

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 9, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3269 by Smithee (Relating to payment of and disclosures related to certain ambulatory surgical center charges.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to payment of and disclosures related to certain ambulatory surgical center charges. The bill would require managed care plan providers to use a charge-based methodology for computing payments for services provided by an out-of-network ambulatory surgical center for certain claim payments and establish payment standards for reimbursement to ambulatory surgical centers, and compliance reports and penalties. The bill would also establish standards and qualifications for certifications of database providers.

Based on information provided by TDI, the bill would result in an increase in form filings due to Health Maintenance Organizations and preferred provider benefit plan insurers filing amendments to policies, certificates, and evidence of coverage; however, it is assumed that all duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing staff and resources. Also, based on information provided by TDI, this analysis assumes that implementation of the bill would result in an increase in form filings and a one-time revenue gain (\$47,500 in fiscal year 2014) in General Revenue-Dedicated Texas Department of Insurance Fund 36. Since General Revenue-Dedicated Texas Department of Insurance Fund 36 is a self-leveling account, this analysis also assumes that any additional revenue resulting from the implementation of the bill would accumulate in account fund balances and that the department would adjust the assessment of the maintenance tax or other fees accordingly in the following year.

Based on information provided by the Employees Retirement System and the University of Texas System, the bill would not directly apply to the plans provided by these systems, however the bill could impact the ability of a Third Party Administrator (TPA) to contract with a hospital or ambulatory surgical center network. The bill would increase plan costs for these systems due to the increase in allowed charges by out-of-network providers, however any potential impact would not begin until fiscal year 2015. It is unclear at this time how much plan costs could increase, due to the possibility of ambulatory surgical centers leaving the network in order to receive reimbursement based on bill charges, which are much higher than contracted reimbursement rates.

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, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

LBB Staff: UP, AG, MW, ER, EMO, JW