

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 22, 2025

TO: Honorable Dustin Burrows, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB138 by Dean (Relating to the establishment of the Health Impact, Cost, and Coverage Analysis Program; authorizing a fee.), As Passed 2nd House

Estimated Two-year Net Impact to General Revenue Related Funds for HB138, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2027.

The University of Texas Health Science Center at Houston is required to implement a provision of the bill only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, The University of Texas Health Science Center at Houston may, but is not required to, implement a provision of the bill using other appropriations available for that purpose.

This bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement 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>
2026	\$0
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Probable Revenue Gain from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$3,938,000)	\$3,938,000	6.0
2027	(\$2,057,000)	\$2,057,000	6.0
2028	(\$2,057,000)	\$2,057,000	6.0
2029	(\$2,150,000)	\$2,150,000	6.0
2030	(\$2,150,000)	\$2,150,000	6.0

Fiscal Analysis

The bill requires the Center for Health Care Data (the Center) at The University of Texas Health Science Center at Houston (UTHSC Houston) to establish the Health Impact, Cost, and Coverage Analysis Program (the

Program) to prepare analyses of proposed legislation that would impose new mandates on health benefit plan issuers or administrators.

The bill requires the Comptroller of Public Accounts to assess an annual fee on each health maintenance organization and insurer providing preferred provider benefit plans but excludes the assessment of such a fee on certain state employee benefit plans and those issuers operating solely as a Medicaid managed health care organization. The fee amount will be based on the estimated cost of implementing the bill as determined by the Center and prorated based on the number of individuals covered by each health benefit plan issuer subject to the fee. The bill stipulates that the Comptroller will adjust the fee amount each biennium based on changes in the estimate developed by the Center and any deficits incurred in the preceding year operating the program.

The bill requires that the Center develop the required estimate by March 1 of each year and that the Texas Department of Insurance generate a report on the number of individuals covered by an insurer for the purposes of determining the fee amount.

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

According to UTHSC Houston, 5.0 full-time equivalents (FTEs) would be needed to implement the provisions of the bill, along with certain professional services and required external review services. This analysis assumes a fee will be assessed by the Comptroller in the amount necessary to implement the Program to cover the General Revenue impact, thus leading to no significant statewide fiscal impact.

The fiscal impact assumes that the annual fee in a biennium will be set at the estimated average annual cost of the Program, accounting for any deficits faced in the preceding year. The Comptroller assumes that the Center's fiscal year 2026 costs would be assessed and collected in calendar year 2025 but after September 1, while fiscal year 2027 costs would be assessed and collected in fiscal year 2026, resulting in two assessments in fiscal year 2026. The assessment and collection of fees occurring twice in the same fiscal year is reflected in the amounts provided for fiscal year 2026 in the table above.

The Comptroller anticipates administrative costs associated with hiring 1.0 FTE for implementation and future administration of the assessment and the collection of premium information to calculate the assessment amount for each issuer. It is assumed these administrative costs could be absorbed with existing funds. According to the Comptroller of Public Accounts, if the bill takes effect immediately upon enactment, there would be no significant cost of implementation in fiscal year 2025 and no fee assessment for that fiscal year.

The Health and Human Services Commission has indicated there will be a fiscal impact to that agency but that the amount cannot be determined since the amount of the fee that will be assessed is unknown.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 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

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