

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 19, 2021

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB984 by Schwertner (Relating to public health disaster and public health emergency preparedness and response, including the operation of the Task Force on Infectious Disease Preparedness and Response.), **Committee Report 1st House, Substituted**

The fiscal implications of the bill cannot be determined at this time due to the inability to quantify the level of personal protective equipment reserve required.

The Department of State Health Services is required to implement the provisions of the bill related to personal protective equipment reserves only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the department may, but is not required to, implement the provisions using other appropriations available for the purpose.

The bill would require trauma service area regional advisory councils to collect data from hospitals necessary to plan for and respond to public health disasters or infectious disease emergencies and provide the data to the Department of State Health Services (DSHS). The bill would require DSHS, if funds are appropriated for that purpose, to establish a reserve of personal protective equipment (PPE) to support a response to public health disasters and communicable or infectious disease emergencies. The bill would require the governor to appoint an epidemiologist to the Task Force on Infectious Disease Preparedness and Response, and for the task force to meet annually.

According to DSHS, the agency would be able to absorb any costs related with collecting data from regional advisory councils and the task force meetings within existing resources.

The fiscal impact of establishing a PPE reserve cannot be determined because costs would vary significantly based on the quantity of PPE required for the reserve and the timeline for establishing the reserve. DSHS would only be required to establish a PPE reserve if funds were appropriated for that purpose.

Since the state has a current stock of PPE, the cost to increase available PPE would vary based on the number of people covered by the reserve. The analysis assumes the reserve would include N95 respirators, surgical masks, face shields, gowns, shoe covers, and pairs of exam gloves. Given the state's current PPE stock, the cost to increase the stock in fiscal year 2022 to cover a certain number of people for 30 days would be approximately \$1 per person for the first 100,000 people; \$6 per person for the next 100,000; \$74 per person for the next 1.5 million; \$79 per person for the next 3 million; and \$107 for any additional people. The analysis assumes PPE costs would remain at higher levels throughout fiscal year 2022 due to the COVID-19 pandemic.

If the reserve was established in fiscal year 2023 or later and PPE prices return to pre-pandemic levels, the cost of establishing the reserve would be approximately \$16 per person for a 30-day supply assuming the state's current reserve was depleted by that time.

According to DSHS, the cost to purchase PPE for a 90-day supply for 3.5 million essential workers including healthcare personnel, healthcare support staff, correctional facility staff, primary and secondary school staff, and childcare facility staff would be \$748,297,376 million in fiscal year 2022. If PPE prices returned to pre-pandemic levels starting in fiscal year 2023, the annual replacement cost for the 90-day reserve for 3.5 million workers is estimated to be \$45,593,906.

In addition to the cost of purchasing PPE, DSHS identified costs related to acquiring an inventory management system, renting a warehouse, transportation, distribution, and disposal of PPE. The inventory management system is estimated to cost \$200,000 per fiscal year. The agency would also need two full-time equivalents to manage the reserve including an inventory and store specialist with an estimated annual cost of \$72,109 per fiscal year and a system analyst to manage the inventory management system at a cost of \$70,429 per fiscal year. Costs for warehouse rental, transportation, distribution, and disposal would vary greatly based on the quantity of PPE in the reserve.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time. Regional advisory councils may experience a negative fiscal impact related to the requirement to collect data from hospitals.

Source Agencies: 529 Hlth & Human Svcs Comm, 537 State Health Services

LBB Staff: JMc, AKI, JLI, NDA