

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 10, 2005

TO: Honorable Carlos Uresti, Chair, House Committee on Government Reform

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB3232 by Uresti (Relating to the establishment of the Texas Department of Health Professions Licensing and the transfer of the regulation of certain licensed health professions to that department; providing a civil penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3232, As Introduced: a positive impact of \$335,000 through the biennium ending August 31, 2007.

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
2006	\$0
2007	\$335,000
2008	\$465,000
2009	\$465,000
2010	\$465,000

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Savings from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Change in Number of State Employees from FY 2005
2006	\$0	\$0	0.0
2007	(\$130,000)	\$465,000	(7.0)
2008	\$0	\$465,000	(7.0)
2009	\$0	\$465,000	(7.0)
2010	\$0	\$465,000	(7.0)

Fiscal Analysis

The bill would add Chapter 112 to the Occupations Code to create the Texas Department of Health Professions Licensing, and transfer the regulation of 23 health professions to the new agency. **Section 112.052** would establish a seven member governor-appointed board. The Department, the Board and laws governing the affected health provisions would all be abolished in 2017, unless continued as provided by the Sunset Act. **Section 112.059 (b)** would entitle board members to reimbursement for actual and necessary expenses subject to limitations set by the General Appropriations Act. **Section 112.101** would require the board to appoint an executive director. **Section 112.103** would authorize the executive director to employ personnel and require the department personnel to be organized according to licensing, enforcement and regulatory functions rather than by the various professions

regulated by the department. **Section 112.152** would require the board to set fees in amounts reasonable and necessary to cover the costs of programs and activities related to licensing, as well as other programs and activities for which fees are authorized.

Section 112.351 (b) would give the new agency the authority to exercise all powers and duties assigned to the licensing authority under the specified chapters of the Occupations Code related to each health profession. Of the 23 health professions, four are currently regulated by independent boards operating as stand-alone agencies (chiropractors, podiatrists, optometrists, and psychologists), acupuncturists are regulated by the State Board of Medical Examiners, and the remaining 18 health professions (including social workers, midwives, chemical dependency counselors, marriage and family therapists, massage therapists and professional counselors) are regulated under the Department of State Health Services, many by boards or advisory committees. **Section 112.352** would require the new agency to administer the Health Professions Council, a stand-alone agency which enables health professions agencies (including some not included in the consolidation which would be required by this bill) to share administrative activities. **Section 112.353** would require a transition plan, including the transfer of powers, duties, functions, programs and activities to the Department from the current structures, to be submitted to the Legislature by January 1, 2006. The transition plan would provide for the transition to be complete by the start of fiscal year 2008.

In order to implement the provisions of the bill, a rider to create appropriation authority for the Texas Department of Health Professions Licensing by transferring appropriations from affected agencies would need to be added to Article IX of the General Appropriations Act.

Methodology

It is assumed that the provisions of the bill would enable the Department of Health Professions Licensing to maintain the same level of revenue that is currently available to fund the regulation of health professions identified in the bill. It is assumed that personnel (estimated 98 positions) and funding associated with the health professions regulation would transfer to the new agency from the stand-alone agencies, Board of Medical Examiners and Department of State Health Services.

Cost and savings are estimated to begin in fiscal year 2007, based on the implementation dates specified in the bill. Based on information from the Sunset Advisory Commission (SAC) the savings estimate assumes that at least 7 redundant FTE positions could be eliminated, including 3 Executive Director positions and 4 administrative positions. Savings achieved from elimination of FTE positions are estimated to be \$362,000 in salaries and benefits for fiscal years 2006-2010. Savings of \$102,000 in fiscal years 2007-2010 are estimated to be achieved from the elimination of travel costs for boards and advisory committees, based on the assumption that these bodies will be abolished and their duties carried out by the new Board of Health Professions Licensing. Alternatively, savings could be achieved through other consolidation related efficiencies.

The cost estimate assumes moving costs for the transferring FTEs (\$98,000), technology costs associated with changing to biennial license renewals for the 5 regulatory functions that currently renew annually (\$25,000) and an average travel reimbursement of \$1,000 for the new board members (\$7,000).

Other costs (not included in this estimate) related to consolidation may be incurred, dependent on the details of the transition plan. For example, the Health Professions Council (HPC) anticipates that if physical relocation of HPC results from the transition, the agencies not affected by consolidation might not continue interagency contracts with HPC as they would not gain current administrative benefits derived from co-location in the same building. Potential savings (not included in this estimate) may be achieved from the efficiencies of administrative consolidation and further reductions in FTEs, dependent on the details of the transition plan and organization of the department by function. It is assumed that the additional costs of implementation of the bill would be offset by potential efficiencies achieved through consolidation of health professions regulation.

Technology

As stated in the methodology, technology costs associated with changing to biennial license renewals

for the 5 regulatory functions that currently renew annually (\$25,000) are included.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 320 Texas Workforce Commission, 364 Health Professions Council, 503 Board of Medical Examiners, 508 Board of Chiropractic Examiners, 512 Board of Podiatric Medical Examiners, 514 Optometry Board, 520 Board of Examiners of Psychologists, 537 Department of State Health Services

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