

SENATE AMENDMENTS

2nd Printing

By: Woolley, Hartnett, et al.

H.B. No. 522

A BILL TO BE ENTITLED

AN ACT

relating to adoption and operation of requirements regarding health benefit plan identification cards.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Title 8, Insurance Code, is amended by adding Subtitle J to read as follows:

SUBTITLE J. HEALTH INFORMATION TECHNOLOGY

CHAPTER 1660. ELECTRONIC DATA EXCHANGE

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1660.001. FINDINGS AND PURPOSE. (a) The legislature finds that patients deserve accurate, instantaneous information about coverage and financial responsibility to make well-informed decisions about their treatment and spending.

(b) The legislature finds that the ability of health benefit plan issuers and administrators to exchange eligibility and benefit information with physicians, health care providers, hospitals, and patients will ensure a more efficient and effective health care delivery system.

(c) The legislature finds that electronic access to eligibility information will reduce the amount of time and resources spent on administrative functions, prevent abuse and fraud, streamline and simplify processing of insurance claims, and increase transparency in premium cost and health care cost.

(d) The legislature finds that patients often request

1 information about their health care coverage from their health care
2 providers and that health care providers therefore need access to
3 real-time information about their patients' eligibility to receive
4 health care under the health benefit plan, coverage of health care
5 under the health benefit plan, and the benefits associated with the
6 health benefit plan.

7 (e) The legislature finds that adoption of technology by
8 insurers, health maintenance organizations, and health care
9 providers to facilitate use of electronic data exchange standards
10 currently available will make coverage and health care electronic
11 transactions more predictable, reliable, and consistent.

12 Sec. 1660.002. DEFINITIONS. In this chapter:

13 (1) "Administrator" has the meaning assigned by
14 Section 4151.001.

15 (2) "Advisory committee" means the technical advisory
16 committee on electronic data exchange.

17 (3) "Enrollee" means an individual who is insured by
18 or enrolled in a health benefit plan.

19 (4) "Health benefit plan" means an individual, group,
20 blanket, or franchise insurance policy or insurance agreement, a
21 group hospital service contract, or an evidence of coverage that
22 provides health insurance or health care benefits.

23 (5) "Transaction standards" means the Health
24 Insurance Portability and Accountability Act of 1996 (Pub. L. No.
25 104-191) transaction standards of the Centers for Medicare and
26 Medicaid Services under 45 C.F.R. Part 162.

27 Sec. 1660.003. APPLICABILITY. (a) This chapter applies

1 only to a health benefit plan that provides benefits for medical or
2 surgical expenses incurred as a result of a health condition,
3 accident, or sickness, including an individual, group, blanket, or
4 franchise insurance policy or insurance agreement, a group hospital
5 service contract, or an individual or group evidence of coverage or
6 similar coverage document that is offered by:

7 (1) an insurance company;

8 (2) a group hospital service corporation operating
9 under Chapter 842;

10 (3) a fraternal benefit society operating under
11 Chapter 885;

12 (4) a stipulated premium insurance company operating
13 under Chapter 884;

14 (5) a reciprocal exchange operating under Chapter 942;

15 (6) a health maintenance organization operating under
16 Chapter 843;

17 (7) a multiple employer welfare arrangement that holds
18 a certificate of authority under Chapter 846; or

19 (8) an approved nonprofit health corporation that
20 holds a certificate of authority under Chapter 844.

21 (b) This chapter does not apply to:

22 (1) a Medicaid managed care program operated under
23 Chapter 533, Government Code;

24 (2) a Medicaid program operated under Chapter 32,
25 Human Resources Code; or

26 (3) the state child health plan or any similar plan
27 operated under Chapter 62 or 63, Health and Safety Code.

1 Sec. 1660.004. GENERAL RULEMAKING. The commissioner may
2 adopt rules as necessary to implement this chapter, including rules
3 requiring the implementation and provision of the technology
4 recommended by the advisory committee.

5 [Sections 1660.005-1660.050 reserved for expansion]

6 SUBCHAPTER B. ADVISORY COMMITTEE

7 Sec. 1660.051. ADVISORY COMMITTEE; COMPOSITION. (a) The
8 commissioner shall appoint a technical advisory committee on
9 electronic data exchange.

10 (b) The advisory committee is composed of:

11 (1) at least one representative from each of the
12 following groups or entities:

13 (A) health benefit coverage consumers;

14 (B) physicians;

15 (C) hospital trade associations;

16 (D) representatives of medical units of
17 institutions of higher education;

18 (E) representatives of health benefit plan
19 issuers;

20 (F) health care providers; and

21 (G) administrators; and

22 (2) representatives from:

23 (A) the office of public insurance counsel;

24 (B) the Texas Health Insurance Risk Pool; and

25 (C) the Department of Information Resources.

26 (c) Members of the advisory committee serve without
27 compensation.

1 Sec. 1660.052. APPLICABILITY OF CERTAIN LAWS. The
2 following laws do not apply to the advisory committee:

3 (1) Section 39.003(a); and

4 (2) Chapter 2110, Government Code.

