

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 18, 2023

TO: Honorable Tom Oliverson, Chair, House Committee on Insurance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3359 by Bonnen (relating to network adequacy standards and other requirements for preferred provider benefit plans.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3359, Committee Report 1st House, Substituted : an impact of \$0 through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	\$0
2025	\$0
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue Gain from Dept Ins Operating Acct</i>	<i>Probable (Cost) from Dept Ins Operating Acct</i>	<i>Change in Number of State Employees from FY 2023</i>
	36	36	
2024	\$855,011	(\$855,011)	3.5
2025	\$636,218	(\$636,218)	1.5
2026	\$636,218	(\$636,218)	1.5
2027	\$636,218	(\$636,218)	1.5
2028	\$636,218	(\$636,218)	1.5

Fiscal Analysis

This bill would amend the Insurance Code to require the Department of Insurance to participate in public hearings and expand requirements for certain health insurance plans or network types. This bill would be effective September 1, 2023.

Methodology

This analysis assumes the Department of Insurance (TDI) will be required to participate in public hearings regarding network adequacy for certain health insurance plans or network types and expand network adequacy requirements. Two divisions would provide the Commissioner of Insurance with ongoing support to all hearings related to network adequacy and additional support to those granted waivers through these hearings.

This analysis assumes TDI will utilize General Revenue-dedicated Texas Department of Insurance Operating Fund Account No. 036 (GR-D Fund 36) as this is the dedicated operating fund for the agency. TDI's GR-D Fund 36 utilizes a statutorily authorized self-leveling mechanism where appropriations made from GR-D Fund 36 would be considered in the annual adjustment of the maintenance tax rates. Therefore, the annual revenue for GR-D Fund 36 will equal the expenses incurred by the agency and result in a net zero change in the fund balance.

TDI would require 3.5 Full-Time Equivalents (FTE) in fiscal year 2024 at a cost of \$470,538 and 1.5 FTEs in fiscal year 2025 at the cost of \$133,309 for a total of \$470,538 in GR-D Fund 36 in the 2024-25 biennium. Additionally, in fiscal year 2024, one-time startup costs include \$14,099 for other operating and technology costs required to implement provisions of the bill.

This would include the following new positions:

In fiscal year 2024, 2.0 Attorney III (\$83,298 plus \$26,514 in benefits per FTE per fiscal year) would be needed to investigate, review, prepare, and participate in the public rulemaking process and public hearings related to network adequacy. In fiscal year 2025 and beyond, the agency would require 0.5 Attorney III (\$41,649 plus \$13,257 in benefits per fiscal year) for the same purposes listed above.

In fiscal year 2024, 1.5 Compliance Analyst II (\$59,473 plus \$18,930 in benefits per FTE per fiscal year) would be required to provide hearing support services for all public hearings related to network adequacy. In fiscal year 2025 and beyond, the agency would require 1.0 Compliance Analyst II (\$59,473 plus \$18,930 in benefits per fiscal year) for the same purposes listed above.

Local Government Impact

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

Source Agencies: 454 Department of Insurance

LBB Staff: JMc, AAL, LBl, GDZ