

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 17, 2019

TO: Honorable Jim Murphy, Chair, House Committee on Pensions, Investments & Financial Services

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

IN RE: HB2525 by Burrows (Relating to participation in the health care market by enrollees of certain governmental managed care plans.), **As Introduced**

An estimate of the cost savings cannot be determined at this time, as the number of members who would seek lower cost care through the shared savings program is not known. However, this analysis assumes the bill would likely result in cost savings for health plans managed by the Teacher Retirement System (TRS) and Employees Retirement System (ERS).

The bill would amend the Insurance Code to require TRS and ERS to implement a shared savings program for members of TRS-Care, TRS-ActiveCare, and the ERS Group Benefits Program (GBP). TRS and ERS would be required to pay incentives to members who select health care providers who provide a high-quality service at a reasonable cost. The bill would also require TRS and ERS to provide a toll-free number and an interactive mechanism on the agencies' websites to allow members to compare prices of participating providers.

This analysis assumes that the TRS and ERS boards would have the authority to determine which services were eligible for incentives under the bill and to require particular actions before a member would be eligible to receive the incentive.

Under the bill, TRS and ERS would incur start-up costs to provide a toll-free number and an interactive mechanism on the agencies' websites. TRS and ERS assume the start-up costs would be absorbed through the health plans' current third party administrator contracts.

TRS and ERS would also incur costs to pay incentives to members who select lower cost health care. Based on information provided by TRS and ERS, this analysis assumes incentives would range from \$25 to \$200 by procedure. It is assumed the agencies would recoup these costs through decreased claims payments for services eligible for the shared savings program; however, cost savings would vary significantly based on member participation in the program and the price of services a member would have selected without the incentive program.

Local Government Impact

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

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System, 454
Department of Insurance

LBB Staff: WP, CMa, AM, ASa, KFB, CP