

### Fiscal Estimate - 2007 Session

Original
  Updated
  Corrected
  Supplemental

<b>LRB Number</b> <b>07-1049/5</b>		<b>Introduction Number</b> <b>SB-375</b>	
<b>Description</b> Health insurance coverage of nervous and mental disorders, alcoholism, and other drug abuse problems			
<b>Fiscal Effect</b>			
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs			
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs                  3. <input type="checkbox"/> Increase Revenue                  5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs                  4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts			
<b>Fund Sources Affected</b>		<b>Affected Ch. 20 Appropriations</b>	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
<b>Agency/Prepared By</b> ETF/ Jon Kranz (608) 267-0908		<b>Authorized Signature</b> Bob Conlin (608) 261-7940	<b>Date</b> 2/1/2008

## Fiscal Estimate Narratives

ETF 2/1/2008

LRB Number	<b>07-1049/5</b>	Introduction Number	<b>SB-375</b>	Estimate Type	<b>Original</b>
<b>Description</b> Health insurance coverage of nervous and mental disorders, alcoholism, and other drug abuse problems					

### Assumptions Used in Arriving at Fiscal Estimate

This bill removes mandated minimum dollar and day limits for mental health (MH) and alcohol and drug abuse (AODA) coverage under current law and requires that coverage for MH/AODA be the same as the coverage under the plan as is provided for the treatment of physical conditions. This would apply to deductibles, co-insurance, lifetime dollar and annual visit limits. This bill will have fiscal effect to the extent that it results in increased claims for MH/AODA coverage provided by insurers under the state employee group health program. The estimated cost is \$12.6 to \$16.3 million dollars annually in 2008 dollars.

According to the group insurance board's consulting actuary, the current cost of MH/AODA for inpatient and outpatient coverage under the state program is 2.3% of total plan cost. This does not include prescription drug coverage, for which this bill is estimated to have no impact. Using its cost models and experience with other clients of similar populations that do not have limits on MH/AODA, the actuary estimates the expected percentage to be 4.0%-4.5% of total plan paid. The estimated increase therefore ranges 1.7% to 2.2%.

Based on an estimated \$740 million 2008 total plan paid, not including prescription drugs, the 2008 fiscal effect of the bill on the state employee health plan would be \$12.6 to \$16.3 million (\$740 million x 0.017% = \$12.6 million; \$740 million x 0.022% = \$16.3 million). For the local employee health plan, the 2008 fiscal effect of the bill is \$2.0 to 2.6 million annually based on an estimated \$120 million health plan cost in 2008.

### Long-Range Fiscal Implications

The costs are anticipated to increase annually at a rate similar to the overall increase in health plan costs.