5 Sec. 1660.053. ADVISORY COMMITTEE POWERS AND DUTIES. The
6 advisory committee shall advise the commissioner on technical
7 aspects of using the transaction standards and the rules of the
8 Council for Affordable Quality Healthcare Committee on Operating
9 Rules for Information Exchange to require health benefit plan
10 issuers and administrators to provide access to information
11 technology that will enable physicians and other health care
12 providers, at the point of service, to generate a request for
13 eligibility information that is compliant with the transaction
14 standards.

15 Sec. 1660.054. DATA ELEMENTS. (a) The advisory committee
16 shall advise the commissioner on data elements required to be made
17 available by health benefit plan issuers and administrators. To
18 the extent possible, the committee shall use the framework adopted
19 by the Council for Affordable Quality Healthcare Committee on
20 Operating Rules for Information Exchange.

21 (b) The advisory committee shall consider inclusion in the
22 required information of the following data elements:

23 (1) the name, date of birth, member identification
24 number, and coverage status of the patient;

25 (2) identification of the payor, insurer, issuer, and
26 administrator, as applicable;

27 (3) the name and telephone number of the payor's

1 contact person;

2 (4) the payor's address;

3 (5) the name and address of the subscriber;

4 (6) the patient's relationship to the subscriber;

5 (7) the type of service;

6 (8) the type of health benefit plan or product;

7 (9) the effective date of the coverage;

8 (10) for professional services:

9 (A) copayment amounts;

10 (B) individual deductible amounts;

11 (C) family deductible amounts; and

12 (D) benefit limitations and maximums;

13 (11) for facility services:

14 (A) copayment and coinsurance amounts;

15 (B) individual deductible amounts;

16 (C) family deductible amounts; and

17 (D) benefit limitations and maximums;

18 (12) precertification or prior authorization

19 requirements;

20 (13) policy maximum limits;

21 (14) patient liability for a proposed service; and

22 (15) the health benefit plan coverage amount for a

23 proposed service.

24 Sec. 1660.055. RECOMMENDATIONS REGARDING ADOPTION OF
25 CERTAIN TECHNOLOGIES; REPORT. (a) The advisory committee shall:

26 (1) make recommendations regarding the use by health
27 benefit plan issuers or administrators of Internet website

1 technologies, smart card technologies, magnetic strip
2 technologies, biometric technologies, or other information
3 technologies to facilitate the generation of a request for
4 eligibility information that is compliant with the transaction
5 standards and the rules of the Council for Affordable Quality
6 Healthcare Committee on Operating Rules for Information Exchange;

7 (2) ensure that a recommendation made under
8 Subdivision (1) does not endorse or otherwise confine health
9 benefit plan issuers and administrators to any single product or
10 vendor; and

11 (3) recommend time frames for implementation of the
12 recommendations.

13 (b) The advisory committee shall:

14 (1) recommend specific provisions that could be
15 included in a department-issued request for information relating to
16 electronic data exchange, including identification card programs;

17 (2) provide those recommendations to the commissioner
18 not later than four months after the date on which the committee is
19 appointed; and

20 (3) issue a final report to the commissioner
21 containing the committee's recommendations for implementation by
22 September 1, 2009.

23 [Sections 1660.056-1660.100 reserved for expansion]

24 SUBCHAPTER C. IDENTIFICATION CARD PILOT PROGRAM

25 Sec. 1660.101. PILOT PROGRAM. (a) The commissioner shall
26 designate a county or counties for initial participation in an
27 identification card pilot program to begin not later than September

1 1, 2008.

2 (b) The commissioner shall require the issuer of a health
3 benefit plan that is offered in the county or counties selected for
4 initial participation in the identification card pilot program to
5 issue identification cards that comply with commissioner rules to
6 each enrollee of the plan.

7 (c) The commissioner may implement the identification card
8 pilot program before, during, or simultaneously with the
9 appointment and formation of the advisory committee.

10 Sec. 1660.102. PILOT PROGRAM RULES. (a) The commissioner
11 shall adopt rules as necessary to implement the identification card
12 pilot program, including the coordination of a testing phase and
13 incorporation of changes identified in the testing phase.

14 (b) The commissioner may consider the recommendations of
15 the advisory committee or any information provided in response to a
16 department-issued request for information relating to electronic
17 data exchange, including identification card programs, before
18 adopting rules regarding:

19 (1) information to be included on the identification
20 cards;

21 (2) technology to be used to implement the
22 identification card pilot program; and

23 (3) confidentiality and accuracy of the information
24 required to be included on the identification cards.

25 (c) The commissioner shall consider the requirements of any
26 federal program requiring health benefit plan issuers and
27 administrators to provide point-of-service access to physicians

1 and other health care providers regarding eligibility information
2 before adopting rules to implement this section.

3 Sec. 1660.103. REQUESTS FOR INFORMATION. The commissioner
4 may issue requests for information as needed to implement the
5 identification card pilot program under this subchapter.

6 Sec. 1660.104. HEALTH BENEFIT PLAN ISSUER COMPLIANCE. (a)
7 Each issuer of a health benefit plan that offers a health benefit
8 plan in a county or counties designated by the commissioner under
9 Section 1660.101 for initial participation in the identification
10 card pilot program shall comply with this subchapter and rules
11 adopted under this subchapter.

12 (b) To ensure timely compliance with the requirements of
13 this subchapter, the commissioner may require the issuer of a
14 health benefit plan to submit its procedures for implementation of
15 the requirements to the department in the form prescribed by the
16 commissioner.

