

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 23, 2017**

**TO:** Honorable Richard Peña Raymond, Chair, House Committee on Human Services

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

**IN RE:** **HB2626** by Muñoz, Jr. (Relating to administrative and other expenditures by Medicaid managed care organizations.), **As Introduced**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would permit the legislature, after consultation with the Health and Human Services Commission (HHSC), to establish in the General Appropriations Act an upper limit on the percentage or amount of Medicaid capitated or other premium payments that a managed care organization (MCO) may spend on administrative, overhead, and marketing costs in each year of the state fiscal biennium. MCOs would be required to report annually certain information to HHSC and the legislature. The bill would take effect immediately upon a two-thirds vote from all members of each house or, if such a vote is not received, on September 1, 2017.

There would be no significant fiscal impact associated with establishing the upper limit in the General Appropriations Act; however, Medicaid managed care premiums are subject to review and approval by the Centers for Medicare & Medicaid services (CMS) and must be actuarially sound. If the upper limit established resulted in premiums that did not meet CMS requirements, there could be significant fiscal or other consequences. It is assumed these consequences could be avoided through consultation with HHSC, as required by the bill.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Health and Human Services Commission

**LBB Staff:** UP, KCA, LR, RGU, TBo