

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 28, 2005

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
Honorable Tom Craddick, Speaker of the House, House of Representatives

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, to certain reports and disclosure requirements regarding niche hospitals, and to the establishment of an advisory panel to conduct a study on the reporting of health care associated infection rates and process measures.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for SB872, Conference Committee Report: 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 reports and disclosure requirements regarding niche hospitals. The bill would amend the Occupations Code, and the Health and Safety Code by amending certain sections and adding new sections.

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 study would include, among other things, a review of the number of deaths by infection each hospital including a niche hospital has in a year.

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 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.

The bill would require the Commissioner of State Health Services to establish the Advisory Panel on Health Care Associated Infections to conduct a study on the reporting of health care associated infection rates and process measures. Not later than November 1, 2006, the Commissioner would be required to submit a report to the presiding officer of each house of the Legislature on the advisory panel's recommendations for legislation regarding the collection and reporting of infection rates, process measures, or both. The bill would prohibit compensation or reimbursement for travel expenses for members of the panel except for a representative of a state agency on the panel.

The bill would also require that hospitals report to DSHS data on the total emergency room visits, including the percentage of patients examined or treated who were insured or uninsured.

It is assumed that an advisory panel study would have no significant fiscal impact.

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.

DSHS assumes that existing staff would present the agency on the panel. DSHS indicates that no travel expenses would be incurred. DSHS assumes that the agency would not provide staff support to the panel.

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 significant fiscal impact to local units of government is anticipated. The bill's provisions may result in an increase workload for hospital districts to report additional information on emergency room use.

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