17 SECTION 2. This Act takes effect immediately if it receives
18 a vote of two-thirds of all the members elected to each house, as
19 provided by Section 39, Article III, Texas Constitution. If this
20 Act does not receive the vote necessary for immediate effect, this
21 Act takes effect September 1, 2007.

ADOPTED

MAY 11 2007

Atty. Gen.
Secretary of the Senate

By: Robert Duncan

H.B. No. 522

Substitute the following for H.B. No. 522:

By: Duncan

C.S. H.B. No. 522

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SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1660.001. FINDINGS AND PURPOSE. (a) The legislature finds that patients deserve accurate, instantaneous information about coverage and financial responsibility to make well-informed decisions about their treatment and spending.

(b) The legislature finds that the ability of health benefit plan issuers and administrators to exchange eligibility and benefit information with physicians, health care providers, hospitals, and patients will ensure a more efficient and effective health care delivery system.

(c) The legislature finds that electronic access to eligibility information will reduce the amount of time and resources spent on administrative functions, prevent abuse and fraud, streamline and simplify processing of insurance claims, and increase transparency in premium cost and health care cost.

1

1 (d) The legislature finds that patients often request
2 information about their health care coverage from their health
3 care providers and that health care providers therefore need
4 access to real-time information about their patients'
5 eligibility to receive health care under the health benefit
6 plan, coverage of health care under the health benefit plan, and
7 the benefits associated with the health benefit plan.

8 (e) The legislature finds that adoption of technology by
9 insurers, health maintenance organizations, and health care
10 providers to facilitate use of electronic data exchange
11 standards currently available will make coverage and health care
12 electronic transactions more predictable, reliable, and
13 consistent.

14 Sec. 1660.002. DEFINITIONS. In this chapter:

15 (1) "Administrator" has the meaning assigned by
16 Section 4151.001.

17 (2) "Advisory committee" means the technical advisory
18 committee on electronic data exchange.

19 (3) "Enrollee" means an individual who is insured by
20 or enrolled in a health benefit plan.

21 (4) "Health benefit plan" means an individual, group,
22 blanket, or franchise insurance policy or insurance agreement, a
23 group hospital service contract, or an evidence of coverage that
24 provides health insurance or health care benefits.

25 (5) "Transaction standards" means the Health
26 Insurance Portability and Accountability Act of 1996 (Pub. L.

1 No. 104-191) transaction standards of the Centers for Medicare
2 and Medicaid Services under 45 C.F.R. Part 162.

3 Sec. 1660.003. APPLICABILITY. (a) This chapter applies
4 only to a health benefit plan that provides benefits for medical
5 or surgical expenses incurred as a result of a health condition,
6 accident, or sickness, including an individual, group, blanket,
7 or franchise insurance policy or insurance agreement, a group
8 hospital service contract, or an individual or group evidence of
9 coverage or similar coverage document that is offered by:

10 (1) an insurance company;

11 (2) a group hospital service corporation operating
12 under Chapter 842;

13 (3) a fraternal benefit society operating under
14 Chapter 885;

15 (4) a stipulated premium insurance company operating
16 under Chapter 884;

17 (5) a reciprocal exchange operating under Chapter
18 942;

19 (6) a health maintenance organization operating under
20 Chapter 843;

21 (7) a multiple employer welfare arrangement that
22 holds a certificate of authority under Chapter 846; or

23 (8) an approved nonprofit health corporation that
24 holds a certificate of authority under Chapter 844.

25 (b) This chapter does not apply to:

26 (1) a Medicaid managed care program operated under

1 Chapter 533, Government Code;

2 (2) a Medicaid program operated under Chapter 32,
3 Human Resources Code;

4 (3) the state child health plan or any similar plan
5 operated under Chapter 62 or 63, Health and Safety Code; or

6 (4) a health benefit plan offered by an insurer or
7 health maintenance organization that provides coverage only for
8 dental services.

9 Sec. 1660.004. GENERAL RULEMAKING. The commissioner may
10 adopt rules as necessary to implement this chapter, including
11 rules requiring the implementation and provision of the
12 technology recommended by the advisory committee.

13 [Sections 1660.005-1660.050 reserved for expansion]

14 SUBCHAPTER B. ADVISORY COMMITTEE

15 Sec. 1660.051. ADVISORY COMMITTEE; COMPOSITION. (a) The
16 commissioner shall appoint a technical advisory committee on
17 electronic data exchange.

18 (b) The advisory committee is composed of:

19 (1) at least one representative from each of the
20 following groups or entities:

21 (A) health benefit coverage consumers;

22 (B) physicians;

23 (C) hospital trade associations;

24 (D) representatives of medical units of
25 institutions of higher education;

26 (E) representatives of health benefit plan

1 issuers;

2 (F) health care providers; and

3 (G) administrators; and

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5 (A) the office of public insurance counsel;

6 (B) the Texas Health Insurance Risk Pool; and

7 (C) the Department of Information Resources.

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15 advisory committee shall advise the commissioner on technical
16 aspects of using the transaction standards and the rules of the
17 Council for Affordable Quality Healthcare Committee on Operating
18 Rules for Information Exchange to require health benefit plan
19 issuers and administrators to provide access to information
20 technology that will enable physicians and other health care
21 providers, at the point of service, to generate a request for
22 eligibility information that is compliant with the transaction
23 standards.

