

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 25, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1723 by Paxton (Relating to the backdating of referrals for certain managed care health benefit plans.), **As Introduced**

The fiscal implications of the bill cannot be determined because utilization of a service that would have otherwise been unallowable if a referral was made after the allowable time limit is unknown.

The bill would amend the Insurance Code to require certain health benefit plans, for purposes of payment or the provision of network benefits, to accept a referral made by an enrollee's primary care physician if the referral is provided no later than the 30th day after the date on which the enrollee receives the service or supply.

According to the Employee Retirement System, the fiscal impact cannot be determined at this time as utilizations of a service that would have otherwise been unallowable if a referral was made after the allowable time limit is unknown.

According to the Health and Human Services Commission (HHSC), it is unknown how many Medicaid and CHIP Managed Care Organizations (MCOs) require a referral and for those that do, its unknown if the MCOs have time requirements for when referrals must be made. For MCOs that do require a referral and stipulate time limits, the bill could increase utilization of services that would have otherwise been unallowable if a referral was made after the allowable time limit. However, its unknown if the service might have been denied due to another reason even if the referral wasn't made within the required time limit; therefore, costs cannot be estimated at this time. Given the variable nature of MCOs policies and the unknown reasons for any denials, HHSC does not have enough information to determine possible impacts and costs to utilization of Medicaid and CHIP services cannot be estimated.

Based on the analysis of the Teacher Retirement System of Texas, Department of Insurance, Texas A&M University System Administrative & General Offices, and the University of Texas System Administration, any duties and responsibilities associated with implementing the provisions of the bill could be accomplished by the agencies utilizing existing resources.

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, 529 Health and Human Services Commission, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

LBB Staff: JMc, NPe, GDZ, LBI