

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 15, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB348 by Schwertner (Relating to a utilization review process for managed care organizations participating in the STAR + PLUS Medicaid managed care program.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB348, As Engrossed: an impact of \$0 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	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund	Change in Number of State Employees from FY 2013
	1	
2014	\$0	9.0
2015	\$0	9.0
2016	\$0	9.0
2017	\$0	9.0
2018	\$0	9.0

Fiscal Analysis

This bill would implement recommendations in the report "Provide Oversight of Managed Care Organizations to Ensure Appropriate Use of State Funds" in the Legislative Budget Board's

Government Effectiveness and Efficiency Report, submitted to the Eighty-third Texas Legislature, 2013

The bill would amend Chapter 533, Government Code, to require the Health and Human Services Commission's (HHSC) office of contract management to establish an annual utilization review process for managed care organizations (MCOs) participating in the STAR+PLUS program. In the first year, HHSC is required to review all MCOs; in subsequent years, HHSC may use a risk-based assessment process to determine the MCOs to review.

The bill would require HHSC to provide a summary report to the standing committees of the Senate and House of Representatives with jurisdiction over the Medicaid program, not later than December 1 of each year.

Methodology

This analysis assumes there is no net fiscal impact for the 2014–15 biennium because reduced premiums would offset the cost of implementing a utilization review process for MCOs.

Based on staffing ratios for similar activities performed at the Office of Inspector General, it is assumed that implementation of a utilization review process at HHSC for STAR+PLUS would result in the need for 9.0 additional full-time equivalent positions (9 FTEs performing a total of 4 reviews per year), at a cost of \$950,887 in General Revenue funds for fiscal years 2014 and 2015. This cost includes salaries, benefits, new employee costs, and travel expenditures.

This analysis also assumes that implementation of a external utilization review process in STAR+PLUS would deter MCOs from recommending inappropriate placement in the more expensive STAR+PLUS HCBS waiver services and would therefore reduce program costs. The bill could also result in increased collections of liquidated damages from MCOs out of compliance with contractual obligations regarding enrollment in STAR+PLUS home and community-based waiver services, and in any other areas of performance.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: UP, LL, CL, JI