

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 23, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1542 by Van de Putte (Relating to clinical initiatives to improve the quality of care and cost-effectiveness of the Medicaid program.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time because the number of clinical initiatives that might be submitted is not known and would substantially affect staffing needs. Any offsetting savings from clinical initiatives required to be evaluated also cannot be determined.

The bill would require the Health and Human Services Commission (HHSC) to establish a Medicaid quality improvement process to assess certain clinical initiatives. HHSC would be required to solicit and accept suggestions for clinical initiatives from certain parties and to evaluate and report on each initiative. If any initiative is determined to be cost-effective and to improve the quality of care in Medicaid, HHSC would be required to implement the initiative, unless prohibited by law, or to submit the final report on the initiative with recommendations related to implementation to the standing committees of the senate and the house of representatives having jurisdiction over the Medicaid program if implementation would require a change in law. HHSC would be prohibited from implementing any initiative that is not cost-effective or will not improve quality of care. The bill would require HHSC to evaluate two initiatives (early goal-directed therapy for sepsis and blood-based allergy testing for asthma) and issue a final report on those initiatives by January 1, 2014. The bill would also require HHSC to maintain a website related to the quality improvement process. The bill would be effective immediately if it receives a vote of two-thirds of the members elected to each house; otherwise, the bill would be effective September 1, 2013.

According to HHSC, every 20 initiatives submitted would require one full-time-equivalent and one professional services contractor to conduct the required evaluations and reporting at an estimated cost of approximately \$200,000 (assumed to be financed at the 50/50 administrative matching rate). The number of initiatives that might be submitted each year cannot be determined and because the bill requires final reports on each initiative to be completed within 180 days, additional state and contract staff may need to be hired in advance to prepare for the possible submission of initiatives. Additionally, HHSC estimates a one-time cost of \$522,852 in fiscal year 2014 and \$42,809 in each subsequent fiscal year to develop and maintain the required website. HHSC indicates that any potential savings associated with the two clinical initiatives required to be evaluated cannot be determined at this time.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: UP, CL, MB, LR, NB