SENATE AMENDMENTS

2nd Printing

By: Kolkhorst H.B. No. 595

A BILL TO BE ENTITLED

AN ACT

relating to certain health programs and councils.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. (a) Chapters 38, 46, 83, 90, and 91, Health and Safety Code, are repealed.

(b) Subchapters A and C, Chapter 86, Health and Safety Code, are repealed.

(c) Sections 86.011 and 86.012, Health and Safety Code, are repealed.

(d) Section 533.005(a-1), Government Code, is repealed.

SECTION 2. (a) On September 1, 2013, the programs and system established under Chapters 38, 46, 83, 86, 90, and 91, Health and Safety Code, as the laws existed immediately before the effective date of this Act, are abolished.

(b) On September 1, 2013, any money remaining in the tertiary care account is transferred to the general revenue fund and the account is abolished.

(c) The repeal of Chapter 83, Health and Safety Code, by this Act does not affect a cause of action that accrued before the effective date of this Act. A cause of action that accrued before the effective date of this Act is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

SECTION 3. On September 1, 2013:

(1) the advisory council established under Section 86.003, Health and Safety Code, as the law existed immediately before the effective date of this Act, is abolished;

(2) all property in the custody of the advisory council is transferred to the Department of State Health Services; and

(3) all contracts, leases, rights, and obligations of the advisory council are transferred to the Department of State Health Services.

SECTION 4. On September 1, 2013:

(1) the advisory committee established under Section 86.012, Health and Safety Code, as the law existed immediately before the effective date of this Act, is abolished;

(2) all property in the custody of the advisory committee is transferred to the Department of State Health Services; and

(3) all contracts, leases, rights, and obligations of the advisory committee are transferred to the Department of State Health Services.

SECTION 5. On September 1, 2013:

(1) the advisory council established under Section 86.103, Health and Safety Code, as the law existed immediately before the effective date of this Act, is abolished;

(2) all property in the custody of the advisory council is transferred to the Department of State Health Services; and

(3) all contracts, leases, rights, and obligations of

the advisory council are transferred to the Department of State Health Services.

SECTION 6. This Act takes effect September 1, 2013.

ADOPTED

MAY 22 2013

Latay Spaw
Secretary of the Senate

By: Nelson

H.B. No. 595

Substitute the following for H.B. No. 595:

By: Jane Nelson

C.S.H.B. No. 595

A BILL TO BE ENTITLED

AN ACT

relating to certain health programs and councils.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 533.005(a-1), Government Code, is amended to read as follows:

(a-1) The requirements imposed by Subsections (a)(23)(A), (B), and (C) do not apply, and may not be enforced, on and after August 31, 2018 [~~2013~~].

SECTION 2. (a) Chapters 38, 46, 83, 90, and 91, Health and Safety Code, are repealed.

(b) Subchapters A and C, Chapter 86, Health and Safety Code, are repealed.

(c) Sections 86.011 and 86.012, Health and Safety Code, are repealed.

SECTION 3. (a) On September 1, 2013, the programs and system established under Chapters 38, 46, 83, 86, 90, and 91, Health and Safety Code, as the laws existed immediately before the effective date of this Act, are abolished.

(b) On September 1, 2013, any money remaining in the tertiary care account is transferred to the general revenue fund and the account is abolished.

(c) The repeal of Chapter 83, Health and Safety Code, by this Act does not affect a cause of action that accrued before the effective date of this Act. A cause of action that accrued before the effective date of this Act is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

SECTION 4. On September 1, 2013:

(1) the advisory council established under Section 86.003, Health and Safety Code, as the law existed immediately before the effective date of this Act, is abolished;

(2) all property in the custody of the advisory council is transferred to the Department of State Health Services; and

(3) all contracts, leases, rights, and obligations of the advisory council are transferred to the Department of State Health Services.

SECTION 5. On September 1, 2013:

(1) the advisory committee established under Section 86.012, Health and Safety Code, as the law existed immediately before the effective date of this Act, is abolished;

(2) all property in the custody of the advisory committee is transferred to the Department of State Health Services; and

(3) all contracts, leases, rights, and obligations of the advisory committee are transferred to the Department of State Health Services.

