

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 27, 2009

TO: Honorable Lois W. Kolkhorst, Chair, House Committee on Public Health

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

IN RE: HB2599 by Thompson (Relating to the registration of diagnostic imaging equipment, the accreditation of diagnostic imaging facilities, and the regulation of diagnostic imaging providers; providing penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2599, As Introduced: a negative impact of (\$633,015) through the biennium ending August 31, 2011.

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
2010	(\$531,715)
2011	(\$101,300)
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>General Revenue Fund</i> 1	Probable Savings/ (Cost) from <i>GR-D Diagnostic Imaging Acct.</i>	Probable Revenue Gain/(Loss) from <i>GR-D Diagnostic Imaging Acct.</i>	Change in Number of State Employees from FY 2009
2010	(\$531,715)	(\$330,750)	\$330,750	0.8
2011	(\$101,300)	(\$220,500)	\$220,500	1.0
2012	\$0	(\$71,916)	\$220,500	1.0
2013	\$0	(\$72,036)	\$220,500	1.0
2014	\$0	(\$72,160)	\$220,500	1.0

Fiscal Analysis

The bill would require the Department of State Health Services (DSHS) to register diagnostic imaging facilities if the applicant pays the registration fee and the diagnostic imaging facility is accredited by a nationally recognized accreditation facility that has been approved by DSHS. The diagnostic imaging facility certificate of registration expires two years after the issuance date. Facilities are not required to be licensed until March 1, 2010.

The bill would require providers that perform services for referring health care providers to report to the Center for Health Statistics at DSHS the identity of the referring health care providers, whether the health care provider is an investor in the diagnostic imaging provider and the exact nature of the

investment interest, the total number of patients referred by the health care providers, and the additional claims data required by the center. If the facilities fail to comply with the reporting requirement, DSHS could impose an administrative penalty. The reporting requirements expire September 1, 2010. The bill would require DSHS to conduct a study with the data collected by this section. No later than January 1, 2011, DSHS must submit a report on the findings of the study to the lieutenant governor and speaker of the House of Representatives.

If a facility is found to be out of compliance with this chapter DSHS may charge an administrative penalty which may not be more than \$1,000 per violation. Revenue gain from this penalty is deposited into a separate account outside the state treasury. At the request of DSHS the Office of the Attorney General (OAG) may collect the penalties assigned under this section. The OAG may recover reasonable expenses incurred in obtaining the penalty, including investigation, court costs, and attorney's fees.

No later than January 1, 2010 the Executive Director of the Health and Human Services Commission shall adopt rules to implement the bill.

Unless noted otherwise above the bill takes effect September 1, 2009.

Methodology

COSTS

1. DSHS estimates that one FTE, an Environmental Specialist IV, would be required to register the facilities at an estimated cost of \$56,330 in fiscal year 2010 and approximately \$71,800 in fiscal year 2011 and beyond, these costs include salary, benefits, and other associated expenses.

2. DSHS estimates a cost to register facilities : 1,050 facilities in fiscal year 2010 at a cost of \$330,750 and 525 facilities at a cost of \$220,500 for each year thereafter.

3. DSHS estimates that it would cost \$250,000 in FY 2011 to contract out the study of the collected data. Additionally, it is estimated to cost \$56,135 in fiscal year 2010 to modify current databases and software to collect and store the new data. DSHS estimates 3 million records will be collected in fiscal year 2010 at a cost of \$750,000.

4. The Office of the Attorney General estimates that any cost incurred can be absorbed within existing resources.

REVENUE GAIN

Costs noted above are assumed to be funded with registration fees that will be deposited to the newly created GR-Dedicated Diagnostic Imaging Account and with General Revenue.

DSHS estimates a revenue gain from facility registration fees. DSHS estimates that 525 would be given a 1 year registration at a fee of \$210 in fiscal year 2010 and in fiscal year 2011 they would be given a 2 year registration at a fee of \$420. The other 525 facilities would be given a 2 year registration at a fee of \$420. It is estimated that a revenue gain of \$330,750 in fiscal year 2010 and \$220,500 in fiscal year 2011 and beyond would be deposited to the newly created GR-Dedicated Diagnostic Imaging Account.

Additional revenue could be generated through the imposition of penalties for violations; however, an estimate of this possible revenue gain has not been prepared at this time.

Technology

DSHS is estimating that it will cost \$20,000 in fiscal year 2010 to modify the licensing software to add the diagnostic imaging centers. It is estimated that it will cost \$6,000 in fiscal year 2010 to create reports of statistical information that will be sent to the Center for Health Statistics. DSHS estimates that it will cost \$30,000 in fiscal year 2010 to modify current data collection systems to accept the new data. It is estimated that additional data storage cost would be \$135 in fiscal year 2010. DSHS estimates that it would cost \$750,000 to collect 3 million records of diagnostic imaging transactions.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 533 Executive Council of Physical Therapy & Occupational Therapy Examiners

LBB Staff: JOB, CL, PP, BM, MB