

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

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

**May 3, 2005**

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

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

**IN RE: SB1622** by Lindsay (Relating to physician referrals to certain facilities providing speciality services.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1622, As Introduced: a negative impact of (\$250,000) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2006	(\$200,000)
2007	(\$50,000)
2008	\$0
2009	\$0
2010	\$0

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

<b>Fiscal Year</b>	<b>Probable (Cost) from GENERAL REVENUE FUND 1</b>
2006	(\$200,000)
2007	(\$50,000)
2008	\$0
2009	\$0
2010	\$0

**Fiscal Analysis**

The bill relates to physician referrals to certain facilities providing specialty services. The bill would amend the Health and Safety Code and Occupations Codes by adding various sections. The bill would require the Texas Health Care Information Council to prepare and issue reports relating to services provided in certain health care facilities in which physicians have ownership interest for review and analysis by the Health and Human Services Commission (HHSC) and the Department of Insurance (TDI). The bill would require the Executive Commissioner of the Health and Human Services Commission to adopt rules regarding physician disclosure of ownership interest in certain facilities.

The bill would also require HHSC and TDI to jointly conduct a study regarding the niche facilities and physician referrals to niche facilities owned by the physicians. The agencies would be required to submit a report to the Governor, Lt. Governor, Speaker of the House of Representatives and the

appropriate standing committees of the Legislature regarding the results of the study.

The bill would require physicians to notify the Department of State Health Services (DSHS) and the Texas State Board of Medical Examiners of any ownership interests held by physicians in a facility.

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

### **Methodology**

DSHS assumes that the agency and TDI would contract with the University of Texas School of Public Health or a private entity to conduct the study and prepare the written report on niche facilities in Texas and physician referrals to niche facilities owned in whole or part by physicians. The estimated cost would total \$200,000 in FY 2006 to conduct the study and \$50,000 in FY 2007 to compile the report.

With the exception of the estimated costs in FY 2006-07 mentioned above, it is assumed that any costs to HHSC, TDI, DSHS 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:** 454 Department of Insurance, 529 Health and Human Services Commission, 537  
Department of State Health Services

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