

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 24, 2017

TO: Honorable Larry Phillips, Chair, House Committee on Insurance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB307 by Burrows (Relating to disclosure of certain health care costs and shared savings between certain health benefit plans and enrollees.), **As Introduced**

No significant fiscal implication to the State is anticipated from provisions of the bill related to shared savings. The fiscal implications of the bill on the Texas Medical Board cannot be determined at this time due to insufficient information related to a potential increase in complaints, actions, and administrative penalties that physicians may be subject to under the provisions of the bill. The fiscal implications of the bill on the University of Texas (UT) System cannot be determined at this time, but any costs, which could be significant, are assumed to be paid from institutional funds.

The bill would amend portions of the Health and Safety Code related to requirements for a facility or practitioner to provide certain pricing information to patients receiving nonemergency medical services. The bill would require facilities or practitioners to provide a price disclosure before providing a nonemergency health care service to each patient by the facility or practitioner. The bill would also amend the Insurance Code to require certain health benefit plans to provide notice to enrollees relating to cost-sharing payments, provide a binding estimate of payments that will be made for any health care service or supply upon the request of an enrollee, and establish and operate a toll-free phone number and publicly accessible website for an enrollee to request and obtain the average amount paid under the health benefit plan to a provider for a particular health care service or supply.

The bill would require a health benefit plan to pay to an enrollee the lesser of 50 percent of the difference between the average amount paid for a health care service or supply and the actual cost minus any applicable deductible, copayment, or coinsurance, or \$7,500. The bill would require a health benefit plan to submit to the Commissioner of the Texas Department of Insurance (TDI) an annual report related to requests for estimates and the total payments made to enrollees.

The bill would take effect September 1, 2017. Based on the LBB's analysis of TDI and the Health and Human Services Commission, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources. The Texas Medical Board anticipates a significant increase in complaints reported to the agency which would result in increased workload; however, the number of complaints and impact on workload cannot be estimated due to a lack of available data. The Employees Retirement System indicates that bill would not have a direct fiscal impact on the agency, but does note that provisions of the bill could reduce the number of HMOs willing or able to participate in the Group Benefits Program.

Based on information provided by The University of Texas (UT) System, UT institutions operating

facilities subject to the provisions of the bill would need to hire additional financial counselors in order to provide price disclosures across all facility locations. This analysis assumes that the number of financial counselors and related cost for all affected institutions of higher education cannot be determined at this time due to a lack of available data. However, based on estimates provided by UT System, the cost could range from \$23 million to \$25 million per year. This analysis assumes any costs associated with this bill would be paid for with institutional funds.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System, 454 Department of Insurance, 503 Texas Medical Board, 529 Health and Human Services Commission, 537 State Health Services, Department of, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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