

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 29, 2021

TO: Honorable Chris Turner, Chair, House Committee on Business & Industry

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2247 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 HB2247, As Introduced : an impact of \$0 through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from Interagency Contracts</i>	<i>Change in Number of State Employees from FY 2021</i>
	777	
2022	\$0	0.0
2023	(\$660,910)	2.0
2024	(\$814,764)	1.8
2025	(\$41,727)	0.3
2026	\$0	0.0

Fiscal Analysis

The bill would amend the Labor Code to implement a pilot program for a web-based system to process workers compensation and medical bills in real time. The bill would require certain characteristics of this system related to data and automation. The bill would require the pilot program to end on June 30, 2024 and to submit a report to the risk management board by December 31, 2024.

According to SORM, the pilot program would be implemented to cover 50 percent of the office's covered workforce for workers compensation and medical bills through interagency contracts. Implementation costs would include specification development, procurement and negotiation, implementation, start-up and regulatory compliance matters.

Based on the analysis of SORM the pilot system could produce administrative savings for medical providers as well as contracted vendors; however, the State would incur the additional cost of the system and staff required to implement and maintain it.

Methodology

SORM assumes a 50 percent implementation for the proposed pilot program. A Project Manager IV would be required in fiscal years 2023 and 2024 to manage and implement the program with an annual salary of \$93,406. This position would be maintained for 4 months of fiscal year 2025 with a salary cost of \$31,135. Additionally, a Claims Examiner IV would be required to populate data and monitor for updates, with an annual salary of \$60,235 in fiscal year 2023. This position would be maintained for approximately 9 to 10 months in fiscal year 2024 at a salary cost of \$48,188 and would not continue in fiscal year 2025. The cost for associated benefits would total \$52,269 in fiscal year 2023, \$48,170 in fiscal year 2024, and \$10,592 in fiscal year 2025. SORM also indicates additional unspecified costs would be incurred.

The costs would be paid out of interagency contracts paid from assessments charged to state agencies. According to SORM, SORM would need to increase assessments charged to state agencies in order to cover the costs to implement the pilot program.

Technology

The pilot program would require a contract for a web-based system to process the specified claims. This system would be separate from the existing SORM claims management system. However, the pilot system would have to be integrated into existing agency systems. The agency estimates costs to implement the web-based system required by the bill would be \$455,000 for fiscal year 2023 and \$625,000 for fiscal year 2024. The cost estimates were determined using a quote received by a vendor in fiscal year 2017 for the web-based real time authorization system using the 50 percent levels.

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: JMc, SZ, LCO, SMAT