

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 28, 2009**

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

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

**IN RE: HB3459** by Isett (Relating to pricing for health care services and supplies and reimbursement for those services or supplies under certain health benefit plans; imposing penalties.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3459, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

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
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

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

Fiscal Year	Probable Revenue Gain from <i>Insurance Maint Tax Fees</i> 8042	Probable (Cost) from <i>Insurance Maint Tax Fees</i> 8042	Change in Number of State Employees from FY 2009
2010	\$1,308,383	(\$1,308,383)	4.0
2011	\$789,776	(\$789,776)	4.0
2012	\$789,776	(\$789,776)	4.0
2013	\$789,776	(\$789,776)	4.0
2014	\$789,776	(\$789,776)	4.0

**Fiscal Analysis**

The bill would amend the Insurance Code relating to pricing for health care services and supplies and reimbursement for those services or supplies under certain health benefit plans. The bill would require health care providers to compile a list of the price charged for each service or supply provided by that provider, post a notice of the availability of this list in their general waiting area and post the price list on the provider's website, if provider has a website. The bill would require the provider to refund any overpayment to the payer within 30 days after the overpayment is discovered. The bill would state that a provider commits an offense if the provider knowingly charges different prices for providing the same service or supply.

The bill would require the Texas Department of Insurance (TDI) to analyze reimbursement payments made by health benefit plan issuers to health care providers for specific health care services.

Additionally, the bill would require TDI to determine the 25th quartile of the reimbursement payment by region for each health care service and that amount is the maximum amount that a health benefit plan issuer may reimburse a health care provider for the health care service. The bill would allow TDI to adopt rules to implement the provisions of the bill.

The bill would only apply to an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2010.

The bill would take effect immediately if it receives a two-thirds vote of all members in each house. If the bill does not receive the necessary vote for immediate enactment, then the bill would take effect September 1, 2009.

### **Methodology**

Based on the analysis provided by TDI, it is assumed that the bill would require 4 full-time-equivalent positions (FTEs) to conduct the data collection and analysis process to determine the 25th quartile. The FTEs would cost \$218,928 in salaries and wages with associated benefits costs of \$62,548, and telephone, consumables, and other operating expenses of \$8,300 in each fiscal year from 2010 to 2014. Additionally, a one-time equipment cost of \$18,607 is anticipated in fiscal year 2010. The bill creates new data collection needs and therefore it is assumed that the agency would contract out for database creation and maintenance. The data contract costs are anticipated to be \$1,000,000 in fiscal year 2010 and \$500,000 in each fiscal year from 2011 to 2014.

Since insurance maintenance tax is self-leveling, this analysis assumes the costs to implement this bill would come from fund balances or the maintenance tax would be set to recover a higher level of revenue.

### **Technology**

The bill would have a technology impact of \$5,776 in fiscal year 2010.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 454 Department of Insurance

**LBB Staff:** JOB, KJG, MW, CH