

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 16, 2013

TO: Honorable Lois W. Kolkhorst, Chair, House Committee on Public Health

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2965 by Alonzo (Relating to the inclusion of optometrists, therapeutic optometrists, and ophthalmologists in the health care provider networks of certain Medicaid managed care organizations.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would require each managed care organization (MCO) that contracts with the Health and Human Services Commission (HHSC) under Medicaid to allow an optometrist, therapeutic optometrist, or ophthalmologist to participate as a provider if they agree to comply with certain contract terms and meet certain conditions; the requirement would only apply to MCOs in a region if HHSC determines that recipient access to the specified provider types in a region is not adequate.

There is a potential for increased costs for MCOs providing Medicaid services. MCOs frequently use selective contracting to reduce expenditures. Providers are willing to take lower rates in exchange for serving a greater number of clients. Requiring the MCO to contract with all willing providers of a certain type 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. However, according to HHSC, the number of areas where the agency would determine that access is inadequate is likely to be small and the fiscal impact not significant.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

LBB Staff: UP, LR, CL, MB, NB, ES, VJC