

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION
Revision 1

May 2, 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.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1738, Committee Report 1st House, Substituted: a negative impact of (\$3,295,097) 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	(\$1,825,488)
2007	(\$1,469,609)
2008	(\$1,070,935)
2009	(\$672,257)
2010	(\$273,580)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Revenue Gain from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>HOSPITAL</i> <i>LICENSING ACCT</i> 129	Probable Revenue Gain from <i>HOSPITAL</i> <i>LICENSING ACCT</i> 129
2006	(\$2,011,709)	\$186,221	(\$129,408)	\$129,408
2007	(\$1,651,639)	\$182,030	(\$126,495)	\$126,495
2008	(\$1,252,965)	\$182,030	(\$126,495)	\$126,495
2009	(\$854,287)	\$182,030	(\$126,495)	\$126,495
2010	(\$455,610)	\$182,030	(\$126,495)	\$126,495

Fiscal Year	Change in Number of State Employees from FY 2005
2006	9.0
2007	9.0
2008	8.0
2009	7.0
2010	6.0

Fiscal Analysis

The bill would require hospitals and certain facilities to provide consumers with a free copy of the facility's common procedure charge list. The Department of State Health Services (DSHS) would be required to identify the 50 most common inpatient procedures and the 50 most common outpatient 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 bill would allow consumers to file complaints with DSHS. DSHS would be authorized to conduct investigations. 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 would require health maintenance organizations to have procedures for handling certain complaints from non-participating providers.

The bill would prohibit balance billing. A facility-based physician would commit unprofessional conduct for balance-billing.

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 500 complaints in 2006, with complaint numbers decreasing each year to about 100 complaints in 2010. The Board would need 5 additional FTEs in 2006 and 2007 to investigate these complaints. Salary costs would be \$155,004 per year, with benefit costs of \$46,098 per year. It is assumed that as the number of complaints decreases, the number of FTEs needed to investigate those complaints would also decrease. It is assumed that there would be 4 FTEs in 2008 (salary total of \$122,016 plus \$36,288 for benefits); 3 FTEs in 2009 (salary total of \$89,028 plus \$26,477 for benefits); and 2 FTEs in 2010 (salary total of \$56,040). Costs for travel, professional services, and other operating expenses associated with investigating new complaints would total \$1,599,386 in 2006, \$1,268,507 in 2007, \$912,631 in 2008, \$556,752 in 2009, and \$200,874 in 2010. The Board also estimates equipment costs of \$25,000 in 2006.

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 and develop and publish the consumer guide on the agency website. In addition, the agency indicates staff would be needed to assume responsibilities for investigation of 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. There would be a one-time cost of \$60,000 in 2006 for modification of the Hospital Facility Licensing Integrated System.

DSHS indicates that facilities would be assessed a renewal licensing fee to cover the costs of implementing this bill. Annual revenue is estimated to be a gain to General Revenue of \$186,221 in 2006 and \$182,030 in subsequent years and a gain to the Hospital Licensing Fund of \$129,408 in 2006 and \$126,495 in subsequent years.

The Health and Human Services Commission and Department of Insurance all indicate that any additional work associated with the provisions of the bill could be absorbed within existing resources.

Technology

The Department of State Health Services estimates computer hardware costs of \$5,016 in 2006 and

\$3,104 in subsequent years. In addition, DSHS estimates a one-time cost of \$60,000 in 2006 (600 hours at \$100/hour) to modify the Hospital Facility Licensing Integrated System to track ambulatory surgical center, birthing center, and hospital procedures and their costs, which may include data capture, notification to the facilities, and reports for web posting. Capital authority would be required for this project.

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

LBB Staff: JOB, PP, SR, JRO, KF, LW