SECTION 6. On September 1, 2013:

(1) the advisory council established under Section 86.103, Health and Safety Code, as the law existed immediately before the effective date of this Act, is abolished;

(2) all property in the custody of the advisory council is transferred to the Department of State Health Services; and

(3) all contracts, leases, rights, and obligations of the advisory council are transferred to the Department of State Health Services.

SECTION 7. This Act takes effect September 1, 2013.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 23, 2013

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB595** by Kolkhorst (Relating to certain health programs and councils.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB595, As Passed 2nd House: a positive impact of $24,502,000 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	$24,502,000
2015	$0
2016	$0
2017	$0
2018	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Dedicated Account 5102 - Tertiary Care Account*	Probable Revenue Gain from *General Revenue Fund* 1	Probable Revenue Gain from *Vendor Drug Rebates-Sup Rebates* 8081	Probable (Cost) from *Vendor Drug Rebates-Sup Rebates* 8081
2014	($24,502,000)	$24,502,000	$69,483,249	($69,483,249)
2015	$0	$0	$73,866,820	($73,866,820)
2016	$0	$0	$73,866,820	($73,866,820)
2017	$0	$0	$73,866,820	($73,866,820)
2018	$0	$0	$73,866,820	($73,866,820)

Fiscal Analysis

The bill would amend the Health and Safety Code and the Government Code relating to certain health programs and councils. The bill would repeal Chapters 38, 46, 83, 86, 90, 91, and 112 of the Health and Safety Code. Under the provisions of the bill, any funds remaining in General Revenue-Dedicated Account 5102-Tertiary Care would be transferred to General Revenue Fund 1 and the GR Account 5102 would be abolished on September 1, 2013.

The bill would amend Section 533.005 (a-1), Government Code, which sets an expiration date for the requirement that managed care organizations (MCOs) and pharmacy benefit managers exclusively employ the state's vendor drug program formulary, preferred drug list, and prior authorization requirements and procedures for the prescription drug benefit in the Medicaid Program; the bill would change the expiration date from August 31, 2013 to August 31, 2018.

The bill would take effect on September 1, 2013.

Methodology

Changing the expiration date in Section 533.005 (a-1), Government Code, would continue the requirement that MCOs and pharmacy benefit managers utilize the state's vendor drug program formulary, preferred drug list, and prior authorization requirements and procedures through fiscal year 2018. The formulary and the preferred drug list are the basis for the collection of supplemental drug rebates in the Medicaid program. Under current law, this requirement would expire at the end of fiscal year 2013 and the Health and Human Services Commission (HHSC) would no longer collect supplemental rebate revenue if the Medicaid MCOs were allowed to implement their own formularies and other requirements related to outpatient pharmacy benefits; the extent to which the loss of supplemental rebates would be offset by other savings achieved by the MCOs and incorporated into the capitation rates is not known and the full fiscal impact cannot be determined. Extending the expiration date would continue the practice of HHSC collecting supplemental drug rebates, which would continue to be used to support the Medicaid program, through fiscal year 2018. As such, implementing the provisions of the bill would result in increased collection and expenditure of Vendor Drug Rebates - Supplemental Rebates estimated to be $69,483,249 in fiscal year 2014 and $73,866,820 in fiscal years 2015 through 2018 and there would be no expected change to capitation rates for outpatient pharmacy benefits in Medicaid managed care during that period.

Based on the analysis provided by the Comptroller of Public Accounts, the balance remaining in General Revenue-Dedicated Account 5102-Tertiary Care is estimated to be $24,502,000 on September 1, 2013, and that balance would be transferred to General Revenue Fund 1.

Based on the analysis provided by the Department of State Health Services (DSHS), the advisory committees and programs that are abolished in the bill are no longer active. Based on the analysis provided by DSHS and the Office of the Attorney General, it is assumed that the provisions of the bill can be implemented within existing resources. Based on the analysis provided by the University of Texas System, it is assumed that the provisions of the bill will have no fiscal impact on the system.

