

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 18, 2021

TO: Honorable Chris Turner, Chair, House Committee on Business & Industry

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3042 by Patterson (Relating to the adoption and review of certain workers' compensation guidelines, protocols, and formulary.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3042, As Introduced : an impact of \$0 through the biennium ending August 31, 2023.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from Dept Ins Operating Acct 36	Probable Revenue Gain/(Loss) from Dept Ins Operating Acct 36
2022	(\$600,000)	\$600,000
2023	(\$600,000)	\$600,000
2024	\$0	\$0
2025	\$0	\$0
2026	\$0	\$0

Fiscal Analysis

The bill would amend the Labor Code relating to the adoption and review of certain workers' compensation guidelines, protocols, and formulary. The bill requires the Division of Workers' Compensation (DWC) at the Department of Insurance (TDI) to contract with an independent entity to conduct a comparative evaluation of the adopted workers' compensation treatment guidelines, return-to-work guidelines, individual treatment guidelines, and the adopted pharmacy formulary. The report must be submitted to the Commissioner of Workers' Compensation to determine if changes to these guidelines needs to be made. In addition to comparing and evaluating existing guidelines and formularies, the study would also require an actuarial analysis to determine what the overall impact of any changes to the adopted guidelines or the pharmacy formulary would be to the workers' compensation system.

Methodology

Based on information provided by the Texas Department of Insurance and on DWC contracting experience, DWC anticipates the cost of a contract for an independent entity to complete the comparative analysis to cost between \$0.8 million and \$1.2 million.

Due to the self-leveling nature of the TDI operating account, any increases in expenditures would be reflected in the annual adjustment of the maintenance tax rates for insurance carriers. Therefore, the overall revenue into the TDI operating account will be equal to expenses.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: JMc, SZ, MB, MPUK