

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 8, 2013

TO: Honorable Richard Peña Raymond, Chair, House Committee on Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3452 by Eiland (Relating to administrative and judicial review of certain Medicaid reimbursement disputes.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3452, As Introduced: a negative impact of (\$2,409,338) through the biennium ending August 31, 2015.

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
2014	(\$1,243,099)
2015	(\$1,166,239)
2016	(\$1,166,239)
2017	(\$1,166,239)
2018	(\$1,166,239)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from GR Match For Medicaid 758	Probable Savings/(Cost) from GR Match For Title XXI 8010	Probable Savings/(Cost) from GR Match Food Stamp Adm 8014
2014	(\$152,242)	(\$748,832)	(\$586)	(\$341,439)
2015	(\$142,829)	(\$702,533)	(\$549)	(\$320,328)
2016	(\$142,829)	(\$702,533)	(\$549)	(\$320,328)
2017	(\$142,829)	(\$702,533)	(\$549)	(\$320,328)
2018	(\$142,829)	(\$702,533)	(\$549)	(\$320,328)

Fiscal Year	Probable Savings/(Cost) from Federal Funds 555	Change in Number of State Employees from FY 2013
2014	(\$1,121,592)	21.0
2015	(\$1,052,246)	21.0
2016	(\$1,052,246)	21.0
2017	(\$1,502,246)	21.0
2018	(\$1,502,246)	21.0

Fiscal Analysis

The bill would amend Chapter 531 of the Government Code to establish for a provider in the Medicaid program the right to a contested case hearing to dispute the amount of a reimbursement rate paid under fee-for-service or by a managed care organization. The bill would establish the Health and Human Services Commission (HHSC) as a party to the hearing. The bill would authorize judicial review of a decision if an appeal is filed within 45 days.

The bill would take effect immediately if it receives a vote of two-thirds of all of the members elected to each house. If not, the bill would take effect September 1, 2013.

Methodology

Because the bill would provide each Medicaid provider enrolled in both fee-for-service (FFS) and managed care the right to appeal the adequacy of Medicaid rates and the number and frequency of hearings is unlimited by the bill, HHSC estimates there would be a significant impact to implementing the bill. If only one percent of providers appealed one rate annually, there would be approximately 2,500 appeals. The costs included here are based on 2,500 hearings, which would be held at HHSC as opposed to the State Office of Administrative Hearings. Costs could be higher if more hearings are requested.

Based on HHSC analysis, total costs for implementing the provisions of the bill would be \$2,364,691 in All Funds in fiscal year 2014 and \$ 2,218,484 in All Funds in each subsequent year. HHSC anticipates needing an additional 21.0 full-time equivalents (FTEs), including 5.0 program specialists and 1.0 actuary in the rate analysis division; 5.0 administrative law judges, 3.0 human services hearing officers, and 2.0 administrative assistants to conduct hearings; and 3.0 attorneys and 2.0 administrative assistants for litigation support to prepare for contested hearings. Total salary and benefit costs would be \$1,345,415 in each fiscal year. Other operating costs for new FTEs, including seat management, data center services, leased office space, telecom, and furniture (one-time only), total \$299,275 in fiscal year 2014 and \$153,069 in each subsequent year.

In addition, HHSC anticipates contracting for six consultants for expertise at the hearings, totaling \$720,000 each year (included in total costs, above).

According to HHSC, additional risk related to client services impacts cannot be determined. However, the agency has identified areas of concern, such as the possibility of needing individualized rates, adjustments to capitation rates, across the board increases for particular providers, and the variation and uncertainty this may bring to forecasting and budgeting.

Technology

The total technology costs included above are estimated to be \$39,091 in FY 2014 and \$24,171 each subsequent year for telecom, seat management, and data center consolidation. Additional capital authority of \$49,487 for the 2014-15 biennium would be required for the technology impact.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 360 State Office of Administrative Hearings, 529 Health and Human Services Commission

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