

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 21, 2011

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

IN RE: SB797 by Nelson (Relating to objective assessment processes for acute nursing services and certain other services provided under the Medicaid program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB797, As Introduced: a positive impact of \$598,393 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	(\$87,630)
2013	\$686,023
2014	\$1,772,627
2015	\$2,702,830
2016	\$3,546,811

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Federal Funds</i> 555
2012	(\$87,630)	(\$788,670)
2013	\$686,023	\$392,681
2014	\$1,772,627	\$1,749,858
2015	\$2,702,830	\$2,969,789
2016	\$3,546,811	\$4,065,235

Fiscal Analysis

The bill would implement the recommendation in the report, "Implement an Objective Client Assessment Process for Acute Nursing Services in the Texas 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 the Health and Human Services Commission (HHSC) to develop an objective assessment process, including use of a standard form, for acute nursing services in the Medicaid fee-for-service model and the Medicaid Primary Care Case Management managed care model and to take actions to implement the process within the Medicaid STAR and STAR+PLUS managed care programs. Acute nursing services include home health skilled nursing (HHSN) services, home health aide (HHA) services, and private duty nursing (PDN) services.

The bill requires that the state employee or contractor who performs the assessment cannot also deliver services to the recipient and cannot be affiliated with the person who delivers the services.

The bill would allow HHSC to implement an assessment process for Medicaid therapy services comparable to the objective assessment process implemented for Medicaid acute nursing services if HHSC determines that implementing such a process would be feasible and beneficial. Therapy services include occupational, physical, and speech therapy services.

The bill would be effective September 1, 2011.

Methodology

The bill would result in a cost of \$876,300 in All Funds in fiscal year 2012, a savings of \$1,078,704 in All Funds in fiscal year 2013, a savings of \$3,522,485 in All Funds in fiscal year 2014, a savings of \$5,672,619 in All Funds in fiscal year 2015, and a savings of \$7,612,046 in All Funds in fiscal year 2016.

The cost in fiscal year 2012 includes system development expenses to be incurred by a contractor. The net savings in fiscal year 2013 include a cost of \$248,500 for contractor operation costs that include oversight of the subcontractor who performs the assessments, \$1,390,884 for contractor assessment costs, and \$8,250 for fair hearings, and an offsetting savings of \$2,726,338 in client services. The net savings in fiscal year 2014 include a cost of \$248,500 for contractor operation costs, \$1,627,560 for contractor assessment costs, and \$16,500 for fair hearings, and an offsetting savings of \$5,415,045 in client services. The net savings in fiscal year 2015 include a cost of \$248,500 for contractor operation costs, \$1,705,968 for contractor assessment costs, and \$16,500 for fair hearings, and an offsetting savings of \$7,643,587 in client services. The net savings in fiscal year 2016 include a cost of \$248,500 for contractor operation costs, \$1,804,704 for contractor assessment costs, and \$16,500 for fair hearings, and an offsetting savings of \$9,681,750 in client services. The contractor assessment costs are based on the agency's estimate of \$357.50 per initial assessment and \$242 per reassessment.

Cost and savings data are for PDN services provided to clients in Medicaid fee-for-service and the Primary Care Case Management managed care model whose initial assessment is in fiscal year 2013 or later. The data does not include cost and savings estimates for implementing an objective assessment process for clients receiving HHSN services or HHA services because the agency estimates that non-PDN clients account for only 4 percent of acute nursing service costs. Savings data are based on the agency's estimate that implementing an objective assessment process would save 5 percent of what would have been spent on private duty nursing services in the absence of an objective assessment process. The 5 percent savings estimate is applied to fiscal year 2010 costs for private duty nursing services.

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