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25 shall advise the commissioner on data elements required to be
26 made available by health benefit plan issuers and

1 administrators. To the extent possible, the committee shall use
2 the framework adopted by the Council for Affordable Quality
3 Healthcare Committee on Operating Rules for Information
4 Exchange.

5 (b) The advisory committee shall consider inclusion in the
6 required information of the following data elements:

7 (1) the name, date of birth, member identification
8 number, and coverage status of the patient;

9 (2) identification of the payor, insurer, issuer, and
10 administrator, as applicable;

11 (3) the name and telephone number of the payor's
12 contact person;

13 (4) the payor's address;

14 (5) the name and address of the subscriber;

15 (6) the patient's relationship to the subscriber;

16 (7) the type of service;

17 (8) the type of health benefit plan or product;

18 (9) the effective date of the coverage;

19 (10) for professional services:

20 (A) copayment amounts;

21 (B) individual deductible amounts;

22 (C) family deductible amounts; and

23 (D) benefit limitations and maximums;

24 (11) for facility services:

25 (A) copayment and coinsurance amounts;

26 (B) individual deductible amounts;

- 1 (C) family deductible amounts; and
2 (D) benefit limitations and maximums;
3 (12) precertification or prior authorization
4 requirements;
5 (13) policy maximum limits;
6 (14) patient liability for a proposed service; and
7 (15) the health benefit plan coverage amount for a
8 proposed service.

9 Sec. 1660.055. RECOMMENDATIONS REGARDING ADOPTION OF
10 CERTAIN TECHNOLOGIES; REPORT. (a) The advisory committee
11 shall:

12 (1) make recommendations regarding the use by health
13 benefit plan issuers or administrators of Internet website
14 technologies, smart card technologies, magnetic strip
15 technologies, biometric technologies, or other information
16 technologies to facilitate the generation of a request for
17 eligibility information that is compliant with the transaction
18 standards and the rules of the Council for Affordable Quality
19 Healthcare Committee on Operating Rules for Information
20 Exchange;

21 (2) ensure that a recommendation made under
22 Subdivision (1) does not endorse or otherwise confine health
23 benefit plan issuers and administrators to any single product or
24 vendor; and

25 (3) recommend time frames for implementation of the
26 recommendations.

1 (b) The advisory committee shall:

2 (1) recommend specific provisions that could be
3 included in a department-issued request for information relating
4 to electronic data exchange, including identification card
5 programs;

6 (2) provide those recommendations to the commissioner
7 not later than four months after the date on which the committee
8 is appointed; and

9 (3) issue a final report to the commissioner
10 containing the committee's recommendations for implementation by
11 December 1, 2008.

12 [Sections 1660.056-1660.100 reserved for expansion]

13 SUBCHAPTER C. IDENTIFICATION CARD PILOT PROGRAM

14 Sec. 1660.101. PILOT PROGRAM. (a) The commissioner shall
15 designate a county or counties for initial participation in an
16 identification card pilot program to begin not later than May 1,
17 2008.

18 (b) The commissioner shall require the issuer of a health
19 benefit plan that is offered in the county or counties selected
20 for initial participation in the identification card pilot
21 program to issue identification cards that comply with
22 commissioner rules to each enrollee of the plan.

23 (c) The commissioner may implement the identification card
24 pilot program before, during, or simultaneously with the
25 appointment and formation of the advisory committee.

26 Sec. 1660.102. PILOT PROGRAM RULES. (a) The commissioner

1 shall adopt rules as necessary to implement the identification
2 card pilot program, including the coordination of a testing
3 phase and incorporation of changes identified in the testing
4 phase.

5 (b) The commissioner may consider the recommendations of
6 the advisory committee or any information provided in response
7 to a department-issued request for information relating to
8 electronic data exchange, including identification card
9 programs, before adopting rules regarding:

10 (1) information to be included on the identification
11 cards;

12 (2) technology to be used to implement the
13 identification card pilot program; and

14 (3) confidentiality and accuracy of the information
15 required to be included on the identification cards.

16 (c) The commissioner shall consider the requirements of
17 any federal program requiring health benefit plan issuers and
18 administrators to provide point-of-service access to physicians
19 and other health care providers regarding eligibility
20 information before adopting rules to implement this section.

21 Sec. 1660.103. REQUESTS FOR INFORMATION. The commissioner
22 may issue requests for information as needed to implement the
23 identification card pilot program under this subchapter.

24 Sec. 1660.104. HEALTH BENEFIT PLAN ISSUER COMPLIANCE. (a)
25 Each issuer of a health benefit plan that offers a health
26 benefit plan in a county or counties designated by the

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1 commissioner under Section 1660.101 for initial participation in
2 the identification card pilot program shall comply with this
3 subchapter and rules adopted under this subchapter.

4 (b) To ensure timely compliance with the requirements of
5 this subchapter, the commissioner may require the issuer of a
6 health benefit plan to submit its procedures for implementation
7 of the requirements to the department in the form prescribed by
8 the commissioner.

9 SECTION 2. This Act takes effect immediately if it
10 receives a vote of two-thirds of all the members elected to each
11 house, as provided by Section 39, Article III, Texas
12 Constitution. If this Act does not receive the vote necessary
13 for immediate effect, this Act takes effect September 1, 2007.

