

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 24, 2007

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

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

IN RE: SB288 by Nelson (Relating to the reporting of health care-associated infections at certain health care facilities and the creation of an advisory panel.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB288, Committee Report 2nd House, Substituted: a negative impact of (\$2,299,322) through the biennium ending August 31, 2009.

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 |
|--------------------|---|
| 2008 | (\$1,084,993) |
| 2009 | (\$1,214,329) |
| 2010 | (\$1,139,329) |
| 2011 | (\$1,139,329) |
| 2012 | (\$1,139,329) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from GENERAL REVENUE FUND 1 | Change in Number of State Employees from FY 2007 |
|--------------------|--|---|
| 2008 | (\$1,084,993) | 5.0 |
| 2009 | (\$1,214,329) | 13.0 |
| 2010 | (\$1,139,329) | 13.0 |
| 2011 | (\$1,139,329) | 13.0 |
| 2012 | (\$1,139,329) | 13.0 |

Fiscal Analysis

The bill adds Chapter 98, Reporting of Health Care-Associated Infections, to the Health and Safety Code. The bill establishes the Advisory Panel on Health Care-Associated Infections at the Department of State Health Services (DSHS). The 16 members of the panel serve without compensation but are entitled to reimbursement of travel expenses. The bill requires DSHS to establish the Texas Health Care-Associated Infection Reporting System by June 1, 2008. Health care facilities are required to report the incidence of certain infections to DSHS; the executive commissioner of DSHS is granted authority to modify the list of reportable infections at the recommendation of the advisory panel. DSHS is required to compile and make available to the public a summary, by health care facility, of reported infections; the summary must be published at least annually. DSHS is required to provide education and training for health care facility staff regarding implementation and management of a

facility reporting mechanism, characteristics of the reporting system, confidentiality, and legal protections. The executive commissioner of the Health and Human Services Commission is required to adopt rules and procedures to implement the new chapter.

Methodology

DSHS estimates that advisory committee members would be reimbursed for travel totaling \$30,717 in fiscal year 2008, \$40,956 in fiscal year 2009 and subsequent years. Although the bill authorizes reimbursement for advisory committee travel, specific authorization in the General Appropriations Act is required in order to provide reimbursement.

DSHS estimates contract costs for developing a reporting system of \$725,000; it is assumed that \$650,000 would be spent in fiscal year 2008, \$75,000 in fiscal year 2009. Additional costs for data center services of \$21,580 in fiscal year 2008 and \$17,309 in fiscal year 2009 and beyond are also assumed.

It is assumed that 5.0 FTEs, at a cost of \$0.4 million, would be needed in fiscal year 2008 to develop a training program and prepare for implementation of the reporting system. An additional 8.0 FTEs would be required in fiscal year 2009 and subsequent years to supplement existing staff for training of health care facilities and to compile reports; total cost for 13.0 FTEs in fiscal year 2009 and beyond is estimated to be \$1.1 million.

Total estimated cost would be \$1.1 million in General Revenue Funds in fiscal year 2008, \$1.2 million in General Revenue Funds in fiscal year 2009, and \$1.1 million in General Revenue Funds in fiscal year 2010 and beyond.

There is a potential for savings to state programs, including Medicaid and CHIP, that provide hospital services if required reporting of hospital-acquired infections encourages facilities to reduce the incidence of such infections.

Technology

Included in the costs of the bill are \$671,580 in fiscal year 2008; \$92,309 in fiscal year 2009; and \$17,309 in fiscal year 2010 and beyond for system development costs and data center services. A cost of \$740 per FTE is included for computer hardware and software, a total cost of \$3,700 in fiscal year 2008 and \$9,620 in fiscal year 2009 and beyond.

Local Government Impact

A local governmental entity that owns a hospital or an ambulatory surgery center could incur costs to meet the reporting requirements. Those hospitals with electronic data management systems may need to purchase additional software to effect the migration of infection data into the DSHS system without the need for duplicate data entry.

Source Agencies: 537 State Health Services, Department of

LBB Staff: JOB, PP, KJG, CL, LR