

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 16, 2007**

**TO:** Honorable Helen Giddings, Chair, House Committee on Business & Industry

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

**IN RE: HB1285** by Zedler (Relating to accreditation requirements for certain workers' compensation insurers and self-insurers.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1285, As Introduced: a negative impact of (\$268,098) through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	(\$139,799)
2009	(\$128,299)
2010	(\$138,299)
2011	(\$128,299)
2012	(\$138,299)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from GENERAL REVENUE FUND 1</b>	<b>Change in Number of State Employees from FY 2007</b>
2008	(\$139,799)	1.0
2009	(\$128,299)	1.0
2010	(\$138,299)	1.0
2011	(\$128,299)	1.0
2012	(\$138,299)	1.0

**Fiscal Analysis**

The bill would amend the Insurance and Labor Codes relating to accreditation requirements for certain workers' compensation insurers and self-insurers. The bill would require insurance carriers that establish or contract with a network certified under the Insurance Code to provide health care services under the Texas Workers' Compensation Act to present evidence the carrier is accredited by the Utilization Review Accreditation Committee of the American Accreditation Healthcare Commission, Inc., or a similar national organization recognized by the commissioner.

The bill would take effect September 1, 2007.

## **Methodology**

The bill would apply to the State Office of Risk Management (SORM) as SORM is the designated insurance carrier for the state of Texas. Therefore, SORM would need to acquire URAC accreditation. It is estimated that costs associated with acquiring URAC accreditation by SORM would be similar to the costs incurred by URAC-accredited vendors that currently contract with SORM. This analysis assumes the addition of a medical director (Physician II) at \$128,299 (salary and benefits), approximately \$10,000 every 2 years for URAC accreditation renewal and a one-time cost in fiscal year 2008 of \$1,500 for a personal computer.

Based on the analysis of the Texas Department of Insurance, duties and responsibilities associated with implementing the provisions of the bill at that agency could be accomplished by utilizing existing resources.

## **Technology**

There will be a one-time technology cost at SORM of \$1,500 for the purchase of a computer.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 454 Department of Insurance, 479 State Office of Risk Management, 601 Department of Transportation

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