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LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 7, 2007

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

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

IN RE: HB522 by Woolley (Relating to adoption and operation of requirements regarding health benefit plan identification cards.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to adoption and operation of requirements regarding health benefit plan identification cards. The bill would require the commissioner to appoint a technical advisory committee and adopt rules as necessary to implement a identification card pilot program.

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

The bill would take effect immediately upon a two-thirds vote, otherwise the bill would take effect September 1, 2007.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance, 323 Teacher Retirement System, 327 Employees Retirement System

LBB Staff: JOB, KJG, JRO, MW, JSc, SK, JW

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 2, 2007

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

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

IN RE: HB522 by Woolley (Relating to adoption and operation of requirements regarding health benefit plan identification cards.), **As Engrossed**

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LBB Staff: JOB, KJG, JRO, MW, JSc, SK, JW

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION
Revision 2

April 17, 2007

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

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

IN RE: **HB522** by Woolley (Relating to adoption and operation of requirements regarding health benefit plan identification cards.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB522, Committee Report 1st House, Substituted: a negative impact of (\$15,470) 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	(\$13,972)
2009	(\$1,498)
2010	(\$107,389)
2011	(\$40,706)
2012	(\$40,722)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>GR DEDICATED</i> <i>ACCOUNTS</i> 994	Probable (Cost) from <i>OTHER SPECIAL</i> <i>STATE FUNDS</i> 998	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2008	(\$13,972)	(\$1,046)	(\$4,600)	(\$105)
2009	(\$1,498)	(\$112)	(\$500)	(\$11)
2010	(\$107,389)	(\$8,037)	(\$35,818)	(\$807)
2011	(\$40,706)	(\$3,046)	(\$13,577)	(\$306)
2012	(\$40,722)	(\$3,048)	(\$13,582)	(\$306)

Fiscal Year	Probable (Cost) from <i>STATE HIGHWAY</i> <i>FUND</i> 6
2008	(\$4,432)
2009	(\$475)
2010	(\$34,062)
2011	(\$12,911)
2012	(\$12,916)

Fiscal Analysis

The bill would amend the Insurance Code to require the issuance of an identification card with certain required information contained in either magnetic strip technology or smart card technology to each enrollee under certain health benefit plans. The bill would require the commissioner of insurance to set rules specifying the required form of technology. Compliance with the bill would be required by September 1, 2008 for counties with a population of at least 3 million and designated by the commissioner, and by September 1, 2010 for the rest of the state.

The bill would take effect September 1, 2007.

Methodology

Based on the analysis of the Employee Retirement System (ERS), the 2008-09 cost is based on the number of HealthSelect members in Harris County multiplied by the cost per identification card and for subsequent years, the cost is based on the number of all HealthSelect members in the program, multiplied by the cost per identification card. It is assumed that after the initial card issuance, 4.9 percent of participants will require new cards each month. The table reflects costs estimated for use of magnetic strip, smart card, biometric, or other appropriate technology in the identification cards.

Based on the analysis of the Teacher Retirement System (TRS), it is assumed the bill would not affect the health benefit plans administered by TRS and would therefore have no fiscal impact on TRS.

Based on the analysis of the Texas Department of Insurance, that agency could absorb any cost associated with rulemaking and other duties required to implement the bill.

Local Government Impact

Counties, municipalities, and other local government entities to which the bill would apply under the Local Government Code that either provide health insurance benefits for their employees and employees' dependents or participate in a group risk pool to provide insurance benefits could experience an increase in costs of negotiated health insurance contracts to include the additional requirements of the bill. Whether those amounts would be absorbed by the local entity or passed on to the insured employees or in what amounts would vary depending on decisions made by local government officials and number of employees covered.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System

LBB Staff: JOB, JRO, MW, JSc, SK, JW

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

Revision 1

April 2, 2007

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

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

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All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable (Cost) from <i>GR DEDICATED ACCOUNTS</i> 994	Probable (Cost) from <i>OTHER SPECIAL STATE FUNDS</i> 998	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2008	(\$13,972)	(\$1,046)	(\$4,600)	(\$105)
2009	(\$1,498)	(\$112)	(\$500)	(\$11)
2010	(\$107,389)	(\$8,037)	(\$35,818)	(\$807)
2011	(\$40,706)	(\$3,046)	(\$13,577)	(\$306)
2012	(\$40,722)	(\$3,048)	(\$13,582)	(\$306)

Fiscal Year	Probable (Cost) from <i>STATE HIGHWAY FUND</i> 6
2008	(\$4,432)
2009	(\$475)
2010	(\$34,062)
2011	(\$12,911)
2012	(\$12,916)

Fiscal Analysis

The bill would amend the Insurance Code to require the issuance of an identification card with certain required information contained in either magnetic strip technology or smart card technology to each enrollee under certain health benefit plans. The bill would require the commissioner of insurance to set rules specifying the required form of technology. Compliance with the bill would be required by September 1, 2008 for counties with a population of at least 3 million and designated by the commissioner, and by September 1, 2010 for the rest of the state.

The bill would take effect September 1, 2007.

