

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 17, 2015

TO: Honorable John T. Smithee, Chair, House Committee on Judiciary & Civil Jurisprudence

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1433 by Smithee (Relating to prompt payment of health care claims, including payment for immunizations, vaccines, and serums.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1433, As Introduced: a negative impact of (\$65,600,000) through the biennium ending August 31, 2017.

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
2016	(\$32,800,000)
2017	(\$32,800,000)
2018	(\$32,800,000)
2019	(\$32,800,000)
2020	(\$32,800,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1
2016	(\$32,800,000)
2017	(\$32,800,000)
2018	(\$32,800,000)
2019	(\$32,800,000)
2020	(\$32,800,000)

Fiscal Analysis

The bill would amend the Insurance Code and the Civil Practice and Remedies Code relating to prompt payment of health care claims, including payment for immunizations, vaccines, and serums.

The bill would repeal Sections 843.342(m) and 1301.137(l) of the Insurance Code, to remove requirements that portions of certain penalties imposed upon health maintenance organizations and health insurers be paid to the Texas Health Insurance Risk Pool.

This bill would take effect September 1, 2015.

Methodology

Based on information provided by the Texas Department of Insurance and the Comptroller of Public Accounts (CPA), revenues collected under Section 843.342(m) and 1301.137(l) of the Insurance Code has varied from a low of \$7.0 million in fiscal year 2011 to a high of \$41.0 million in fiscal year 2013. This penalty revenue is currently collected by the Texas Health Insurance Pool and transferred to the credit of General Revenue Fund 1. The CPA estimates a loss to General Revenue Fund 1 of \$32.8 million each year based on the CPA's 2016-17 Biennial Revenue Estimate.

Based on information provided by the Texas Department of Insurance, Teacher Retirement System, Employees Retirement System, Health and Human Services Commission, Texas A&M University System Administration, and University of Texas System Administration, it is assumed that all duties and responsibilities necessary to implement the provisions of the bill could be accomplished within existing staff and resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 323 Teacher Retirement System, 327 Employees Retirement System, 454 Department of Insurance, 529 Health and Human Services Commission, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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