

## Fiscal Estimate - 2009 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>09-3406/2</b>		<b>Introduction Number</b> <b>AB-0512</b>	
<b>Description</b> Hhealth 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"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs	
<b>Local:</b>			
<input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <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		(No entries for affected appropriations)	
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
ETF/ Jon Kranz (608) 267-0908		Bob Conlin (608) 261-7940	10/27/2009

## Fiscal Estimate Narratives

ETF 10/27/2009

LRB Number	09-3406/2	Introduction Number	AB-0512	Estimate Type	Original
<b>Description</b> Hhealth insurance coverage of nervous and mental disorders, alcoholism, and other drug abuse problems					

### Assumptions Used in Arriving at Fiscal Estimate

This bill removes the minimum statutory requirements for in-patient, out-patient and transitional care and establishes requirements for annual mental health screenings and makes coverage under the group insurance board's health insurance program subject to S.632.89, stats. This bill will have fiscal impact to the extent that it results in increased costs for state and local health insurance plans administered by the Group Insurance Board

According to the Group Insurance Board' s consulting actuary, the cost of this bill associated with the state group health insurance plan ranges from \$1.6 to \$2.4 million annually (\$0.88 to \$1.32 per member per month (PMPM) x 12 months x 155,000 covered active members in the state plan). The cost associated with the local employee health insurance plan ranges from \$0.3 million to \$0.4 million (\$0.88 to \$1.32 PMPM x 12 months x 28,000 covered active members in the local plan.

The estimate assumes:

1. Elimination of the Federal Mental Health parity "cost increase exception". Under the Federal Mental Health Parity a group health plan is exempt from the mental health parity rules if the cost of coverage increases by two percent in the first year and one percent in the following years. We have not yet measured the impact of Federal parity, but the Department of Employee Trust Funds would lose its ability to qualify for this potential exemption.
2. The bill will require coverage of at least one screening for prepartum depression and one for postpartum depression. Females covered under the plan are allowed at least one screening during a pregnancy for prepartum depression and at least one screening within six months after a live birth, stillbirth, or miscarriage for post-partum depression to determine the need for treatment. Although this screening is often provided in the normal course of pregnancy treatment, we anticipate an increase in utilization of approximately 3 to 6 services per 1,000 individuals (0.3-0.6%) at a cost of \$35 per screening. This equates to a cost of \$0.01-0.02 PMPM.
3. The bill will require coverage of at least one annual screening for treatment of mental health and substance abuse problems. This item will have a larger impact on the ETF plan. Currently, approximately 20% of ETF members receive a physical exam in any given year. Based on Kaiser surveys, approximately 33% of the adult Wisconsin population report poor mental health. The ETF plan will likely see a significant increase in utilization of behavioral health, substance abuse, and mental health screenings as this becomes a required benefit and provider practice patterns change. We assume a utilization rate of approximately 80 to 120 services per 1,000 individuals (8-12%) at a cost of \$130 per screening. This equates to a cost of \$.87 to \$1.30 PMPM.

### Long-Range Fiscal Implications