Local Government Impact

There could be a significant fiscal impact to units of local government to the extent that they are reimbursed for outpatient prescription drugs through Medicaid managed care and would experience a change in that reimbursement under the provisions of the bill.

Source Agencies: 537 State Health Services, Department of, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 720 The University of Texas System Administration

LBB Staff: UP, SD, CH, CL, MB, KJo, LR, NB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 17, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB595** by Kolkhorst (Relating to certain health programs and councils.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB595, Committee Report 2nd House, Substituted: a positive impact of $24,502,000 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	$24,502,000
2015	$0
2016	$0
2017	$0
2018	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Dedicated Account 5102 - Tertiary Care Account*	Probable Revenue Gain from *General Revenue Fund* 1	Probable Revenue Gain from *Vendor Drug Rebates-Sup Rebates* 8081	Probable (Cost) from *Vendor Drug Rebates-Sup Rebates* 8081
2014	($24,502,000)	$24,502,000	$69,483,249	($69,483,249)
2015	$0	$0	$73,866,820	($73,866,820)
2016	$0	$0	$73,866,820	($73,866,820)
2017	$0	$0	$73,866,820	($73,866,820)
2018	$0	$0	$73,866,820	($73,866,820)

Fiscal Analysis

The bill would amend the Health and Safety Code and the Government Code relating to certain health programs and councils. The bill would repeal Chapters 38, 46, 83, 86, 90, 91, and 112 of the Health and Safety Code. Under the provisions of the bill, any funds remaining in General Revenue-Dedicated Account 5102-Tertiary Care would be transferred to General Revenue Fund 1 and the GR Account 5102 would be abolished on September 1, 2013.

The bill would amend Section 533.005 (a-1), Government Code, which sets an expiration date for the requirement that managed care organizations (MCOs) and pharmacy benefit managers exclusively employ the state's vendor drug program formulary, preferred drug list, and prior authorization requirements and procedures for the prescription drug benefit in the Medicaid Program; the bill would change the expiration date from August 31, 2013 to August 31, 2018.

The bill would take effect on September 1, 2013.

Methodology

Changing the expiration date in Section 533.005 (a-1), Government Code, would continue the requirement that MCOs and pharmacy benefit managers utilize the state's vendor drug program formulary, preferred drug list, and prior authorization requirements and procedures through fiscal year 2018. The formulary and the preferred drug list are the basis for the collection of supplemental drug rebates in the Medicaid program. Under current law, this requirement would expire at the end of fiscal year 2013 and the Health and Human Services Commission (HHSC) would no longer collect supplemental rebate revenue if the Medicaid MCOs were allowed to implement their own formularies and other requirements related to outpatient pharmacy benefits; the extent to which the loss of supplemental rebates would be offset by other savings achieved by the MCOs and incorporated into the capitation rates is not known and the full fiscal impact cannot be determined. Extending the expiration date would continue the practice of HHSC collecting supplemental drug rebates, which would continue to be used to support the Medicaid program, through fiscal year 2018. As such, implementing the provisions of the bill would result in increased collection and expenditure of Vendor Drug Rebates - Supplemental Rebates estimated to be $69,483,249 in fiscal year 2014 and $73,866,820 in fiscal years 2015 through 2018 and there would be no expected change to capitation rates for outpatient pharmacy benefits in Medicaid managed care during that period.

Based on the analysis provided by the Comptroller of Public Accounts, the balance remaining in General Revenue-Dedicated Account 5102-Tertiary Care is estimated to be $24,502,000 on September 1, 2013, and that balance would be transferred to General Revenue Fund 1.

Based on the analysis provided by the Department of State Health Services (DSHS), the advisory committees and programs that are abolished in the bill are no longer active. Based on the analysis provided by DSHS and the Office of the Attorney General, it is assumed that the provisions of the bill can be implemented within existing resources. Based on the analysis provided by the University of Texas System, it is assumed that the provisions of the bill will have no fiscal impact on the system.

Local Government Impact

There could be a significant fiscal impact to units of local government to the extent that they are reimbursed for outpatient prescription drugs through Medicaid managed care and would experience a change in that reimbursement under the provisions of the bill.