Methodology

Based on the analysis of the Employee Retirement System (ERS), the 2008-09 cost is based on the number of HealthSelect members in Harris County multiplied by the cost per identification card and for subsequent years, the cost is based on the number of all HealthSelect members in the program, multiplied by the cost per identification card. It is assumed that after the initial card issuance, 4.9 percent of participants will require new cards each month. The table reflects costs estimated for use of magnetic strip, smart card, biometric, or other appropriate technology in the identification cards.

Based on the analysis of the Teacher Retirement System (TRS), it is assumed the bill would not affect the health benefit plans administered by TRS and would therefore have no fiscal impact on TRS.

Based on the analysis of the Texas Department of Insurance, that agency could absorb any cost associated with rulemaking and other duties required to implement the bill.

Local Government Impact

Counties, municipalities, and other local government entities to which the bill would apply under the Local Government Code that either provide health insurance benefits for their employees and employees' dependents or participate in a group risk pool to provide insurance benefits could experience an increase in costs of negotiated health insurance contracts to include the additional requirements of the bill. Whether those amounts would be absorbed by the local entity or passed on to the insured employees or in what amounts would vary depending on decisions made by local government officials and number of employees covered.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System

LBB Staff: JOB, JRO, MW, JSc, SK, JW

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LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 23, 2007

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

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

IN RE: HB522 by Woolley (relating to health benefit plan identification cards.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB522, Committee Report 1st House, Substituted: a negative impact of (\$152,678) through the biennium ending August 31, 2009, if the commissioner requires the use of embedded magnetic strip technology; or a negative impact of (\$2,869,025) through the biennium ending August 31, 2009, if the commissioner requires the use of smart card technology.

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

The table below reflects costs estimated for use of magnetic strip technology in identification cards.

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable (Cost) from <i>GR DEDICATED ACCOUNTS</i> 994	Probable (Cost) from <i>OTHER SPECIAL STATE FUNDS</i> 998	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2008	(\$111,809)	(\$6,792)	(\$731)	(\$36,671)
2009	(\$40,869)	(\$2,482)	(\$267)	(\$13,404)
2010	(\$40,869)	(\$2,482)	(\$267)	(\$13,404)
2011	(\$40,869)	(\$2,482)	(\$267)	(\$13,404)
2012	(\$40,869)	(\$2,482)	(\$267)	(\$13,404)

Fiscal Year	Probable (Cost) from <i>STATE HIGHWAY FUND</i> 6	Probable Savings/ (Cost) from <i>RETIRED SCHOOL EMP GROUP INSURANCE</i> 989	Probable Savings/ (Cost) from <i>SCHOOL EMPLOYEES UGIP TRUST FUND</i> 855
2008	(\$36,997)	(\$114,000)	(\$149,000)
2009	(\$13,524)	(\$3,500)	(\$20,000)
2010	(\$13,524)	(\$3,500)	(\$20,000)
2011	(\$13,524)	(\$3,500)	(\$20,000)
2012	(\$13,524)	(\$3,500)	(\$20,000)

The table below reflects costs estimated for use of smart card technology in identification cards.

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>GR DEDICATED</i> <i>ACCOUNTS</i> 994	Probable (Cost) from <i>OTHER SPECIAL</i> <i>STATE FUNDS</i> 998	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2008	(\$2,001,072)	(\$121,550)	(\$13,080)	(\$656,316)
2009	(\$867,953)	(\$52,721)	(\$5,673)	(\$284,673)
2010	(\$867,953)	(\$52,721)	(\$5,673)	(\$284,673)
2011	(\$867,953)	(\$52,721)	(\$5,673)	(\$284,673)
2012	(\$867,953)	(\$52,721)	(\$5,673)	(\$284,673)

Fiscal Year	Probable (Cost) from <i>STATE HIGHWAY</i> <i>FUND</i> 6	Probable Savings/ (Cost) from <i>RETIRED SCHOOL</i> <i>EMP GROUP</i> <i>INSURANCE</i> 989	Probable Savings/ (Cost) from <i>SCHOOL</i> <i>EMPLOYEES UGIP</i> <i>TRUST FUND</i> 855
2008	(\$662,148)	(\$2,280,000)	(\$2,980,000)
2009	(\$287,203)	(\$70,000)	(\$400,000)
2010	(\$287,203)	(\$70,000)	(\$400,000)
2011	(\$287,203)	(\$70,000)	(\$400,000)
2012	(\$287,203)	(\$70,000)	(\$400,000)

Fiscal Analysis

The bill would amend the Insurance Code to require the issuance of an identification card with certain required information contained in either magnetic strip technology or smart card technology to each enrollee under group, individual, blanket, and franchise insurance policies and agreements. The bill would require the commissioner of insurance to set rules specifying the required form of technology. The bill would require each issuer of a health benefit plan to submit its implementation program to the Texas Department of Insurance no later than January 1, 2008.

The bill would take effect September 1, 2007.

Methodology

Based on the analysis of the Employee Retirement System (ERS), the cost for identification cards with embedded magnetic strip technology would be \$193,000 in 2008 and \$70,546 in subsequent fiscal years while the cost for identification cards with smart card technology would be \$3,454,166 in 2008 and \$1,498,223 in subsequent fiscal years.

