain diagnosed conditions regardless of the formula delivery method.

The University of Texas System Administration and the Employee Retirement System indicate that there will be a cost to adding this coverage in each agency's health plans. These costs are expected to be absorbed within existing resources. Based on analysis provided by the Texas A&M University System Administration, it is assumed that the bill would not affect the agency's health insurance plans and therefore does not have a fiscal impact. The Teacher Retirement System indicates that there will be additional costs to the agency's health care plans to provide this coverage, but that the cost can be absorbed within existing resources.

Based on the analysis of the Texas Department of Insurance (TDI), it is assumed that there would be a one-time revenue gain of \$34,000 in the General Revenue Dedicated Account Fund 36 in fiscal year 2010 because the bill would result in additional form filings. Since General Revenue Dedicated Account Fund 36 is a self-leveling account, this analysis assumes all revenue generated 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.

Additionally, the bill would amend the Section 1358.051 of the Insurance Code to expand health insurance plan coverage to include certain devices that facilitate insulin therapy and enhance glucose control in the treatment of diabetes. Based on the analysis of the Texas Department of Insurance (TDI), it is assumed that there would be a one-time revenue gain of \$26,500 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 general 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 take effect September 1, 2009, and would apply to all health plans delivered or renewed on or after January 1, 2010.

**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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