

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 30, 2007

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

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

IN RE: SB1481 by Brimer (Relating to requests for reconsideration of TILE classifications assigned to certain nursing facility residents.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1481, As Introduced: a negative impact of (\$1,915,925) 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 | (\$960,663) |
| 2009 | (\$955,262) |
| 2010 | (\$955,976) |
| 2011 | (\$955,976) |
| 2012 | (\$955,976) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from <i>GR MATCH FOR MEDICAID 758</i> | Probable (Cost) from <i>FEDERAL FUNDS 555</i> | Change in Number of State Employees from FY 2007 |
|-------------|--|--|---|
| 2008 | (\$960,663) | (\$1,508,058) | 8.0 |
| 2009 | (\$955,262) | (\$1,484,459) | 8.0 |
| 2010 | (\$955,976) | (\$1,483,745) | 8.0 |
| 2011 | (\$955,976) | (\$1,483,745) | 8.0 |
| 2012 | (\$955,976) | (\$1,483,745) | 8.0 |

Fiscal Analysis

The bill would amend Subchapter B, Chapter 531, Government Code, by adding a new section 531.089. The bill would require the Health and Human Services Commission (HHSC) to review and make a determination on the request for reconsideration of a Texas Index for Level of Effort (TILE) classification not later than the 30th day after the date the Commission receives the reconsideration request. If the Commission does not make a determination by the 30th day, the original TILE classification originally determined by the Nursing Facility or Hospice provider is considered granted.

Methodology

HHSC estimated the Utilization Review section of the Office of Inspector General would need an

additional six nurse positions and two program specialists in order to handle the estimated 15-20 percent increase in workload related to reconsiderations. HHSC estimated fiscal year 2008 costs totaled \$684,627 in All Funds (including \$125,231 in fringe benefits) and 8 FTEs with \$256,838 being General Revenue with costs for 2009 through 2012 to be \$655,627 in All Funds including \$242,338 in General Revenue.

HHCS indicated that passage of the bill could impact the commission's ability to recover funds identified as inappropriate payments as mandated by House Bill 2292 (Seventy-eighth Legislature, RS) and the federal Deficit Reduction Act (DRA) of 2005. The state would remain liable to the federal government for the amount of the inappropriate payments.

The DADS estimate indicated that the HHSC Utilization Review nurse reviewers in the Office of Inspector General received 913 requests for TILE reconsiderations in FY 2006, that the nurse reviewer's initial re-classification was upheld in 75 percent of the requests, which equals 685 cases and that approximately 25 percent of the cases would not be completed within the 30 day time frame.

The DADS estimate included 171 cases that would result in a higher cost TILE until at least the next TILE classification. Of the 913 TILE re-classification requests, 397 had an original TILE 202. HHSC provided a breakdown of the TILE changes for this group, which showed an average change of \$57.17 per patient day for the estimate. The DADS estimated cost calculation used was 171 clients times 6 months times 30.416 days per month times \$57.17 per patient day.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission, 539 Aging and Disability Services, Department of

LBB Staff: JOB, CL, PP, ML