Costs associated with identification cards with embedded magnetic strip technology for TRS-Care, the retired public school employee group insurance program administered by the Teacher Retirement System (TRS), are estimated at \$114,000 in 2008 and \$3,500 in subsequent fiscal years. Comparable costs for TRS-ActiveCare, the public school employee group insurance program administered by TRS, are estimated at \$149,000 in 2008 and \$20,000 in subsequent fiscal years.

Costs associated with identification cards with smart card technology for the TRS-Care are estimated at \$2,280,000 in 2008 and \$70,000 in subsequent fiscal years. Comparable costs for the TRS-ActiveCare are estimated at \$2,980,000 in 2008 and \$400,000 in subsequent fiscal years.

Based on the analysis of the Texas Department of Insurance, that agency could absorb any cost associated with rulemaking and other duties required to implement the bill.

Local Government Impact

Counties, municipalities, and other local government entities to which the bill would apply under the Local Government Code that either provide health insurance benefits for their employees and

employees' dependents or participate in a group risk pool to provide insurance benefits could experience an increase in costs of negotiated health insurance contracts to include the additional requirements of the bill. Whether those amounts would be absorbed by the local entity or passed on to the insured employees or in what amounts would vary depending on decisions made by local government officials and number of employees covered.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System

LBB Staff: JOB, JRO, MW, JSc, SK

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION
Revision 1

April 17, 2007

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

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

IN RE: HB522 by Woolley (Relating to health benefit plan identification cards.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB522. As Introduced: a negative impact of (\$152,678) through the biennium ending August 31, 2009, if the commissioner requires the use of embedded magnetic strip technology; or a negative impact of (\$2,869,025) through the biennium ending August 31, 2009, if the commissioner requires the use of smart card technology.

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

The table below reflects costs estimated for use of magnetic strip technology in identification cards.

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> FUND 1	Probable (Cost) from <i>GR DEDICATED</i> <i>ACCOUNTS</i> 994	Probable (Cost) from <i>STATE HIGHWAY</i> FUND 6	Probable (Cost) from <i>SCHOOL</i> <i>EMPLOYEES UGIP</i> TRUST FUND 855
2008	(\$111,809)	(\$6,792)	(\$36,997)	(\$260,000)
2009	(\$40,869)	(\$2,482)	(\$13,524)	\$0
2010	(\$40,869)	(\$2,482)	(\$13,524)	\$0
2011	(\$40,869)	(\$2,482)	(\$13,524)	\$0
2012	(\$40,869)	(\$2,482)	(\$13,524)	\$0

Fiscal Year	Probable (Cost) from <i>RETIRED SCHOOL</i> <i>EMP GROUP</i> <i>INSURANCE</i> 989	Probable (Cost) from <i>OTHER SPECIAL</i> <i>STATE FUNDS</i> 998	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2008	(\$200,000)	(\$731)	(\$36,671)
2009	\$0	(\$267)	(\$13,404)
2010	\$0	(\$267)	(\$13,404)
2011	\$0	(\$267)	(\$13,404)
2012	\$0	(\$267)	(\$13,404)

The table below reflects costs estimated for use of smart card technology in identification cards.

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Probable (Cost) from GR DEDICATED ACCOUNTS 994	Probable (Cost) from STATE HIGHWAY FUND 6	Probable (Cost) from SCHOOL EMPLOYEES UGIP TRUST FUND 855
2008	(\$2,001,072)	(\$121,550)	(\$662,148)	(\$1,490,000)
2009	(\$867,953)	(\$52,721)	(\$287,203)	(\$200,000)
2010	(\$867,953)	(\$52,721)	(\$287,203)	(\$200,000)
2011	(\$867,953)	(\$52,721)	(\$287,203)	(\$200,000)
2012	(\$867,953)	(\$52,721)	(\$287,203)	(\$200,000)

Fiscal Year	Probable (Cost) from RETIRED SCHOOL EMP GROUP INSURANCE 989	Probable (Cost) from OTHER SPECIAL STATE FUNDS 998	Probable (Cost) from FEDERAL FUNDS 555
2008	(\$1,140,000)	(\$13,080)	(\$656,316)
2009	(\$35,000)	(\$5,673)	(\$284,673)
2010	(\$35,000)	(\$5,673)	(\$284,673)
2011	(\$35,000)	(\$5,673)	(\$284,673)
2012	(\$35,000)	(\$5,673)	(\$284,673)

Fiscal Analysis

The bill would amend the Insurance Code to require the issuance of an identification card with certain required information contained in either magnetic strip technology or smart card technology to each enrollee under group, individual, blanket, and franchise insurance policies and agreements. The bill would require the commissioner of insurance to set rules specifying the required form of technology. The bill would require each issuer of a health benefit plan to submit its implementation program to the Texas Department of Insurance no later than January 1, 2008.

The bill would take effect September 1, 2007.

Methodology

Based on the analysis of the Teacher Retirement System (TRS), the cost for a new identification card with an embedded magnetic strip would be \$1.05 per card for a cost in fiscal year 2008 for TRS-Care of \$200,000 and no cost in subsequent fiscal years and a cost in fiscal year 2008 for TRS-ActiveCare of \$260,000 and no cost in subsequent fiscal years while the cost for new identification cards with smart card technology would be \$6.00 per card for a cost in fiscal year 2008 for TRS-Care of \$1,140,000 and a cost of \$35,000 for subsequent fiscal years and a cost in fiscal year 2008 for TRS-ActiveCare of \$1,490,000 and a cost of \$200,000 in subsequent fiscal years.