Source Agencies: 537 State Health Services, Department of, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 720 The University of Texas System Administration

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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 12, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB595** by Kolkhorst (Relating to certain health programs and councils.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB595, As Engrossed: a positive impact of $24,502,000 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	$24,502,000
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All Funds, Five-Year Impact:

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2018	$0	$0	$73,866,820	($73,866,820)

Fiscal Analysis

The bill would amend the Health and Safety Code and the Government Code relating to certain health programs and councils. The bill would repeal Chapters 38, 46, 83, 86, 90, 91, and 112 of the

Health and Safety Code. Under the provisions of the bill, any funds remaining in General Revenue-Dedicated Account 5102-Tertiary Care would be transferred to General Revenue Fund 1 and the GR Account 5102 would be abolished on September 1, 2013. The bill would repeal Section 533.005 (a-1) of the Government Code, which sets an expiration date for the requirement that managed care organizations (MCOs) and pharmacy benefit managers exclusively employ the state's vendor drug program formulary, preferred drug list, and prior authorization requirements and procedures for the prescription drug benefit in the Medicaid Program. The bill would take effect on September 1, 2013.

Methodology

Repealing Section 533.005 (a-1) of the Government Code would continue the requirement that MCOs and pharmacy benefit managers utilize the state's vendor drug program formulary, preferred drug list, and prior authorization requirements and procedures. The formulary and the preferred drug list are the basis for the collection of supplemental drug rebates in the Medicaid program. Under current law, this requirement would expire and the Health and Human Services Commission (HHSC) would no longer collect supplemental rebate revenue if the Medicaid MCOs were allowed to implement their own formularies and other requirements related to outpatient pharmacy benefits; the extent to which the loss of supplemental rebates would be offset by other savings achieved by the MCOs and incorporated into the capitation rates is not known and the full fiscal impact cannot be determined. Repealing the expiration date would continue the practice of HHSC collecting supplemental drug rebates, which would continue to be used to support the Medicaid program. As such, implementing the provisions of the bill would result in increased collection and expenditure of Vendor Drug Rebates - Supplemental Rebates estimated to be \$69,483,249 in fiscal year 2014, \$73,866,820 in fiscal year 2015 and every subsequent year and there would be no expected change to capitation rates for outpatient pharmacy benefits in Medicaid managed care.

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Local Government Impact

There could be a significant fiscal impact to units of local government to the extent that they are reimbursed for outpatient prescription drugs through Medicaid managed care and would experience a change in that reimbursement under the provisions of the bill.

Source Agencies: 537 State Health Services, Department of, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 720 The University of Texas System Administration

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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION
Revision 1

April 29, 2013

TO: Honorable Linda Harper-Brown, Chair, House Committee on Government Efficiency & Reform

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB595** by Kolkhorst (Relating to certain health programs and councils.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB595, Committee Report 1st House, Substituted: a positive impact of $24,502,000 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	$24,502,000
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All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Dedicated Account 5102 - Tertiary Care Account*	Probable Revenue Gain from *General Revenue Fund* 1	Probable Revenue Gain from *Vendor Drug Rebates-Sup Rebates* 8081	Probable (Cost) from *Vendor Drug Rebates-Sup Rebates* 8081
2014	($24,502,000)	$24,502,000	$69,483,249	($69,483,249)
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2018	$0	$0	$73,866,820	($73,866,820)

Fiscal Analysis

The bill would amend the Health and Safety Code and the Government Code relating to certain health programs and councils. The bill would repeal Chapters 38, 46, 83, 86, 90, 91, and 112 of the Health and Safety Code. Under the provisions of the bill, any funds remaining in General Revenue-Dedicated Account 5102-Tertiary Care would be transferred to General Revenue Fund 1 and the GR Account 5102 would be abolished on September 1, 2013. The bill would repeal Section 533.005 (a-1) of the Government Code, which sets an expiration date for the requirement that managed care organizations (MCOs) and pharmacy benefit managers exclusively employ the state's vendor drug program formulary, preferred drug list, and prior authorization requirements and procedures for the prescription drug benefit in the Medicaid Program. The bill would take effect on September 1, 2013.

