

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 24, 2007

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB1731 by Duncan (Relating to consumer access to health care information and consumer protection for services provided by or through health benefit plans, hospitals, ambulatory surgical centers, birthing centers, and other health care facilities; providing penalties.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1731, As Passed 2nd House: an impact of \$0 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Savings/ (Cost) from <i>INSURANCE MAINT</i> <i>TAX FEES</i> 8042	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Revenue Gain/(Loss) from <i>INSURANCE MAINT</i> <i>TAX FEES</i> 8042
2008	(\$99,112)	(\$1,469,524)	\$99,112	\$1,469,524
2009	(\$99,112)	(\$561,943)	\$99,112	\$561,943
2010	(\$99,112)	(\$561,943)	\$99,112	\$561,943
2011	(\$99,112)	(\$561,943)	\$99,112	\$561,943
2012	(\$99,112)	(\$561,943)	\$99,112	\$561,943

Fiscal Year	Change in Number of State Employees from FY 2007
2008	3.5
2009	3.5
2010	3.5
2011	3.5
2012	3.5

Fiscal Analysis

The bill would amend the Health and Safety Code, Occupations Code, and Insurance Code as it relates to consumer access to health care information and consumer protection for services provided by or through health benefit plans, hospitals, ambulatory surgical centers, birthing centers, and other health care facilities and provides penalties.

The bill would require the Department of State Health Services (DSHS) and the Texas Medical Board (TMB) to make available on their Internet website a consumer guide to healthcare.

The Texas Department of Insurance (TDI) would be authorized to: 1) collect data concerning health benefit plan reimbursement rate and 2) disseminate information concerning health care costs that is derived from the data. The subchapter would apply only to the issuer of a group health benefit plan. The TDI commissioner would be authorized to adopt rules, not later than December 31, 2007, to implement Subchapter H, Chapter 38, Insurance Code, as added by this Act.

Each health benefit plan issuer would be required to submit to TDI the reimbursement rates paid by the health benefit issuer for healthcare services. TDI would also be required to publish aggregate health care cost information.

Facility based physicians, not contracted with a patient's health plan would be required to send to the patient a billing statement that includes an itemized list of services and a notice that the patient may file complaints with TMB.

The bill would amend the Health and Safety Code and the Government Code to transfer the duties of the Texas Health Care Information Council to DSHS. The bill would also change the civil penalty imposed on persons who failed to supply data to at least \$500 for each day of delinquency. Under current law, the penalty is not less than \$1,000 or more than \$10,000 for each act of violation.

The Health and Human Services Executive Commissioner would be required to adopt rules to ensure that a parent of a child, regardless of the parent's conservatorship status, has access to information regarding whether a child is a recipient of medical assistance under Chapter 32, Human Resources Code, or is enrolled under Chapter 62, Health and Safety Code, if the parent provides proof of parenthood. The bill would also require a health benefit plan issuer to provide a parent of a child, regardless of the parent's conservatorship status, information regarding the status of the child's health benefits coverage if the parent provides proof of parenthood.

Not later than January 15 of each year, the governing board of an institution of higher education would be required to report to the legislature certain information.

The bill would apply to an insurance policy, certificate, or contract or an evidence of coverage delivered, issued for delivery, or renewed on or after the effective date of this Act. Except as provided by Section 19 of this Act, DSHS, TMB, and TDI would be required to adopt rules as necessary to implement this Act not later than May 1, 2008. The bill would become effective September 1, 2007.

Methodology

Under the provisions of the bill, TMB estimates that an additional 2.5 FTES would be needed. The estimated costs associated with these additional FTES would be \$99,112 per fiscal year. It is assumed that TMB would adjust license fees to cover these additional costs.

TDI estimates that 1 additional FTE would be needed at a cost of \$69,524 in fiscal year 08 and \$61,943 in each subsequent fiscal year. These costs include salaries, benefits, travel, and other associated costs. TDI also estimates that \$1,400,000 in fiscal year 08 and \$500,000 in each subsequent fiscal year would be needed for technology development and implementation of the new data collection program. Since TDI is required to generate revenues equivalent to its costs of operation under current law, it is assumed that costs would be paid from fund balances or increased maintenance tax revenue out of General Revenue Fund 8042 - Insurance Maintenance Tax and Insurance Department Fees.

The Department of State Health Services estimates that costs associated with the provisions of the bill could be absorbed within current resources.

The Comptroller of Public Accounts estimates that charging persons for violating the requirement to supply data would result in a positive impact to the General Revenue Fund, if these charges were assessed by the day instead of by occurrence. However, the amount of revenue generation could not be estimated.

Technology

TDI estimates that the cost for computer hardware and software to implement the provisions of the bill would be \$1,718 in fiscal year 2008.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 313 Department of Information Resources, 454 Department of Insurance, 503 Texas Medical Board, 529 Health and Human Services Commission, 537 State Health Services, Department of

LBB Staff: JOB, CL, KJG, PP, SJ