

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 4, 2015

**TO:** Honorable John Frullo, Chair, House Committee on Insurance

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

**IN RE: SB481** by Hancock (Relating to notice and availability of mediation for balance billing by a facility-based physician.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB481, As Engrossed: a negative impact of (\$124,258) 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	(\$62,129)
2017	(\$62,129)
2018	(\$62,129)
2019	(\$62,129)
2020	(\$62,129)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund
	1
2016	(\$62,129)
2017	(\$62,129)
2018	(\$62,129)
2019	(\$62,129)
2020	(\$62,129)

Fiscal Analysis

The bill would amend the Health and Safety Code and the Insurance Code relating to notice and availability of mediation for balance billing-based physician.

The bill would amend Section 1467 of the Insurance Code by eliminating the \$1,000 threshold for

a mediation request related to an out-of-network health benefit claim dispute.

The bill would take effect September 1, 2015. Any changes to law as a result of the bill would only apply to charges for medical service or supply provided on or after the effective date of this act.

**Methodology**

Based on information provided by the State Office of Administrative Hearings (SOAH), eliminating the \$1,000 threshold for mediation requests would result in an increased number of referrals to SOAH from an estimated 127 to 254 cases per year. Based on SOAH's current staffing, the additional workload would require an additional part-time Administrative Law Judge III and Legal Assistant III.

Based on information provided by the Texas Department of Insurance (TDI), the bill would result in an average of 3.3 rate filings from 120 issuers. Each insurer pays \$100 per filing which would yield a one-time revenue gain of \$39,400 to be deposited to General Revenue-Dedicated Texas Department of Insurance Fund 36 (Fund 36). Since 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 TDI would adjust the assessment of the maintenance tax or other fees accordingly in the following year.

Based on information provided by the Texas Department of Insurance, Teacher Retirement System, Employees Retirement System, Texas A&M University System Administration, and the University of Texas System Administration, it is assumed that any additional duties and responsibilities necessary to implement the provisions of the bill can be accomplished utilizing existing staff and resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 323 Teacher Retirement System, 327 Employees Retirement System, 360 State Office of Administrative Hearings, 454 Department of Insurance, 503 Texas Medical Board, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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