

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**March 28, 2011**

**TO:** Honorable Veronica Gonzales, Chair, House Committee on Border & Intergovernmental Affairs

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

**IN RE: HB3191** by Alonzo (Relating to the inclusion of optometrists, therapeutic optometrists, and ophthalmologists in Medicaid managed care provider networks providing services in the Texas-Mexico border region and other regions of the state.), **As Introduced**

Implementing the provisions of the bill could have a significant fiscal impact to the Health and Human Services Commission as a result of increased costs and increased premiums in the managed care model of provision of Medicaid services. The fiscal implications of the bill cannot be determined at this time.

The bill would add Sec. 533.065 to Subchapter A, Chapter 533, Government Code which requires each managed care organization (MCO) in Texas, including in the Texas-Mexico border region, that contracts with the Health and Human Services Commission (HHSC), to include all optometrists, therapeutic optometrists, and ophthalmologists in their networks who agree to the terms of the MCO's contract.

The bill would require HHSC to conduct a study of the fiscal impact on this state of requiring MCOs in Texas to include optometrists, therapeutic optometrists, and ophthalmologists in their networks. HHSC must submit its findings and recommendations to the legislature by September 1, 2016.

The bill would authorize HHSC to seek Federal approval to implement the provisions of the bill and delay implementation if necessary.

The bill would direct HHSC to amend the managed care contracts entered into or renewed on or after the effective date of this Act. This Act takes effect September 1, 2011.

Implementing the provisions of the bill could have a significant fiscal impact on the state, as HHSC anticipates there is a potential for increased costs and increases in premiums for MCOs providing Medicaid services. The requirement of the bill to include all optometrists, therapeutic optometrists, and ophthalmologists who meet certain requirements in the MCO network could result in an increased cost to the MCO because they frequently selectively contract with a limited number of providers at lower rates. The providers are willing to take lower rates with the trade-off of increased client load. Requiring the MCO to contract with all willing optometrists, therapeutic optometrists, and ophthalmologists could remove the incentive for a provider to accept a lower rate if all providers will be in the network. This could have the effect of increasing the costs of services, resulting in increased premiums for MCOs. The number of optometrists, therapeutic optometrists, and ophthalmologists who would agree to MCO contracts and the impact on cost and premiums cannot be determined at this time.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 514 Optometry Board, 529 Health and Human Services Commission

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