Based on the analysis of the Employee Retirement System (ERS), the cost for identification cards with embedded magnetic strip would be \$193,000 in 2008 and \$70,546 in subsequent fiscal years while the cost for identification cards with smart card technology would be \$3,454,166 in 2008 and \$1,498,223 in subsequent fiscal years.

Based on the analysis of the Texas Department of Insurance, that agency could absorb any cost associated with rulemaking and other duties required to implement the bill.

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

LBB Staff: JOB, SD, JRO, MW, SK

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 5, 2007

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

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

IN RE: HB522 by Woolley (Relating to health benefit plan identification cards.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB522, As Introduced: a negative impact of (\$152,678) through the biennium ending August 31, 2009, if the commissioner requires the use of embedded magnetic strip technology; or a negative impact of (\$2,869,025) through the biennium ending August 31, 2009, if the commissioner requires the use of smart card technology.

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

The table below reflects costs estimated for use of magnetic strip technology in identification cards.

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable (Cost) from <i>GR DEDICATED ACCOUNTS</i> 994	Probable (Cost) from <i>STATE HIGHWAY FUND</i> 6	Probable (Cost) from <i>SCHOOL EMPLOYEES UGIP TRUST FUND</i> 855
2008	(\$111,809)	(\$6,792)	(\$36,997)	(\$260,000)
2009	(\$40,869)	(\$2,482)	(\$13,524)	\$0
2010	(\$40,869)	(\$2,482)	(\$13,524)	\$0
2011	(\$40,869)	(\$2,482)	(\$13,524)	\$0
2012	(\$40,869)	(\$2,482)	(\$13,524)	\$0

Fiscal Year	Probable (Cost) from <i>RETIRED SCHOOL EMP GROUP INSURANCE</i> 989	Probable (Cost) from <i>OTHER SPECIAL STATE FUNDS</i> 998	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2008	(\$200,000)	(\$731)	(\$36,671)
2009	\$0	(\$267)	(\$13,404)
2010	\$0	(\$267)	(\$13,404)
2011	\$0	(\$267)	(\$13,404)
2012	\$0	(\$267)	(\$13,404)

The table below reflects costs estimated for use of smart card technology in identification cards.

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Probable (Cost) from GR DEDICATED ACCOUNTS 994	Probable (Cost) from STATE HIGHWAY FUND 6	Probable (Cost) from SCHOOL EMPLOYEES UGIP TRUST FUND 855
2008	(\$2,001,072)	(\$121,550)	(\$662,148)	(\$1,490,000)
2009	(\$867,953)	(\$52,721)	(\$287,203)	(\$200,000)
2010	(\$867,953)	(\$52,721)	(\$287,203)	(\$200,000)
2011	(\$867,953)	(\$52,721)	(\$287,203)	(\$200,000)
2012	(\$867,953)	(\$52,721)	(\$287,203)	(\$200,000)

Fiscal Year	Probable (Cost) from RETIRED SCHOOL EMP GROUP INSURANCE 989	Probable (Cost) from OTHER SPECIAL STATE FUNDS 998	Probable (Cost) from FEDERAL FUNDS 555
2008	(\$1,140,000)	(\$13,080)	(\$656,316)
2009	(\$35,000)	(\$5,673)	(\$284,673)
2010	(\$35,000)	(\$5,673)	(\$284,673)
2011	(\$35,000)	(\$5,673)	(\$284,673)
2012	(\$35,000)	(\$5,673)	(\$284,673)

Fiscal Analysis

The bill would amend the Insurance Code to require the issuance of an identification card with certain required information contained in either magnetic strip technology or smart card technology to each enrollee under group, individual, blanket, and franchise insurance policies and agreements. The bill would require the commissioner of insurance to set rules specifying the required form of technology. The bill would require each issuer of a health benefit plan to submit its implementation program to the Texas Department of Insurance no later than January 1, 2008.

The bill would take effect September 1, 2007.

Methodology

Based on the analysis of the Teacher Retirement System (TRS), the cost for a new identification card with an embedded magnetic strip would be \$1.05 per card for a cost in fiscal year 2008 for TRS-Care of \$200,000 and no cost in subsequent fiscal years and a cost in fiscal year 2008 for TRS-ActiveCare of \$260,000 and no cost in subsequent fiscal years while the cost for new identification cards with smart card technology would be \$6.00 per card for a cost in fiscal year 2008 for TRS-Care of \$1,140,000 and a cost of \$35,000 for subsequent fiscal years and a cost in fiscal year 2008 for TRS-ActiveCare of \$1,490,000 and a cost of \$200,000 in subsequent fiscal years.

Based on the analysis of the Employee Retirement System (ERS), the cost for identification cards with embedded magnetic strip would be \$193,000 in 2008 and \$70,546 in subsequent fiscal years while the cost for identification cards with smart card technology would be \$3,454,166 in 2008 and \$1,498,223 in subsequent fiscal years.

Based on the analysis of the Texas Department of Insurance, that agency could absorb any cost associated with rulemaking and other duties required to implement the bill.

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

LBB Staff: JOB, SD, JRO, MW, SK

