

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 1, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2760** by Bonnen, Greg (Relating to health benefit plan provider networks; authorizing an assessment.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to health benefit plan provider networks; authorizing an assessment.

The bill would require the Texas Department of Insurance (TDI) to examine an insurer's network used by a preferred and exclusive provider benefit plan for quality and adequacy at least once every two years. The bill would require insurers to provide TDI with all complaints received regarding inaccurate network directories and listings. Insurers would be required to report the list of inaccuracy complaints to TDI at least once annually. If within a 30-day period, an issuer receives three or more reports of directory inaccuracy, TDI would be required to investigate the insurer's compliance with the provisions of the bill.

Under the provisions of the bill, TDI is required to collect an assessment to cover all expenses for the examination and investigation of network adequacy, and deposit the assessment to the TDI local operating account used by the self-directed, semi-independent (SDSI) division of TDI. This analysis assumes that implementation of the bill would be through the Actuarial Office and Financial Examinations SDSI division.

As a self-funding, self-leveling division, the Actuarial Office and Financial Examinations division is required to collect revenues sufficient to cover its costs, so that any additional costs incurred in implementing the provisions of the bill would be offset by an equal amount of revenue.

According to the Health and Human Services Commission (HHSC), the provisions of the bill would not be implemented for Medicaid and the Children's Health Insurance Program (CHIP); therefore, no significant fiscal impact to HHSC would be anticipated. If the provisions of the bill were implemented for Medicaid and CHIP, there could be a cost to do so if HHSC chose to increase the administrative component of premiums to account for increased workload for managed care organizations.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 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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