

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 8, 2025

TO: Honorable Jay Dean, Chair, House Committee on Insurance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3812 by Bonnen (Relating to health benefit plan preauthorization requirements for certain health care services and the direction of utilization review by physicians.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB3812, As Introduced: a negative impact of (\$90,000) through the biennium ending August 31, 2027.

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>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	(\$45,000)
2027	(\$45,000)
2028	(\$45,000)
2029	(\$45,000)
2030	(\$45,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from <i>Dept Ins Operating Acct 36</i>	Probable Savings/(Cost) from <i>Dept Ins Operating Acct 36</i>	Probable Savings/(Cost) from <i>General Revenue Fund 1</i>
2026	\$900,000	(\$900,000)	(\$45,000)
2027	\$150,000	(\$150,000)	(\$45,000)
2028	\$150,000	(\$150,000)	(\$45,000)
2029	\$150,000	(\$150,000)	(\$45,000)
2030	\$150,000	(\$150,000)	(\$45,000)

Fiscal Analysis

The bill would amend the Texas Insurance Code to require health maintenance organizations and insurers to provide annual, detailed reports to the Texas Department of Insurance (TDI) pertaining to healthcare services concerning exemptions granted for specific services, determination to rescind or deny exemptions, and independent reviews of determinations, including instances where physicians requested such reviews. Additionally, the bill would require the Texas Medical Board (TMB) to investigate concerns about the validity of physician requested health benefit plan utilization reviews and allows TMB to see administrative penalties and disciplinary action against a physician who directs a utilization review without medical justification.

The bill would take effect September 1, 2025.

Methodology

Based upon analysis provided by the Texas Department of Insurance (TDI), this estimate assumes that the agency would require a new reporting system database to implement the provisions of the bill. The agency anticipates that with approximately 3,000 health care services per health plan and the number of health maintenance organizations and insurers required to annually report, the volume of the data submitted will be significant. This estimate assumes that the agency would be required to build a dedicated reporting system to handle this volume of reports with an initial build cost of \$900,000 and an annual cost of \$150,000.

This estimate assumes any appropriations made to implement the provisions of the bill would be appropriated from the Texas Department of Insurance Operating Account Fund 36. This account is a self-leveling account, and any expenditure increases would be reflected in the annual adjustment of the maintenance tax rates for insurance carriers. Therefore, the overall revenue into the account will equal expenses.

Based upon analysis provided by the Texas Medical Board (TMB), this estimate assumes there will be additional cases brought before the State Office of Administrative Hearings as a result of implementing the provisions of the bill. The agency anticipates three additional cases related to physicians that direct a utilization review without medical justification at an average cost of \$15,000 per case. The State Office of Administrative Hearings has indicated that they can absorb the additional workload by utilizing existing resources.

Pursuant to the Texas Occupations Code, Section 153.051, the Texas Medical Board is required to generate sufficient revenues to cover the cost of agency appropriations and the other direct and indirect costs appropriated to other state agencies. This estimate assumes that the amount of fee revenue generated by the agency that exceeds its appropriation will be sufficient to cover the costs of implementing the bill's provisions.

Technology

Based upon analysis provided by the Texas Department of Insurance, this estimate assumes the agency would require a new reporting database to implement the provisions of the bill. The new reporting database would be built utilizing a third party vendor to have online reporting, centralized storage, and report generating functionalities.

Local Government Impact

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

Source Agencies: 360 State Office of Administrative Hearings, 454 Department of Insurance, 503 Texas Medical Board, 529 Health and Human Services Commission

LBB Staff: JMc, AAL, GDZ, BFa