

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 7, 2017

TO: Honorable Charles Schwertner, Chair, Senate Committee on Health & Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1787 by Hinojosa (Relating to the functions and administration of the Health and Human Services Commission and the commission 's office of inspector general in relation to fraud, waste, and abuse in health and human services.), **Committee Report 1st House, Substituted**

Depending upon the amount collected by MCOs from providers in managed care and remitted to the state, there would be an indeterminate positive fiscal impact to the state.

The bill would amend the Government Code to define the administrative support functions related to legal services the Health and Human Services Commission (HHSC) would provide to the commission's Office of Inspector General (IG), expand the definition of the technology utilized by the IG to identify and deter fraud in Medicaid, and clarify the process for managed care organizations (MCOs) and the IG in relation to payment recovery efforts from fraud and abuse investigations.

The bill would take effect immediately upon a two-thirds vote from all members of each house or, if such a vote is not received, on September 1, 2017.

Based on the Legislative Budget Board (LBB) analysis of HHSC and the IG, duties and responsibilities associated with defining the administrative support functions related to legal services and expansion of the definition of the technology used to identify and deter fraud in Medicaid could be accomplished by utilizing existing resources.

Section six of the bill would allow MCOs to retain one-half of payment recovery efforts collected from providers that the MCO identified were paid as a result of fraud or abuse. The MCO would be required to remit the other half of the recovery to the IG and, pursuant to Article IX, Section 8.02, Reimbursements and Payments, 2016-17 General Appropriations Act, be deposited to General Revenue in the treasury. The funds would not be available for expenditure unless appropriated by the General Appropriations Act.

Currently, MCOs may retain any funds collected from providers through payment recovery efforts that the MCO identified were paid as a result of fraud or abuse under Texas Administrative Code, Section 353.505. According to the Comptroller of Public Accounts, the amount that would be remitted to the IG and deposited in the treasury under the provisions of the bill cannot be determined.

Based on the LBB analysis, there would be an indeterminate positive fiscal impact to the state depending upon the amount collected by MCOs from providers in managed care and remitted to

the state.

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

LBB Staff: UP, TBo, KCA, EP, SD, LCO