

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 29, 2011

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

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

IN RE: HB28 by Guillen (Relating to reimbursement for health care services provided at certain times to persons enrolled in the Medicaid managed care program.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would add physician offices to the list of providers under Medicaid managed care required to be reimbursed for health care services provided outside of regular business hours at a rate equal to the allowable rate for those services determined under Human Resources Code, Section 32.028, regardless of whether the recipient has a referral from their primary care provider. To the extent that this results in additional visits to physician offices being reimbursed, there could be a cost to the Medicaid program; however, it is assumed that any increased costs for physician office visits would be offset by reduced non-emergent use of emergency rooms. According to findings in the report, "Reduce the Need for Emergency Room Utilization in the Medicaid Program," in the Legislative Budget Board's *Government Effectiveness and Efficiency Report* submitted to the Eighty-Second Texas Legislature, 2011, \$288.9 million was spent treating Medicaid clients with non-emergent conditions in the emergency room in fiscal year 2009; of this amount, \$205.0 million was for clients enrolled in a Medicaid managed care delivery model. The estimated cost to serve those same clients in a primary care setting is \$58.5 million, approximately 30 percent of the cost to provide services in the emergency room. It is assumed that the provisions of the bill could achieve cost neutrality if 30 percent of the newly reimbursed physician office visits avert a visit to the emergency room. If more than 30 percent averted a visit to the emergency room, there could be a savings to the Medicaid program; if fewer than 30 percent averted a visit to the emergency room, there could be a cost to the Medicaid program.

Local Government Impact

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

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JOB, CL, MB, LR, SD, NB