

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 2, 2003

TO: Honorable Kenny Marchant, Chair, House Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB2777** by Hughes (Relating to pathology reports on abortions; providing a penalty.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB2777, Committee Report 1st House, Substituted: a positive impact of \$51,492 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.

The bill would amend the Health and Safety Code, Chapter 170, to require Abortion Facilities, and Ambulatory Surgery Centers, licensed by the Texas Department of Health (TDH), to provide pathology reports for each abortion performed. The Board of Medical Examiners (BME) would also have to amend existing rules requiring physician compliance with the abortion pathology-reporting statute, because physician's offices are not governed by TDH. The bill would allow processing fees to be collected which would generate funds to offset costs to the TDH. Costs to the department for the 2003-2004 biennium are estimated at (\$258,128) and fees for the biennium are estimated at \$309,620, for a net gain of \$51,492 through the biennium ending August 1, 2005.

The bill would take effect September 1, 2003, and applies only to an abortion performed on or after January 1, 2004.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$29,166
2005	\$22,326
2006	\$22,326
2007	\$22,326
2008	\$22,326

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Change in Number of State Employees from FY 2003
2004	(\$125,644)	\$154,810	1.3
2005	(\$132,484)	\$154,810	1.3
2006	(\$132,484)	\$154,810	1.3
2007	(\$132,484)	\$154,810	1.3
2008	(\$132,484)	\$154,810	1.3

Fiscal Analysis

The bill would amend the Health and Safety Code, Chapter 170, to require Abortion Facilities, and Ambulatory Surgery Centers, licensed by the Texas Department of Health (TDH), to provide pathology reports for each abortion performed. The Board of Medical Examiners (BME) would also have to amend existing rules requiring physician compliance with the abortion pathology-reporting statute, because physician's offices are not governed by TDH. TDH would have to coordinate lab tests and reporting mechanisms for physicians who are not credentialed as pathologists. Statistical data reported to TDH estimates that 77,405 abortions are performed annually, in a non-hospital setting. Hospitals are exempt from this legislation. TDH would have to add 1.3 Full Time Equivalents (FTE) to perform additional functions associated with the new reporting requirement. The bill allows the department to collect a fee to offset administrative costs. TDH estimates additional staff functions including the development of reporting guidelines, report collection, fee collection, evaluation, enforcement, coordination with state and federal agencies and other administrative functions.

Methodology

For purposes of this analysis it is assumed that agency costs associated with establishing rules, interagency coordination, evaluation compliance, compliance enforcement, fee collections, distribution, mailing, processing reports and data management would require additional General Revenue, which would be offset by the collection of processing fees.

It is assumed that new rules would have to be established and implemented by TDH to establish the abortion pathology-reporting requirement for abortion facilities. It is also assumed that the BME would have to amend their existing rules, to correspond with the TDH pathology-reporting requirement, for physicians offices not governed under TDH rules.

It is assumed that TDH will have to set up alternate reporting mechanisms with pathology labs for physicians who are not credentialed as pathologists.

It is assumed that TDH will collect a fee of no less than \$2.00 dollars, from the abortion provider, for each pathology report processed. Estimated revenue for approximately 77,405 reports filed is \$154,810 per year. Therefore, it is assumed that collection, evaluation, and administrative costs for processing 77,405 abortion pathology reports per year will require TDH to add 1.3 FTEs to perform duties associated with the new reporting requirement. Additional interagency coordination with federal and state agencies will also be required. Costs for informational materials, distribution and mailing costs, and new computers are also assumed. Collections of processing fees are expected to meet or exceed administrative costs for TDH.

Technology

Two personal computers at \$1,300 each. Total cost would be \$2,600.

Local Government Impact

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

Source Agencies: 501 Department of Health

LBB Staff: JK, RR, KF, GD