

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 9, 2019

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

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

IN RE: HB2387 by Bonnen, Greg (Relating to the regulation of utilization review, independent review, and peer review for health benefit plan and workers' compensation coverage and to preauthorization of certain medical care and health care services by certain health benefit plan issuers.), **As Engrossed**

The fiscal implications of the bill cannot be determined at this time for the Health and Human Services Commission relating to utilization review of emergency claims. No significant fiscal implication to the State is anticipated for all other state health and workers' compensation plans.

The bill would amend the Government Code, Insurance Code, Labor Code, and Occupations Code relating to the regulation of utilization review, independent review, and peer review for health benefit plan and workers' compensation coverage and to preauthorization of certain medical care and health care services by certain health benefit plan issuers.

According to the Health and Human Services Commission (HHSC), utilization review of emergency claims by a physician would result in a significant fiscal impact, but an estimate cannot be determined at this time. HHSC indicates federal rule addresses preauthorization requirements for managed care organizations that contract to provide for Medicaid and Children's Health Insurance Program (CHIP) services; therefore, it is assumed these provisions would not apply to Medicaid or CHIP and there would be no fiscal impact to HHSC. If the provisions were applied to those programs, HHSC may need to increase managed care premiums to account for the additional administrative burden, which would result in a cost that could be significant.

Based on information provided by the Texas Department of Insurance, Employees Retirement System, State Office of Risk Management, Texas Department of Transportation, The University of Texas System Administration, and Texas A&M University System Administration, this analysis assumes that the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

The bill applies only to a request for preauthorization of medical care or health care services made on or after January 1, 2020. The bill applies only to utilization, independent, or peer review that was requested on or after the effective date of the bill. The bill applies only to a health benefit plan delivered, issued for delivery, or renewed on or after January 1, 2020. The bill would take effect on September 1, 2019.

Local Government Impact

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

Source Agencies: 327 Employees Retirement System, 454 Department of Insurance, 479 State Office of Risk Management, 529 Health and Human Services Commission, 601 Department of Transportation, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 323 Teacher Retirement System

LBB Staff: WP, CLo, SGr, CP, AKi, CMa, LR