

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 8, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB547 by Menéndez (Relating to notice from a health benefit plan issuer to the Texas Department of Insurance regarding a physician's or health care provider's preauthorization exemption status.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB547, As Introduced: an impact of \$0 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	\$0
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>Dept Ins Operating Acct 36</i>	Probable Revenue Gain/(Loss) from <i>Dept Ins Operating Acct 36</i>
2026	(\$1,000,000)	\$1,000,000
2027	(\$250,000)	\$250,000
2028	(\$250,000)	\$250,000
2029	(\$250,000)	\$250,000
2030	(\$250,000)	\$250,000

Fiscal Analysis

The bill would amend the Texas Insurance Code to require the Texas Department of Insurance (TDI) to establish a comprehensive database to record preauthorization exemption grants, denials, rescissions, and determinations resulting from internal appeals and independent reviews conducted by health maintenance organizations (HMOs) or insurers. HMOs and insurers would be required to provide a written notice to TDI no later than the tenth day after a relevant action.

The bill would take effect September 1, 2025.

Methodology

Based upon analysis provided by the Department of Insurance, this estimate assumes approximately 30 healthcare plans will be required to submit data to comply with the reporting requirements. Due to the large volume of providers and specialties within these healthcare plans, the agency anticipates a significant number of data that would be submitted and processed by the agency. This estimate assumes that this increase in the amount of records processing cannot be absorbed with current technological resources and the agency would require a new reporting system database. The agency anticipates that this new database will have an initial one-time cost of \$1,000,000, with \$250,000 in annual ongoing maintenance costs.

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.

Technology

To implement the provisions of the bill, this estimate assumes the agency will require a separate reporting system and processing database. This estimate assumes that TDI will work with a third-party vendor to create the database with secure profile, data submission, data management, and data querying functionalities.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: JMc, NPe, GDZ, BFa