Methodology

Repealing Section 533.005 (a-1) of the Government Code would continue the requirement that MCOs and pharmacy benefit managers utilize the state's vendor drug program formulary, preferred drug list, and prior authorization requirements and procedures. The formulary and the preferred drug list are the basis for the collection of supplemental drug rebates in the Medicaid program. Under current law, this requirement would expire and the Health and Human Services Commission (HHSC) would no longer collect supplemental rebate revenue if the Medicaid MCOs were allowed to implement their own formularies and other requirements related to outpatient pharmacy benefits; the extent to which the loss of supplemental rebates would be offset by other savings achieved by the MCOs and incorporated into the capitation rates is not known and the full fiscal impact cannot be determined. Repealing the expiration date would continue the practice of HHSC collecting supplemental drug rebates, which would continue to be used to support the Medicaid program. As such, implementing the provisions of the bill would result in increased collection and expenditure of Vendor Drug Rebates - Supplemental Rebates estimated to be $69,483,249 in fiscal year 2014, $73,866,820 in fiscal year 2015 and every subsequent year and there would be no expected change to capitation rates for outpatient pharmacy benefits in Medicaid managed care.

Based on the analysis provided by the Comptroller of Public Accounts, the balance remaining in General Revenue-Dedicated Account 5102-Tertiary Care is estimated to be $24,502,000 on September 1, 2013, and that balance would be transferred to General Revenue Fund 1.

Based on the analysis provided by the Department of State Health Services (DSHS), the advisory committees and programs that are abolished in the bill are no longer active. Based on the analysis provided by DSHS and the Office of the Attorney General, it is assumed that the provisions of the bill can be implemented within existing resources. Based on the analysis provided by the University of Texas System, it is assumed that the provisions of the bill will have no fiscal impact on the system.

Local Government Impact

There could be a significant fiscal impact to units of local government to the extent that they are reimbursed for outpatient prescription drugs through Medicaid managed care and would experience a change in that reimbursement under the provisions of the bill.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 537 State Health Services, Department of, 720 The University of Texas System Administration

LBB Staff: UP, KJo, MB, CH, LR, NB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 14, 2013

TO: Honorable Linda Harper-Brown, Chair, House Committee on Government Efficiency & Reform

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB595** by Kolkhorst (Relating to certain health programs and councils.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB595, Committee Report 1st House, Substituted: a positive impact of $24,502,000 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	$24,502,000
2015	$0
2016	$0
2017	$0
2018	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Dedicated Account 5102 - Tertiary Care Account*	Probable Revenue Gain from *General Revenue Fund* 1	Probable Revenue Gain from *Vendor Drug Rebates-Sup Rebates* 8081	Probable (Cost) from *Vendor Drug Rebates-Sup Rebates* 8081
2014	($24,502,000)	$24,502,000	$69,483,249	($69,483,249)
2015	$0	$0	$73,866,820	($73,866,820)
2016	$0	$0	$73,866,820	($73,866,820)
2017	$0	$0	$73,866,820	($73,866,820)
2018	$0	$0	$73,866,820	($73,866,820)

Fiscal Analysis

The bill would amend the Health and Safety Code and the Government Code relating to certain health programs and councils. The bill would repeal Chapters 38, 46, 83, 86, 90, 91, and 112 of the Health and Safety Code. Under the provisions of the bill, any funds remaining in General Revenue-Dedicated Account 5102-Tertiary Care would be transferred to General Revenue Fund 1 and the GR Account 5102 would be abolished on September 1, 2013. The bill would repeal Section 533.005 (a-1) of the Government Code, which sets an expiration date for the requirement that managed care organizations (MCOs) and pharmacy benefit managers exclusively employ the state's vendor drug program formulary, preferred drug list, and prior authorization requirements and procedures for the prescription drug benefit in the Medicaid Program. The bill would take effect on September 1, 2013.

