

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 21, 2011

TO: Honorable Bill Callegari, Chair, House Committee on Government Efficiency & Reform

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

IN RE: HB1875 by Kolkhorst (Relating to the repeal of certain health programs, task forces, and councils, and to the review of certain health programs, councils, and divisions under the Texas Sunset Act.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1875, As Introduced: a positive impact of \$1,652,189 through the biennium ending August 31, 2013.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$829,229
2013	\$822,960
2014	\$861,066
2015	\$1,077,244
2016	\$1,070,592

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2011
2012	\$1,142,654	(\$313,425)	(4.0)
2013	\$1,142,654	(\$319,694)	(4.0)
2014	\$1,187,154	(\$326,088)	(4.5)
2015	\$1,409,854	(\$332,610)	(7.0)
2016	\$1,409,854	(\$339,262)	(7.0)

Fiscal Analysis

The bill amends various chapters of Government Code and Health and Safety Code, abolishing certain health programs, task forces, and councils and subjecting others to review under the Sunset Act.

Council/Task Force Abolishment

Section 32 of the bill provides that Health and Safety Code, Chapter 105, concerning the Health Professions Resource Center and the Center for Nursing Workforce Studies, shall expire July 1, 2014.

Sections 46 - 49 of the bill repeal the following codes and in most cases abolish associated programs on September 1, 2011: Health and Safety Code, Chapter 104 concerning the Statewide Health Coordinating Council; Health and Safety Code, Chapter 107 concerning the Health Disparities Task Force; Health and Safety Code, Chapter 108 concerning the Texas Health Care Information Council; and Health and Safety Code, Chapter 109 concerning the Texas Health Care Policy Council.

Section 50 abolishes the Interagency Obesity Council, which pursuant to the bill would be replaced by a program called the Obesity Coordination Effort. The newly established Obesity Coordination Effort would require institutions of higher education that receive state funding for obesity research to jointly review certain programs and submit a report to the Governor and Legislature.

Sunset Provisions

The bill makes 27 Department of State Health Services (DSHS) programs, activities, and entities subject to abolition on September 1, 2019 as if they were government agencies subject to the Texas Sunset Act, Government Code, Chapter 325.

Civil Penalty

Section 43 of the bill amends Health and Safety Code, Chapter 311 to authorize imposition of a civil penalty for hospitals that fail to provide financial and utilization data to DSHS as required by Health and Safety Code, §311.033.

Methodology

Council/Task Force Abolishment

According to DSHS, the agency should begin saving the cost of supporting the activities of several of the various councils/task forces abolished by the bill.

If the Health Professions Resource Center is abolished on July 1, 2014 when Health and Safety Code, Chapter 105 expires, and it is assumed that DSHS would have budgeted the same level of support for the Center as in FY 2011, DSHS could expect a savings of \$44,500 and three FTEs for the remainder of FY 2014, and a savings of \$267,200 and three FTEs in each subsequent fiscal year.

DSHS will realize no savings from the dissolution of the Center for Nursing Workforce Studies after July 1, 2014 because the center is funded by a surcharge on registered and vocational nurses' license renewal fees. According to Occupations Code, §301.155(c), the Board of Nursing is not required to continue to collect the surcharge if the funds collected are not appropriated for the purpose of funding the Center.

If the Texas Health Care Information Council is abolished on September 1, 2011, and it is assumed that DSHS would have budgeted the same level of support for the Council as in FY 2011, DSHS could expect a net savings of \$1,131,990 and four FTEs in FY 2012 and in subsequent fiscal years.

If the Statewide Health Coordinating Council is abolished on September 1, 2011, and it is assumed that costs for Council members' travel for FY 2012 and forward will be approximately the same as in FY 2010, DSHS could expect a savings of approximately \$10,664 per fiscal year.

If the Texas Health Care Policy Council is abolished on September 1, 2011, some potential savings could be realized; these savings, however, are not able to be estimated at this time.

The Health and Human Services Commission does not anticipate any significant savings associated with the abolishment of the Health Disparities Task Force.

According to DSHS, there would be no savings associated with the abolishment of the Interagency Obesity Council. The statute that establishes the Council says that agencies on the Council may accept gifts and grants on behalf of the Council, but there is no mention of staff or appropriated funds. It is also assumed that any additional costs required of institutions of higher education associated with the newly established Obesity Coordination Effort could be absorbed within existing institution resources.

Impact of Repeal of Chapter 108 on the Public Insurance Council

The bill would repeal Chapter 108 of the Health and Safety Code, which requires health benefit plans to disclose survey data relating to consumer satisfaction in areas such as claims processing, customer service, and quality of care. The Office of Public Insurance Counsel (OPIC) utilizes this data in statutorily required reports. Based on the analysis provided by OPIC, implementation of the bill will result in a cost to General Revenue of \$313,425 in fiscal year 2012 and \$319,694 in fiscal year 2013 to collect and provide data and reports on HMOs previously provided by the insurer. The costs would

increase slightly in subsequent fiscal years.

Sunset Provisions

The bill adds a 2019 Sunset date to 27 entities not previously under individual Sunset review. The additional workload will likely result in costs to the Sunset Advisory Commission during the 2018-2019 biennium; however, an amount cannot be reasonably estimated. DSHS also assumes future costs associated with these additional Sunset requirements and anticipates having to outsource the preparation of the reports to Sunset required by Government Code, §325.011, given this additional demand.

Civil Penalties

Under Section 43 of the bill, if DSHS is able to retain any civil penalties recovered in court for the department by the Office of the Attorney General, those additional funds would constitute a gain in revenues. However, the amount of such new revenue cannot be estimated because the number of hospitals from which DSHS might seek penalties is completely dependent on how many hospitals, if any, fail to provide requested financial and utilization data in a timely manner.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 359 Office of Public Insurance Counsel, 529 Health and Human Services Commission, 537 State Health Services, Department of, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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