

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**May 17, 2005**

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

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

**IN RE: SB872** by Nelson (Relating to a study regarding the impact of niche hospitals on other general hospitals and to certain reports and disclosure requirements regarding niche hospitals.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB872, As Engrossed: an impact of \$0 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	\$0
2008	\$0
2009	\$0
2010	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>HOSPITAL LICENSING ACCT</i> 129	Probable Revenue Gain from <i>HOSPITAL LICENSING ACCT</i> 129
2006	(\$200,000)	\$200,000
2007	(\$50,000)	\$50,000
2008	\$0	\$0
2009	\$0	\$0
2010	\$0	\$0

**Fiscal Analysis**

The bill relates to a study regarding the impact of niche hospitals on other general hospitals and to certain disclosure requirements regarding niche hospitals. The bill would amend the Occupations Code.

The bill would direct the Department of State Health Services (DSHS) to conduct a study regarding the impact of niche hospitals on the financial viability of other general hospitals located in the state. The bill would require the agency to submit a report to the Legislature regarding the results of the study no later than December 1, 2006.

The bill would require physicians to notify DSHS of any ownership interests held by physicians in a

facility. The Texas State Board of Medical Examiners, in consultation with DSHS, would be required to adopt rules governing the form and content of the notice.

The bill would also require DSHS (The bill refers to the Health Care Information Council.) to use public data to prepare and issue reports that provide information for review and analysis by the Health and Human Services Commission (HHSC) relating to services that are provided in niche hospitals and that are provided by physicians with ownership interest in niche hospitals.

Upon enactment, the bill would take effect September 1, 2005.

### **Methodology**

The Department of State Health Services assumes that the agency would contract with the University of Texas School of Public Health or a private entity to conduct the study and prepare the report on the impact of niche hospitals on the financial viability of other general hospitals in this state. The estimated cost of conducting the study totals \$200,000 in General Revenue-Dedicated funds for FY 2006. The estimated cost of preparing the report totals \$50,000 in General Revenue-Dedicated funds for FY 2007. The agency assumes that hospitals would be assessed a fee in fiscal years 2006 and 2007 to cover the cost of the study and report.

With the exception of the estimated cost in FY 2006-07 associated with the study mentioned above, it is assumed that any additional costs to DSHS, HHSC and the Texas State Board of Medical Examiners to implement the provisions of the bill would be absorbed within each agency's existing resources.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 503 Board of Medical Examiners, 529 Health and Human Services Commission, 537 Department of State Health Services

**LBB Staff:** JOB, CL, KF, RM