

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 26, 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.), **Committee Report 1st House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>
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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 preliminary review suggests the initiative warrants further consideration and analysis; HHSC would have the authority to limit the number of initiatives that are fully analyzed. If any initiative is determined to be cost-effective and to improve the quality of care in Medicaid, HHSC would be required to submit the initiative to the Legislative Budget Board and the governor for review and, if no written objection is received from either of those offices, to implement the initiative, unless prohibited by law. If implementation would require a change in law, HHSC would be required 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. 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 that pass the preliminary review 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). Because HHSC would have the authority to limit the number of evaluations conducted, it is assumed that they could conduct the reviews with existing resources or savings generated from implementing initiatives determined to be cost-effective. Additionally, HHSC indicates a cost to develop and maintain the required website, but it is assumed those costs can be absorbed within available resources. HHSC indicates that any potential savings associated with the two clinical initiatives required to be evaluated cannot be determined at this time, but any savings could be used to offset staffing costs or those associated with the website resulting in no significant fiscal impact.

At a level of proposal review limited by HHSC's current resources, it is assumed that any costs

associated with LBB and Governor's office review would also be absorbed within current resources. Depending on the actual number of proposals forwarded by HHSC, and the complexity of those proposals, both agencies could experience increased costs.

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