

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 27, 2007

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

IN RE: SB1144 by Deuell (Relating to the reporting requirements for health plans participating in the medical assistance program.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Human Resources Code to require each health plan participating in the medical assistance program to report to the executive commissioner of the Health and Human Services Commission (HHSC) its medical loss ratio in the medical assistance program, along with a sworn statement by an officer of the health plan that has authority to bind the health plan.

The bill would give the executive commissioner the authority to require an MCO to provide any information or documentation necessary to analyze and verify a report; and to issue subpoenas to compel the production of information, documentation, or testimony relating to a medical loss ratio. It would allow the executive commissioner to conduct audits of health plans in order to analyze and verify the ratio, or to contract for such analysis with the State Auditor.

The bill would establish an immediate effective date, with a two-thirds vote of each house; otherwise the bill takes effect September 1, 2007.

HHSC states that the agency currently analyzes and verifies medical loss ratio as part of the financial audit conducted by an independent auditor; therefore, it is no significant fiscal impact. If the state auditor's assistance is requested, the SAO states it would bill at rates (\$96/hour) lower than the average consulting firm would charge (\$160/hour). It is assumed that funds currently expended on the independent auditor would be re-directed to any requested SAO contract, as needed.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 308 State Auditor's Office, 529 Health and Human Services Commission

LBB Staff: JOB, CL, PP, MB