

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

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 18, 2019**

**TO:** Honorable Eddie Lucio III, Chair, House Committee on Insurance

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE:** **HB1880** by Davis, Sarah (relating to health benefit plan provider networks; providing an administrative penalty; 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; providing an administrative penalty; authorizing an assessment.

The bill would require the Texas Department of Insurance (TDI) to examine an insurer's network used by a preferred provider benefit plan for quality and adequacy at least once every three years. The bill would require TDI to review logs of inaccurate network directories or listings at least once annually and examine compliance. The bill would require TDI to examine the two insurers with the highest percentage of claims that are subject to mediation requests each year to determine the quality and adequacy of networks offered by the insurer.

TDI is required to collect assessments to cover all expenses incurred by the self-directed, semi-independent (SDSI) division to implement the provisions of the bill. TDI is required to deposit the assessments to the local account with the Texas Treasury Safekeeping Trust Company used by the SDSI division of TDI. This analysis assumes that implementation of certain provisions 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.

The bill would require TDI to impose an administrative penalty against an insurer that creates an inadequate network through terminations without cause. The administrative penalties would be deposited into the General Revenue-Dedicated TDI Operating Fund 36 and as the number of violations is unknown, the amount of penalty revenue cannot be determined and is excluded from this analysis.

Due to the self-leveling nature of the TDI operating fund, this analysis assumes that TDI would adjust the assessment of the maintenance tax to account for any additional costs resulting from the implementation of the bill.

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.

The bill would take effect on September 1, 2019.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 454 Department of Insurance

**LBB Staff:** WP, CMa, SGr, CP