

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 6, 2017

TO: Honorable Byron Cook, Chair, House Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1870** by Johnson, Jarvis (Relating to nonemergency medical transportation, shipping logistics, and coordination services for state agencies.), **Committee Report 1st House, Substituted**

The bill would potentially have an indeterminate cost to the state as a result of provisions of the bill which would require state agencies to arrange all transportation or shipment of goods, parcels, and freight through a statewide vendor for nonemergency medical transportation, shipping logistics, and coordination services. The provision of the bill requiring an evaluation of nonemergency medical transportation, shipping logistics, and coordination services would result in a cost of \$450,000 for the 2018-19 biennium from the General Revenue Fund.

The bill would amend Section 2172.007, Government Code, to require the Comptroller to (1) contract with a vendor to oversee nonemergency medical transportation (NEMT), shipping logistics and coordination services for all state agencies and (2) to provide contracting opportunities for vendors that employ veterans or other persons with disabilities whose products and services are available under Chapter 122, Human Resources Code. Under current law, these provisions are optional and do not include provisions for NEMT. The bill would also require, rather than authorize, state agencies to arrange all transportation or shipments of goods, parcels, and freight through the vendor selected by the Comptroller.

The bill would subject to amended Section 2172.007 purchases of NEMT services under Sections 2155.143, 2155.144 and 2155.1441. The bill would require the Comptroller, not later than December 1, 2018 to evaluate the NEMT, shipping logistics, and coordination services for not more than a 90-day period to determine the viability of contracting with a vendor to oversee the services, the economic return on investment from the contract, and route efficiency and reasonableness. The provision would expire September 1, 2019.

The bill would take effect immediately upon receipt of a two-thirds vote of all members elected to each house; otherwise, the bill would take effect September 1, 2017.

The office of the Comptroller indicates that the requirements of the bill for centralized NEMT, shipping logistics and coordination services would potentially have an indeterminate cost to the state. The requirements of the bill may increase workload by necessitating coordination for transportation and shipment of goods, parcels, and freight between the agency, vendor, and additionally the transportation and shipping logistics services provider. It is also unknown if vendors providing goods for state agencies may incur costs for the coordination efforts and subsequently increase charges to those state agencies.

The office of the Comptroller also indicates that provisions of the bill requiring an evaluation of NEMT, shipping logistics, and coordination services would result in a cost of \$450,000 in General Revenue Funds in fiscal year 2018 for the agency to contract with consultants to provide the data collection and analysis. The evaluation would require detailed information from all state agencies, including types of items being shipped and shipping needs for those particular items. Additionally, a route efficiency analysis, as required by the bill, would be provided through the consulting contract.

The Health and Human Services Commission (HHSC) indicates that the fiscal impact of the provision of the bill requiring use of NEMT services cannot be determined. Additionally, HHSC indicates that conferring authority on the Comptroller to contract for the provision and oversight of Medicaid NEMT may conflict with federal rule, in the absence of a waiver or authorization from the Centers for Medicare and Medicaid Services (CMS) authorizing such a conferral of authority. HHSC would need CMS approval to implement the provisions of the bill, and it is unclear whether that approval could be granted.

The University of Texas (UT) System indicates that it may be subject to the provisions of the bill since UT institutions purchase NEMT through consortiums operated by medical and dental units, which are included under Section 2155.1441, Government Code. UT System indicates that to the extent UT institutions are impacted by the bill's provisions, there may be an indeterminate negative impact.

The Juvenile Justice Department indicates that the agency would not be significantly impacted by the bill's provisions.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 601 Department of Transportation, 644 Juvenile Justice Department, 720 The University of Texas System Administration

LBB Staff: UP, AG, NV, LCO