

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 25, 2003

TO: Honorable Dianne White Delisi, Chair, House Committee on State Health Care Expenditures, Select

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3204 by Delisi (Relating to a front-end Medicaid fraud reduction pilot program.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB3204, Committee Report 1st House, Substituted: a positive impact of \$3,712,382 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	\$3,712,382
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from <i>GR MATCH FOR</i> <i>MEDICAID</i> 758	Probable Savings from <i>FEDERAL FUNDS</i> 555	Probable (Cost) from <i>GR MATCH FOR</i> <i>MEDICAID</i> 758	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2004	\$3,980,000	\$5,217,148	(\$267,618)	(\$802,853)
2005	\$0	\$0	\$0	\$0
2006	\$0	\$0	\$0	\$0
2007	\$0	\$0	\$0	\$0
2008	\$0	\$0	\$0	\$0

Fiscal Analysis

The bill would direct the Health and Human Services Commission (HHSC), in cooperation with the Department of Human Services (DHS), to implement a front-end for the Medicaid fraud reduction pilot program in the service areas containing Harris and Dallas counties. The bill would direct HHSC to seek enhanced federal funding to implement the program. The bill would also direct HHSC to report no later than January 1, 2005, providing an evaluation of the effectiveness of the project and making recommendations regarding the project.

Methodology

The following estimate is based on responses from the Health and Human Services Commission (HHSC) and the Department of Human Services (DHS).

1. It is estimated that the pilot project would occur for a 12 month period beginning September 1, 2003.
2. It is estimated that the pilot project would cost \$1,070,470 in All Funds in fiscal year 2004, and that General Revenue Funds would finance 25 percent of the expense. (This calculation anticipates an enhanced federal match of 75 percent.) HHSC indicates that expenses would include the provision of smart cards, the purchase and installation of biometric readers, and other administrative activities.
3. It is estimated that the pilot project would save \$10,000,000 in All Funds in fiscal year 2004, with roughly 40 percent of the savings accruing to General Revenue Funds. HHSC indicates that savings would result from the prevention of identity theft, card swapping, and phantom services.

Technology

The bill would require the establishment (perhaps through a contracted arrangement) of new technologies and modifications to existing technology systems.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 324 Department of Human Services, 529 Health and Human Services Commission

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