

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

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 15, 2013**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** SB1424 by Hinojosa (Relating to the inclusion of optometrists, therapeutic optometrists, and ophthalmologists in the health care provider networks of certain Medicaid managed care organizations.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

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