

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 4, 2005

TO: Honorable Dianne White Delisi, Chair, House Committee on Public Health

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

IN RE: HB3276 by Isett (Relating to the reporting of data from health care facilities and the disclosure of estimated charges and the billing policies of certain health care facilities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3276, As Introduced: a negative impact of (\$3,394,642) 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	(\$1,718,362)
2007	(\$1,676,280)
2008	(\$1,651,315)
2009	(\$1,695,186)
2010	(\$1,742,432)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2005
2006	(\$1,718,362)	2.0
2007	(\$1,676,280)	2.0
2008	(\$1,651,315)	2.0
2009	(\$1,695,186)	2.0
2010	(\$1,742,432)	2.0

Fiscal Analysis

Section 1 of the bill would amend Section 108.009(a) of the Health and Safety Code to require the Texas Health Care Information Council to collect both inpatient and outpatient data. Section 2 of the bill would require a hospital to disclose to any person the right to receive a written estimate of charges for any procedure, service, or supply.

Methodology

According to the Department of State Health Services (DSHS), data regarding inpatient procedures is currently available, but data regarding outpatient procedures is not available. DSHS estimates that collecting this level of data would result in an increase of 28 million records in fiscal year 2006 with

an increase of 3 percent in the number of patient records in each subsequent year.

In order to comply with Section 1 of the bill to collect outpatient data, DSHS estimates that two FTEs, a Research Specialist IV and a Systems Analyst IV, would be needed to analyze and report the data. Salary, benefits, travel, and other operating costs total \$105,856 in 2006, \$122,480 in 2007, \$120,980 in 2008, and \$118,980 in 2009 and 2010. Computer hardware costs total \$2,106 in 2006 and \$1,300 in each subsequent year. In addition, there would be a one-time cost of \$23,400 in 2006 for a server and installation.

The hospital data collection system is currently maintained by a contractor. Costs for the contractor to develop, implement, and maintain software would total \$187,000 in 2006, \$110,500 in 2007, \$43,775 in 2008, \$45,088 in 2009 and \$46,440 in 2010. In addition, there would be a systems operations cost of \$0.05 per record collected. Assuming an additional 28 million records would be processed in 2006 and that the number of records would increase by 3 percent each year, systems operations costs would total \$1,400,000 in 2006, \$1,442,000 in 2007, \$1,485,260 in 2008, \$1,529,818 in 2009, and \$1,575,712 in 2010.

It is assumed that there would be no cost to the state from Section 2 of the bill.

Technology

There would be costs for the contractor to develop, implement, and maintain software. DSHS estimates that software development costs would total \$170,000 in 2006 (2,000 hours at \$85/hour). Software implementation and testing would total \$17,000 in 2006 (200 hours at \$85/hour) and \$68,000 in 2007 (800 hours at \$85/hour). Software maintenance would total \$42,500 in 2007, \$43,775 in 2008, \$45,088 in 2009, and \$46,440 in 2010. Additional technology costs include \$23,400 in 2006 for a server plus installation and computer hardware costs of \$2,106 in 2006 and \$1,300 in each subsequent year for the two additional FTEs.

Local Government Impact

Local governments that operate hospitals would be required to comply with the provisions of the bill and may have costs associated with compliance.

Source Agencies: 537 Department of State Health Services

LBB Staff: JOB, CL, KF, LW