

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 4, 2011

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

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

IN RE: HB2245 by Zerwas (Relating to physician incentive programs to reduce hospital emergency room use for non-emergent conditions by Medicaid recipients.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would implement the recommendations 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.

The bill would amend the Government Code to require HHSC to conduct a study to evaluate the cost-effectiveness of the physician incentive programs implemented by health maintenance organizations participating in the Texas Medicaid program and designed to reduce hospital emergency room use for non-emergent conditions. HHSC would be required to submit the evaluation report to the governor and the Legislative Budget Board by August 31, 2012. The bill would also require HHSC to establish a cost-effective physician incentive program in the Texas Medicaid program.

It is assumed that the cost to evaluate the existing physician incentive programs could be absorbed within existing resources. The bill directs HHSC to include only cost-effective components in the physician incentive program implemented in the Texas Medicaid program. As a result, the cost of the program would be offset by reductions in non-emergent use of the emergency room. Depending on the extent to which implementing a physician incentive program reduces non-emergent use of the emergency room, there could be savings in the Texas Medicaid program.

The bill would take effect September 1, 2011.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JOB, CL, JI, DM, LR