

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

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

**April 13, 2005**

**TO:** Honorable Robert Duncan, Chair, Senate Committee on State Affairs

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

**IN RE: SB1738** by Duncan (Relating to consumer access to health care information and consumer protection for services provided by or through hospitals and ambulatory surgical centers; providing penalties.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1738, As Introduced: a negative impact of (\$5,554,675) 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	(\$2,785,183)
2007	(\$2,769,492)
2008	(\$2,733,904)
2009	(\$2,378,026)
2010	(\$2,022,148)

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

<b>Fiscal Year</b>	<b>Probable (Cost) from GENERAL REVENUE FUND 1</b>	<b>Change in Number of State Employees from FY 2005</b>
2006	(\$2,785,183)	10.0
2007	(\$2,769,492)	10.0
2008	(\$2,733,904)	10.0
2009	(\$2,378,026)	10.0
2010	(\$2,022,148)	10.0

**Fiscal Analysis**

The bill would require hospitals and facility-based physicians to provide consumers with a schedule of billed charges for each service or supply prior to or upon admission. The Department of State Health Services (DSHS) would be required to identify the 100 most common procedures performed by Texas facilities and update the list every two years. Facilities would be required to develop a charge list for each identified procedure and to make this list available to consumers. DSHS would be required to develop and post on its website a consumer health care guide which includes all facility lists of charges.

The Texas Board of Medical Examiners would be required to develop a list of the 20 most common procedures and related charges for facility-based physicians and to make this list available to consumers.

The bill would prohibit facilities and facility-based physicians from waiving patient cost-sharing and would require that consumers be charged reasonable amounts. DSHS would be authorized to audit facilities and to investigate if charges are reasonable. In addition, consumers would be able to file complaints regarding the reasonableness of charges with DSHS, the Board of Medical Examiners, a regulatory agency, or the attorney general.

The bill includes a number of provisions related to hospital billing practices including disclosure of billing policies and reimbursing patients for overpayments. The bill would prohibit balance-billing and would establish penalties for non-compliance.

## **Methodology**

The Board of Medical Examiners anticipates an increase in the number of complaints filed with the Board and therefore the number of investigations conducted. The Board anticipates an increase of 900 complaints in 2006, with complaint numbers decreasing each year to about 500 complaints in 2010. The Board would need 6 additional FTEs to investigate these complaints. Salary costs would be \$187,992 per year, with benefit costs of \$55,909 per year. Costs for travel, professional services, and other operating expenses associated with investigating new complaints would total \$2,247,313 in 2006, \$2,216,726 in 2007, \$2,181,138 in 2008, \$1,825,260 in 2009, and \$1,469,382 in 2010. The Board also estimates computer-programming costs of \$38,340 in 2006 and \$340 in each subsequent year. The Board indicates computer programming would be needed to collect and update the 20 most common procedures of facility-based physicians (200 hours at \$75/hour to program in-house system for collection, 16 hours at \$75/hour to update the batch program that accepts Texas Online files, 200 hours at \$100/hour to update Texas Online registration application to collect the information, 24 hours at \$75/hour to write program to create report on top 20 list, and 4 hours at \$85/hour to update website with top 20 listing).

The Department of State Health Services anticipates that four new FTEs will be needed to revise rules, identify the list of the 100 most common procedures performed by facilities and update the list every two years, develop and publish the consumer guide on the agency website, and identify the 20 most common procedures performed by a regulated facility vendor and a facility vendor who is not licensed and regulated by a regulatory agency. In addition, the agency indicates staff would be needed to assume responsibilities for investigation of billing complaints. The agency anticipates an increase in the number of on-site complaint investigations required by approximately 300. Moreover, the agency indicates that these investigations would need to be conducted on-site and not through the mail, such that there will be increased travel costs. Overall costs at DSHS include salary costs of \$131,963 in 2006 and \$175,951 in subsequent years, with benefit costs of \$39,246 in 2006 and \$52,328 in subsequent years. Travel costs would total \$45,000 in 2006 and \$60,000 in subsequent years. Rent and utilities would total \$9,093 in 2006 and \$12,124 in subsequent years. Other operating expenses would total \$25,311 in 2006 and \$5,018 in subsequent years. Computer hardware costs would total \$5,016 in 2006 and \$3,104 in subsequent years.

The Health and Human Services Commission, Teacher Retirement System, Department of Insurance, Office of Attorney General, and Employee Retirement System all indicate that any additional work associated with the provisions of the bill could be absorbed within existing resources.

The bill provides for the collection of fines and penalties for violations of the bill's provisions. It is unknown, however, how many facilities or facility-based physicians would be subject to fines. Therefore, any potential revenue is unknown.

## **Technology**

The Board of Medical Examiners estimates programming costs of \$38,340 in 2006 and \$340 in subsequent years. The Department of State Health Services estimates computer hardware costs of \$5,016 in 2006 and \$3,104 in subsequent years.

## **Local Government Impact**

Local government entities that own or operate health clinics and/or hospitals would have to comply with the provisions of the bill and may have costs associated with compliance.

**Source Agencies:** 302 Office of the Attorney General, 323 Teacher Retirement System, 327 Employees Retirement System, 454 Department of Insurance, 529 Health and Human Services Commission, 537 Department of State Health Services, 503 Board of Medical Examiners

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