

Fiscal Note

BILL # SB 1511

TITLE: insurance; gender surgeries; documentation; reports

SPONSOR: Shamp

STATUS: Senate Engrossed

PREPARED BY: Mitch Wenzel

Description

This bill would prohibit health insurers that provide coverage for gender transition procedures from denying coverage for gender detransition procedures. The bill would also require the Department of Insurance and Financial Institutions (DIFI) to submit an annual report regarding the number of insurance claims made for detransition procedures and require state agencies that issue licenses, certificates, or permits to adopt an expedited process for changing an individual's name and sex on official documents. The bill would require the Attorney General's Office (AG) to investigate and enforce compliance.

Estimated Impact

We estimate the bill could have 3 potential cost increases. We anticipate the impacts in each case to be minimal:

- 1) State employee health plan expenses to pay for detransition procedures;
- 2) State agency costs for the expedited process to issue new licenses and permits for name and sex changes; and
- 3) DIFI's new reporting requirement.

Agency estimates of the fiscal impact appear in the Analysis section.

Analysis

The state employee health insurance plan is run by the Arizona Department of Administration (ADOA) and funded via the Health Insurance Trust Fund (HITF), which receives revenues from both employee and employer contributions. The state uses a self-insurance model, meaning that the state is responsible for the direct costs of health insurance claims.

The state's employee health plan currently covers gender transition procedures. To the extent that state employees' health benefit claims increase for detransition procedures, costs to the state would increase. ADOA has stated that it does not have enough data to estimate the fiscal impact of the bill.

The bill would require insurers to report the number of insurance claims made for detransition procedures and non-identifying demographic information for individuals who received a procedure. DIFI would be required to produce an annual report summarizing this information. DIFI does not expect a significant number of claims to be reported and stated that its current staffing levels will be sufficient to fulfill the reporting requirements.

In addition, we surveyed a sample of state agencies responsible for issuing licenses, certifications, permits, etc. that would be required to adopt an expedited process for updating official documents for individuals in the process of gender detransition. The Department of Health Services and two regulatory boards responded that the bill would have no or minimal impact. We also asked the Arizona Department of Transportation for their perspective and have not yet received a response.

(Continued)



Local Government Impact

We anticipate that the impact of the bill on local governments' costs would be minimal as well.

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