

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 28, 2023

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1140 by Schwertner (Relating to the adequacy and effectiveness of managed care plan networks.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB1140, As Introduced : a negative impact of (\$2,943,237) 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	(\$1,921,013)
2025	(\$1,022,224)
2026	(\$1,022,224)
2027	(\$1,022,224)
2028	(\$1,022,224)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue Gain from Dept Ins Operating Acct 36</i>	<i>Probable (Cost) from Dept Ins Operating Acct 36</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	\$331,471	(\$331,471)	(\$1,921,013)	12.0
2025	\$322,621	(\$322,621)	(\$1,022,224)	12.0
2026	\$322,621	(\$322,621)	(\$1,022,224)	12.0
2027	\$322,621	(\$322,621)	(\$1,022,224)	12.0
2028	\$322,621	(\$322,621)	(\$1,022,224)	12.0

Fiscal Analysis

This bill would amend the Health and Safety Code to define managed care plan and further define health benefit plan terminology. This bill would amend the Insurance Code to provide the Office of Public Insurance Counsel authority relating to monitoring and reporting the adequacy and effectiveness of networks offered by managed care plans in this state.

Methodology

This analysis assumes the duties of the Office of Public Insurance Counsel (OPIC) would require monitoring the adequacy and effectiveness of networks offered by managed care plans, including health maintenance organizations, preferred provider benefit plans, and exclusive provider benefit plans. OPIC would review related managed care plan filings, applications, and requests related to access plans and waivers of network adequacy requirements regarding reasonable access to benefits and be authorized to file objections on behalf of insurance consumers. Additionally, the agency assumes it could request contested case hearings regarding applications and filings relating to network adequacy and challenge the determinations of the Texas Commissioner of Insurance on applications and filings relating to network adequacy.

OPIC would require 9.0 Full-Time Equivalents (FTE) at a cost of \$1,634,692 in General Revenue in the 2024-25 biennium. 5.0 Program Specialist V (\$60,000 plus \$19,098 in benefits per FTE per fiscal year) and 1.0 Information Specialist V (\$80,000 plus \$25,464 in benefits) to establish, manage, and administer a program to implement the provision of the bill and 3.0 Attorney III (\$80,000 plus \$25,464 in benefits per FTE per fiscal year) to investigate, review, prepare, and participate in each contested case hearing.

This analysis assumes the Department of Insurance (TDI) will be required to participate in contested case hearings requested by OPIC regarding network adequacy filings, as TDI reviews and approves or disapproves access plans or waivers impacting network adequacy. TDI would require 3.0 FTEs at a cost of \$619,743 in General Revenue-dedicated Texas Department of Insurance Operating Fund Account No. 036 (GR-D Fund 36) in the 2024-25 biennium. 2.7 Attorney III (\$81,487 plus \$25,937 in benefits per FTE per fiscal year) and 0.7 Compliance Analyst (\$47,633 plus \$15,162 in benefits) to investigate, review, prepare, and, if applicable, participate in contested case hearings requested by OPIC.

The State Office of Administrative Hearing (SOAH) assumes no significant fiscal impact as the anticipated costs resulting from conducting contested case hearings for OPIC would be covered through an interagency contract (IAC). SOAH estimates \$84,000 per fiscal year through an IAC with OPIC would cover the costs of the anticipated contested case hearings necessary to implement the provisions of the bill.

This analysis assumes a total one-time cost of \$898,790 in General Revenue in fiscal year 2024 relating to OPIC for the build-out of current offices to accommodate the additional FTEs. All other ongoing costs total \$409,754 in General Revenue and \$34,348 in GR-D Fund 36 in the 2024-25 biennium, relating to operating expenses, consumable supplies, professional fees and services and general hardware and software information technology-related expenses necessary to implement the provisions of the bill.

Based on this analysis, all other duties relating to the adequacy and effectiveness of managed care plan networks can be accomplished by the Office of Public Insurance Counsel, State Office of Administrative Hearing, and the Department of Insurance by utilizing existing resources.

Local Government Impact

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

Source Agencies: 359 Office of Public Insurance Counsel, 360 State Office of Administrative Hearings, 454 Department of Insurance

LBB Staff: JMc, NPe, GDZ, LBl, CMA