

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 12, 2005

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: SB698 by Van de Putte (Relating to restrictions on balance billing by certain health care providers; providing an administrative penalty.), **As Introduced**

No significant fiscal implication to the State is anticipated.

This bill would amend the Insurance and Occupations Code relating to restrictions on balance billing by certain health care providers; providing an administrative penalty.

Based on the analysis of the Employees Retirement System (ERS) the bill would require prior notification to the patient of non-network provider charges above an allowed amount and if the patient were not properly informed in writing the patient would be relieved of the financial burden when they utilize network facilities that employ doctors who do not belong to the network. Under this bill, ERS states that if health care services are provided to an insured party in a facility that is part of the HMO, PPO, or medical facility, a provider would not be permitted to bill the patient any amount above the usual and customary rate as defined by the health insurance policy or the agreed rate for covered services unless written notice has been given to the patient. In addition, this bill could reduce the amount paid by the plan to the negotiated rate in cases of an emergency. Additionally, ERS states that passage of the bill could reduce ERS' administrative workload since approximately 50% of all grievances received are related to allowable amounts. One potential impact of the bill would be that medical facilities would find it more difficult to recruit and retain providers since these providers would be prohibited from billing the patient if they don't follow the required disclosure procedures. In addition, the Board of Medical Examiners states that implementing the provisions of this bill will increase the number of jurisdictional complaints received by the Board by about 500 in the first year and about 100 complaints in subsequent years.

Based on the analysis of the Employees Retirement System, Teacher's Retirement System, Health and Human Services Commission, the Department of Insurance and the Board of Medical Examiners, it is assumed that duties, responsibilities and any costs associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

The bill would take effect immediately upon receiving a two-thirds majority vote in each house. If the bill does not receive a two-thirds vote in each house, the bill would take effect September 1, 2005.

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, 503 Board of Medical Examiners, 529 Health and Human Services Commission

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