LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 29, 2003

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB1743** by Delisi (Relating to prevention of fraud and abuse under the medical assistance program; creating an offense.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1743, As Passed 2nd House: a positive impact of $21,394,000 through the biennium ending August 31, 2005.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	$6,756,000
2005	$14,638,000
2006	$15,220,000
2007	$15,220,000
2008	$15,665,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *GR MATCH FOR MEDICAID* 758	Probable Savings/(Cost) from *FEDERAL FUNDS* 555
2004	$6,756,000	$11,526,000
2005	$14,638,000	$23,349,000
2006	$15,220,000	$24,223,000
2007	$15,220,000	$24,223,000
2008	$15,665,000	$24,890,000

Fiscal Year	Change in Number of State Employees from FY 2003
2004	18.0
2005	18.0
2006	18.0
2007	18.0
2008	18.0

Fiscal Analysis

The bill would implement many provisions of e-Texas HHS 13. The bill would authorize the Health and Human Services Commission (HHSC) to perform a prepayment review of a claim for Medicaid reimbursement to determine if the claim involves fraud or abuse. The bill would authorize withholding payment of such claims for five days without notice to the person submitting the claim. HHSC may impose a post payment hold on future claims if reliable evidence of fraud involving a claim exists. The bill would provide for expedited administrative hearing regarding the hold under certain circumstances. The bill also would propose the following: require Medicaid providers, who have irregularities related to services, to file a surety bond; add the violation of receiving or soliciting an inducement; require third party vendors, who bill on behalf of Medicaid, to enter into contracts authorizing such activity; allow the seizure of assets of individuals determined to have engaged in fraud or abuse; and require certain reporting activities. The bill also deletes a requirement that HHSC refer a case of suspected fraud, waste, or abuse under the Medicaid program to the appropriate district attorney, county attorney, city attorney, or private collection agency if the attorney general fails to act within 30 days of referral of the case to the Office of the Attorney General. The bill would also provide for the forfeiture of certain property defined as contraband.

Methodology

The Comptroller of Public Accounts assumed that the General Revenue savings accrue, due to changes in the law and the more aggressive pursuit of fraud and abuse, would be: $7,882,000 in FY 2004, $15,764,000 in FY 2005, $16,391,000 in FYs 2006 and 2007, and $16,870,000 in FY 2008. Staffing increases recommended in the e-Texas report are as follows: eleven (11) new FTEs at the Office of the Attorney General (OAG) (cost of $1,392,000 per year) and eighteen (18) new FTEs at the Health and Human Services Commission (HHSC) (cost of $1,126,000 per year). However, the OAG indicates that any legal work resulting from this bill could be reasonably absorbed within existing resources.

It is assumed that the savings are contingent on the appropriation to the HHSC being increased by $1,126,000 in fiscal year 2004 and fiscal year 2005 for eighteen (18) FTEs.

Technology

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 501 Department of Health, 503 Board of Medical Examiners, 302 Office of the Attorney General, 529 Health and Human Services Commission

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