

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

February 18, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB8 by Nelson (Relating to the provision and delivery of certain health and human services in this state, including the provision of those services through the Medicaid program and the prevention of fraud, waste, and abuse in that program and other programs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB8, As Introduced: a positive impact of \$14,697,534 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	\$461,823
2015	\$14,235,711
2016	\$14,269,074
2017	\$14,343,720
2018	\$14,424,719

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	Change in Number of State Employees from FY 2013
2014	\$461,823	\$611,528	9.1
2015	\$14,235,711	\$16,099,887	(298.0)
2016	\$14,269,074	\$16,230,936	(298.0)
2017	\$14,343,720	\$16,334,697	(298.0)
2018	\$14,424,719	\$16,447,291	(298.0)

Fiscal Analysis

The bill would amend the Government Code to require the executive commissioner of the Health

and Human Services Commission (HHSC) to establish a data analysis division within the commission to improve contract management, detect data trends, and identify anomalies in the provision of Medicaid and Children's Health Insurance Program (CHIP) services and contracts. The bill would require the data analysis division to report quarterly on its activities and findings.

The bill would establish rules prohibiting unsolicited personal contact through direct marketing by a provider participating in the Medicaid or Children's Health Insurance Program (CHIP). The bill would require HHSC to enter into a memorandum of understanding with the Texas Department of Motor Vehicles and the Texas Department of Public Safety to obtain motor vehicle and driver's license information for the purpose of confirming that a recipient of Medicaid medical transportation services is eligible for the services.

The bill would require HHSC to provide Medicaid medical transportation services through a managed care delivery model no later than March 1, 2014.

The bill would require the executive commissioner to include in rules the requirement of revocation of a provider's enrollment or denial of a person's application for enrollment as a provider in the Medicaid program if the person has been excluded or debarred from participating in a state of federally funded healthcare program as a result of certain criminal convictions.

The bill would require HHSC to conduct a thorough review of laws and policies related to the use of non-emergent services provided by ambulance providers, to make recommendations in a report to the legislature to reduce incidence and opportunities for fraud, waste, and abuse therein, and to amend related policies.

The bill would require DSHS to conduct a thorough review of laws and policies related to the licensure of non-emergent transportation providers and to make recommendations in a report to the legislature to reduce incidence and opportunities for fraud, waste, and abuse therein, and to amend related policies.

The bill would require the Texas Medical Board to conduct a thorough review of laws and policies related to the delegation of services to qualified emergency medical services personnel and physician assessments of patients' needs for ambulatory transfer or transport, to make recommendations in a report to the legislature to reduce incidence and opportunities for fraud waste and abuse therein, and to amend related policies.

The bill would take effect September 1, 2013.

Methodology

HHSC estimates that establishing a data analysis division and performing its functions would require 9.1 additional FTEs. Total salary costs in each year would be \$435,177. Benefit costs would be \$130,020 each year. Computing, seat management, data, and tele-com costs would total \$16,942 in fiscal year 2014 and \$10,465 each subsequent year.

HHSC assumes implementation of a statewide full-risk broker model. The full-broker model was implemented in Houston/Beaumont and Dallas/Ft. Worth in March 2012. It is assumed that clients currently receiving services through a fee-for-service model will transfer to a full-risk broker model beginning in fiscal year 2015, an estimated 2,161,650 average monthly clients each fiscal year. HHSC estimates a 7 percent savings from the transition to a full-risk broker model. Applied to an estimated average monthly cost per fee-for-service recipient of \$5.58, savings are estimated to be \$10.1 million All Funds, including \$4.2 million in General Revenue Funds, in each fiscal

year beginning with fiscal year 2015.

HHSC also assumes a staffing reduction beginning in fiscal year 2015 related to implementation of the statewide full risk broker model. The reduction of 307.1 FTEs is assumed to result in a savings to the state of \$18.8 million in All Funds each year. This reduction includes \$10.5 million in salary savings, \$5.2 million in other operating costs, and \$3.1 million in benefits.

HHSC is currently implementing policy changes that will reduce costs associated with non-emergency ambulance transportation. HHSC anticipates realizing a 5% reduction on current non-emergency transfer and transport claims, resulting in a savings of \$1.6 million in All Funds in fiscal year 2014, \$1.9 million in All Funds in fiscal year 2015, \$2.1 million in All Funds in fiscal year 2016, \$2.3 million in All Funds in fiscal year 2017, and \$2.5 million in All Funds in fiscal year 2015.

Based on the analysis of HHSC, the Texas Medical Board, the Office of Court Administration, the Office of the Attorney General, and the Department of Public Safety, it is assumed that all other provisions of the bill can be implemented by utilizing existing agency resources.

There would be additional fiscal impact not included in the tables for enterprise support services. The cost is assumed to be small and could be absorbed by the agency.

Technology

Technology costs included above total \$16,942 in All Funds in fiscal year 2014 and \$10,465 in All Funds for each subsequent year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 405 Department of Public Safety, 503 Texas Medical Board, 529 Health and Human Services Commission

LBB Staff: UP, CL, MB, ES, VJC