Methodology

Repealing Section 533.005 (a-1) of the Government Code would continue the requirement that MCOs and pharmacy benefit managers utilize the state's vendor drug program formulary, preferred drug list, and prior authorization requirements and procedures. The formulary and the preferred drug list are the basis for the collection of supplemental drug rebates in the Medicaid program. Under current law, this requirement would expire and the Health and Human Services Commission (HHSC) would no longer collect supplemental rebate revenue if the Medicaid MCOs were allowed to implement their own formularies and other requirements related to outpatient pharmacy benefits; the extent to which the loss of supplemental rebates would be offset by other savings achieved by the MCOs and incorporated into the capitation rates is not known and the full fiscal impact cannot be determined. Repealing the expiration date would continue the practice of HHSC collecting supplemental drug rebates, which would continue to be used to support the Medicaid program. As such, implementing the provisions of the bill would result in increased collection and expenditure of Vendor Drug Rebates - Supplemental Rebates estimated to be $69,483,249 in fiscal year 2014, $73,866,820 in fiscal year 2015 and every subsequent year and there would be no expected change to capitation rates for outpatient pharmacy benefits in Medicaid managed care.

Based on the analysis provided by the Comptroller of Public Accounts, the balance remaining in General Revenue-Dedicated Account 5102-Tertiary Care is estimated to be $24,502,000 on September 1, 2013, and that balance would be transferred to General Revenue Fund 1.

Based on the analysis provided by the Department of State Health Services (DSHS), the advisory committees and programs that are abolished in the bill are no longer active. Based on the analysis provided by DSHS and the Office of the Attorney General, it is assumed that the provisions of the bill can be implemented within existing resources. Based on the analysis provided by the University of Texas System, it is assumed that the provisions of the bill will have no fiscal impact on the system.

Local Government Impact

There could be a significant fiscal impact to units of local government to the extent that they are reimbursed for outpatient prescription drugs through Medicaid managed care and would experience a change in that reimbursement under the provisions of the bill.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 537 State Health Services, Department of, 720 The University of Texas System Administration

LBB Staff: UP, KJo, MB, CH, LR, NB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION
Revision 1

April 26, 2013

TO: Honorable Linda Harper-Brown, Chair, House Committee on Government Efficiency & Reform

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB595** by Kolkhorst (Relating to the repeal of certain health programs and councils, to the review of certain health programs, panels, councils, systems, foundations, centers, committees, and divisions under the Texas Sunset Act, and to the transfer of certain functions to the Department of State Health Services; providing penalties.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code, the Education Code, the Health and Safety Code, the Insurance Code, and the Occupations Code relating to the repeal of certain health programs and councils, to the review of certain health programs, panels, councils, systems, foundations, centers, committees, and divisions under the Texas Sunset Act, and to the transfer of certain functions to the Department of State Health Services (DSHS); providing penalties. Under the provisions of the bill, several councils and task forces would be abolished and their property, contracts, leases, rights, and obligations would be transferred to DSHS. The bill requires DSHS to collect financial and utilization data from certain health care facilities. The bill adds a September 1, 2021 Sunset abolishment date to 28 entities that were not previously under individual Sunset Review. The addition of 28 entities to the Sunset review schedule during the 2020-21 biennium are estimated to have a cost during fiscal years 2020-21, but the impact is beyond the fiscal year purview of this review. Based on the analysis provided by DSHS, the Office of the Attorney General, the Department of Information Resources, the Texas Workforce Commission, the Health and Human Services Commission, and the Higher Education Coordinating Board, it is assumed that the provisions of the bill can be implemented within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 302 Office of the Attorney General, 313 Department of Information Resources, 320 Texas Workforce Commission, 529 Health and Human Services Commission, 537 State Health Services, Department of, 781 Higher Education Coordinating Board

LBB Staff: UP, KJo, CH, SD, NB, LM

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 10, 2013

TO: Honorable Linda Harper-brown, Chair, House Committee On Government Efficiency & Reform

