

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 1, 2019

TO: Honorable Trey Martinez Fischer, Chair, House Committee on Business & Industry

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB2919 by Shine (Relating to a demonstration program at the State Office of Risk Management for real-time processing of workers' compensation authorizations of payment for medical services and medical bills.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2919, As Introduced: an impact of \$0 through the biennium ending August 31, 2021.

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
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from Interagency Contracts 777	Change in Number of State Employees from FY 2019
2020	\$0	0.0
2021	(\$627,350)	2.0
2022	(\$782,754)	1.8
2023	(\$31,220)	0.3
2024	\$0	0.0

Fiscal Analysis

The bill would amend the Labor code to allow the State Office of Risk Management (SORM), if the agency determines it would be cost-effective, to implement a pilot project to process worker's

compensation authorization of payment for medical services and bills using a secure, web-based portal. The bill would require the portal be used by SORM, state agencies, injured employees, and health care providers. Required features of the portal would include the ability to collect, input, and transmit administrative and clinical data, including patient information, provider contracts, treatment guidelines, and other information necessary for processing authorizations and medical bills; an automated process for requests for authorizations of payment for medical services and peer reviews at the point of care; and return to work best practices for workers' compensation claims, including complex case management.

Not later than January 1, 2020, SORM must determine whether the demonstration program would be cost-effective, and if so, shall fully implement the program not later than January 1, 2021. If the office implements a demonstration program, it shall provide a report not later than December 31, 2022, that assesses the administrative cost savings of the program and makes a recommendation as to whether the new process should be used on a permanent basis. If the report shows an administrative cost savings, the board may adopt and use the process on a permanent basis.

The bill would take effect on September 1, 2019.

Methodology

The agency assumes it would require \$627,350 in Interagency Contracts and 2.0 FTEs in the 2020-21 biennium to implement the provisions of the bill. This analysis assumes SORM would offset the cost by increasing assessments charged to state agencies through Interagency Contracts. This analysis assumes increased assessments would not have a significant cost to individual state agencies.

Agency analysis assumes costs to implement the bill would include contracted technology costs for use of a vendor web-based system. The pilot system would be separate from SORM's existing claims management system but integrated by data interchanges with existing systems. Based on an estimate provided by a potential vendor, SORM assumes the cost of using a vendor web-based system to cover 50% of the agency's covered workforce would total \$455,000 in Fiscal Year 2021.

SORM also assumes it would require 2.0 FTEs for fiscal year 2021, including one Project Manager IV (\$69,415 annual salary) to manage the pilot program and one Claims Examiner IV (\$58,318 annual salary) to enter data and monitor for updates. The agencies assumptions are that it would need 1.8 FTEs and 0.3 FTEs for 2022 and 2023 with salary costs of \$116,915 and \$23,138 respectively. Benefit costs would total \$44,617, \$40,839, and \$8,082 for fiscal years 2021, 2022, and 2023.

Technology

SORM's analysis assumes technology costs would total \$455,000 in fiscal year 2021 and \$625,000 in fiscal year 2022.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance, 479 State Office of Risk Management

LBB Staff: WP, CLo, NV, LLo, RC