

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 9, 2005

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

IN RE: SB47 by Nelson (Relating to the Medicaid fraud reduction pilot program.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would modify Section 531.1063 (d) and (g), Government Code by authorizing the Health and Human Services Commission (HHSC) to implement statewide rollout of the Medicaid fraud reduction pilot if deemed cost-effective. The bill states that if HHSC requires children younger than fifteen years of age to participate in the program, the commission would be limited in the manner in which the identity could be validated.

The bill would require HHSC to adopt a plan to implement the program statewide in phases. The plan would be required to include for each phase: (1) policies and procedures to address lost, forgotten, or stolen cards, (2) a determination and reasoning of the participation of children, elderly, or disabled persons and (3) inclusion of a description of how biometric images are captured. The bill would require HHSC to seek comment from stakeholders in the state Medicaid program when developing the plan.

Section 2 of the bill would require HHSC to provide a status report by February 1, 2006 to the Governor, Lt. Governor, Speaker of the House, and presiding officer of each standing committee of the Senate and House of Representatives having jurisdiction over the state Medicaid program. The report would include cost benefit information, a cost effectiveness evaluation, and any problems encountered with statewide implementation of the pilot.

The Health and Human Services Commission has indicated that the fiscal impact of the bill cannot be determined at this time, due to the fact that the initial pilot cost effectiveness study has not been completed. Without information on cost and savings, a reliable cost estimate is not possible. However, based on the fiscal note for the initial pilot program included in House Bill 2292, 78th Legislature, the bill would result in some net savings. A final evaluation of the initial pilot would provide the information needed to estimate the cost of full state-wide implementation.

The bill would require changes to the Texas Integrated Eligibility Redesign System (TIERS), and possibly other computer systems, which are unknown at this time.

If passed by a two-thirds vote in each house, the bill would become effective immediately. If not, the bill would take effect September 1, 2005.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

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