

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # - 0857/2

INTRODUCTION # AB 264

Admin. Rule #

Subject
Health insurance coverage of smoking cessation treatment and medications.

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget
 Yes
 No

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR
 FED
 PRO
 PRS
 SEG
 SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

AB 264 requires all health insurance plans offered by the state employe group health insurance program to provide coverage for smoking cessation treatment. Currently, smoking cessation benefits are excluded from coverage under the state health plans. The required coverage includes consultation and medications, nicotine gum, patches, nasal spray, inhalers, and Zyban. The services are to be provided in accordance with the recommendations set forth in the federal Agency for Health Care Policy and Research, Clinical Practice Guideline Number 18, Smoking Cessation, publication number 96-0692. A plan is not required to cover a course of treatment more than one time per year.

Actual experience on the cost and use of this type of benefit are not available, as this benefit is not typically provided by health plans. However, according to information provided by the Department's consulting actuary, we estimate that a course of treatment could cost approximately \$1,200. Assuming that 25%, or an estimated 30,000 of the state plan participants over the age of 16 are smokers, and estimating that 5% would take a smoking cessation program in a given year, this would result in an additional cost of \$1.8 million annually (5% of 30,000 x \$1,200). This cost would go up or down depending upon the actual cost of this program and the actual number of participants each year who choose to take the benefit.

This estimate does not include potential future cost savings that may result from reduced use of health care services, as there is no generally accepted method of quantifying savings to a health plan.

Long-Range Fiscal Implications:

On-going.

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Date
 4-23-99

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

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Subject

Health insurance coverage of smoking cessation treatment and medications.

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:		Annualized Fiscal impact on State funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	\$ -
(FTE Position Changes)		(FTE)	(- FTE)
State Operations - Other Costs		1,800,000	-
Local Assistance			-
Aids to Individuals or Organizations			-
TOTAL State Costs by Category		\$ 1,800,000	\$ -
B. State Costs by Source of Funds			
GPR		\$	\$ -
FED			-
PRO/PRS			-
SEG/SEG-S			-
State Revenues	Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			-
TOTAL State Revenues		\$	\$ -

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ <u>1,800,000</u>	\$ _____
NET CHANGE IN REVENUES	\$ _____	\$ _____

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