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB595** by Kolkhorst (Relating to the repeal of certain health programs and councils, to the review of certain health programs, panels, councils, systems, foundations, centers, committees, and divisions under the Texas Sunset Act, and to the transfer of certain functions to the Department of State Health Services; providing penalties.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code, the Education Code, the Health and Safety Code, the Insurance Code, and the Occupations Code relating to the repeal of certain health programs and councils, to the review of certain health programs, panels, councils, systems, foundations, centers, committees, and divisions under the Texas Sunset Act, and to the transfer of certain functions to the Department of State Health Services (DSHS); providing penalties. Under the provisions of the bill, several councils and task forces would be abolished and their property, contracts, leases, rights, and obligations would be transferred to DSHS. The bill requires DSHS to collect financial and utilization data from certain health care facilities. The bill adds a September 1, 2021 Sunset abolishment date to 28 entities that were not previously under individual Sunset Review. The addition of 28 entities to the Sunset review schedule during the 2020-21 biennium are estimated to have a cost during fiscal years 2020-21, but the impact is beyond the fiscal year purview of this review. Based on the analysis provided by DSHS, the Office of the Attorney General, the Department of Information Resources, the Texas Workforce Commission, the Health and Human Services Commission, and the Higher Education Coordinating Board, it is assumed that the provisions of the bill can be implemented within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 302 Office of the Attorney General, 313 Department of Information Resources, 320 Texas Workforce Commission, 529 Health and Human Services Commission, 537 State Health Services, Department of, 781 Higher Education Coordinating Board

LBB Staff: UP, KJo, CH, NB, LM

LEGISLATIVE BUDGET BOARD
Austin, Texas

CRIMINAL JUSTICE IMPACT STATEMENT

83RD LEGISLATIVE REGULAR SESSION
Revision 1

April 29, 2013

TO: Honorable Linda Harper-Brown, Chair, House Committee on Government Efficiency & Reform

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB595 by Kolkhorst (Relating to the repeal of certain health programs and councils, to the review of certain health programs, panels, councils, systems, foundations, centers, committees, and divisions under the Texas Sunset Act, and to the transfer of certain functions to the Department of State Health Services; providing penalties.), **As Introduced**

The bill would amend the Government, Health and Safety, Education, Insurance, and Occupations Codes as they relate to the repeal of certain health programs and councils, to the review of certain health programs, panels, councils, systems, foundations, centers, committees, and divisions under the Texas Sunset Act, to the transfer of certain functions to the Department of State Health Services, provide civil penalties, and provide criminal penalties. The provisions of the bill that relate to criminal penalties are the subject of this analysis. Under the provisions of the bill, knowingly accessing data in violation of the submission and collection of health care data subchapter or releasing data with criminal negligence in violation of the submission and collection of health care data subchapter would be punishable as a state jail felony.

A state jail felony is punishable by confinement in a state jail for a term from 180 days to 2 years and, in addition to confinement, an optional fine not to exceed $10,000 or Class A Misdemeanor punishment (mandatory post conviction community supervision).

Expanding the list of behaviors for which a criminal penalty is applied is expected to result in increased demands upon the correctional resources of counties or of the State due to longer terms of probation, or longer terms of confinement in county jail, state jail, or prison. In the case of this bill, the impact on correctional populations would depend on the number of people who would knowingly access data in violation of the submission and collection of health care data subchapter or release data with criminal negligence in violation of the submission and collection of health care data subchapter as created by the bill. For this analysis, it is assumed the criminal penalty would apply to activities that occur on or after the effective date of the act. For this analysis, it is assumed the number of offenders convicted under this statute would not result in a significant impact on the programs and workload of state correctional agencies.

Source Agencies:
LBB Staff: UP, GG, LM

LEGISLATIVE BUDGET BOARD
Austin, Texas

CRIMINAL JUSTICE IMPACT STATEMENT

83RD LEGISLATIVE REGULAR SESSION

March 11, 2013

TO: Honorable Linda Harper-brown, Chair, House Committee On Government Efficiency & Reform

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB595** by Kolkhorst (Relating to the repeal of certain health programs and councils, to the review of certain health programs, panels, councils, systems, foundations, centers, committees, and divisions under the Texas Sunset Act, and to the transfer of certain functions to the Department of State Health Services; providing penalties.), **As Introduced**

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Source Agencies:

LBB Staff: UP, GG, LM