

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION
Revision 1

May 15, 2011

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

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

IN RE: HB528 by Solomons (Relating to the provision of pharmaceutical services through informal and voluntary networks in the workers' compensation system; providing an administrative violation.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB528, As Engrossed: an impact of \$0 through the biennium ending August 31, 2013.

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
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Interagency Contracts</i> 777
2012	\$913,864
2013	\$913,864
2014	\$913,864
2015	\$913,864
2016	\$913,864

Fiscal Analysis

The bill would amend the Labor Code relating to the provision of pharmaceutical services through informal and voluntary networks in the workers' compensation system; providing an administrative violation.

Methodology

The bill would allow insurance carriers to contract with health care providers to provide pharmaceuticals at a rate different than the pharmacy fee guidelines. Prior to January 1, 2011, the State Office of Risk Management (SORM) was allowed to receive pharmaceuticals at a rate different than

the pharmacy fee guidelines. Based on pharmaceuticals discounts received in fiscal year 2010 of \$913,864, it is assumed that passage of this legislation would result in savings of \$913,864 per fiscal year.

Based on the analysis provided by the Texas Department of Insurance, it is assumed that all duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing agency resources.

Local Government Impact

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

Source Agencies: 454 Department of Insurance, 479 State Office of Risk Management

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