

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 24, 2005

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB563 by Janek (Relating to the prevention of Medicaid fraud; providing penalties.), As
Passed 2nd House

No significant fiscal implication to the State is anticipated.

It is assumed that implementation of the bill can be accomplished within existing resources. The Office of the Attorney General anticipates a positive fiscal impact on general revenue or other legislatively-designated account. The bill would clarify the Attorney General's investigative and civil enforcement authority and enhance the Attorney General's ability to recover for the state restitution plus double damages, prejudgment interest, civil penalties of \$1,000 to \$10,000 for each unlawful act, and reimbursement of the Attorney General's reasonable attorneys' fees, expenses, and costs. During the previous biennium, the Attorney General states that the agency has recovered over \$27 million from unscrupulous health care providers in qui tam actions under Chapter 36.

The bill would modify Section 531.1063 (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 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 fingerprint images are captured. The bill would require HHSC to seek comment from stakeholders in the state Medicaid program when developing the plan.

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.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 452 Department of Licensing and Regulation, 529 Health and Human Services Commission, 539 Department of Aging and Disability Services, 696 Department of Criminal Justice

LBB Staff: JOB, CL, KF