

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 16, 2015

TO: Honorable Charles Schwertner, Chair, Senate Committee on Health & Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB760 by Schwertner (Relating to provider access requirements for a Medicaid managed care organization.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend provider access standards under Medicaid managed care, require Medicaid managed care organizations (MCOs) to pay liquidated damages for failing to comply with those standards, and require the Health and Human Services Commission (HHSC) to establish minimum provider access standards for the networks of Medicaid MCOs and submit a publicly available biennial report to the legislature regarding access to providers through MCO networks. Contracts with Medicaid MCOs would be required to place 0.5 percent of capitation payments at-risk based on compliance with provider access standards. The bill would establish new requirements related to updating and making available Medicaid MCO provider network directories. Medicaid MCOs would be required to establish and implement an expedited credentialing process allowing certain providers to provide services on a provisional basis. HHSC would be required to conduct direct monitoring of Medicaid MCO provider networks and network providers. Provisions of the bill related to provider access standards and directories would apply to contracts entered into or renewed on or after the effective date of the bill (September 1, 2015) with HHSC directed to amend contracts entered into before the effective date to the extent possible. The bill directs HHSC to seek any federal waiver or authorization necessary to implement the provisions and authorizes delaying implementation until waiver or authorization is received.

It is assumed any net cost or savings associated with implementation would not be significant. According to HHSC, MCO capitation payments would not be increased due to administrative requirements and the agency could absorb the cost of reporting requirements within available resources. There would be additional staffing costs related to direct monitoring of provider networks and network providers. It is assumed those costs could be absorbed within existing resources and/or offset by savings related to modified provider behavior, receipt of liquidated damages, and the effects of placing a portion of capitation payments at-risk.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: UP, NB, WP, LR, CH

