

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**March 21, 2023**

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

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: SB26** by Kolkhorst (Relating to local mental health authority and local behavioral health authority audits and mental and behavioral health reporting, services, and programs.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB26, As Introduced : a negative impact of (\$14,268,263) through the biennium ending August 31, 2025.

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>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2024	(\$4,411,199)
2025	(\$9,857,064)
2026	(\$4,075,995)
2027	(\$1,185,886)
2028	(\$1,186,737)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<b>Probable Savings/(Cost) from GR Match For Medicaid 758</b>	<b>Probable Savings/(Cost) from Federal Funds 555</b>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$3,814,703)	(\$596,496)	(\$602,761)	13.0
2025	(\$9,066,162)	(\$790,902)	(\$805,710)	13.0
2026	(\$3,502,879)	(\$573,116)	(\$587,936)	13.0
2027	(\$721,502)	(\$464,384)	(\$479,215)	13.0
2028	(\$722,032)	(\$464,705)	(\$479,547)	13.0

**Fiscal Analysis**

The bill would authorize the Health and Human Services Commission (HHSC) to develop an incentive payment under the Quality Incentive Payment Program (QIPP) for providers to implement treatment options for individuals who require a level of care provided by nursing facilities and who require a high level of behavioral health supports and services.

The bill would require the Health and Human Services Office of Inspector General (OIG) to conduct performance audits of each local mental health authority (LMHA) and local behavioral health authority (LBHA) at least once every ten years.

The bill would require LMHAs to be responsible for the transition of patients from HHSC facilities and would require LMHAs to provide services to complement discharge planning efforts.

The bill would establish an innovation grant program for mental health early intervention and treatment.

The bill would require HHSC to establish and maintain a public reporting system of performance and outcome measures to compare LMHAs, LBHAs, and local intellectual and developmental disability authorities (LIDDA), that includes specific measures to be posted monthly, or as frequently as possible.

## **Methodology**

The analysis assumes HHSC would require 1.0 Reimbursement Analyst III full-time equivalent (FTE) to develop the incentive payment program authorized by the bill, which would result in costs of \$0.1 million per fiscal year.

The analysis assumes OIG would require 9.0 additional FTEs, including a project manager and eight auditors, to conduct performance audits of LMHAs and LBHAs, which would result in a cost of \$1.2 million per fiscal year.

The analysis assumes HHSC would require 1.0 Program Specialist V to administer the innovation grant program at a cost of \$0.1 million per year. Costs for administration of the program are being considered for inclusion in the General Appropriations Bill based on an agency request but are still included in this analysis as necessary to implement the bill. The cost estimate does not include funding required to provide innovation grants for community-based initiatives. HHSC would require appropriations beyond the administrative costs to implement the grant program, but the cost for grant funding would depend on the preferred scale of the program. Other community mental health grant programs at HHSC received appropriations ranging from \$5.0 million to \$25.0 million for grants each fiscal year of the 2022-23 biennium.

The analysis assumes HHSC would require 2.0 FTEs, including a Project Manager III and Data Analyst IV, to implement the new requirements for a monthly public reporting system at a cost of \$0.3 million in fiscal year 2024 and \$0.2 million in subsequent fiscal years. According to HHSC, technology costs for system development and licensing for the updated public reporting system would be \$3.3 million in fiscal year 2024, \$9.0 million in fiscal year 2025, and \$3.0 million in fiscal year 2026.

## **Technology**

Total IT costs would be \$3.3 million in fiscal year 2024, \$9.0 million in fiscal year 2025, and \$3.0 million in fiscal year 2026, which includes costs for system development and licensing for the updated public reporting system, and less than \$0.1 million in FTE-related IT costs each fiscal year.

## **Local Government Impact**

The analysis assumes local entities would have a negative fiscal impact relating to implementing the provisions of the bill. Costs for local entities are not included in the tables above though HHSC does provide funding for LMHAs and LBHAs through performance contracts.

According to HHSC, LMHAs and LBHAs would have an increase in costs of \$4.1 million per fiscal year for additional staffing needs to provide services related to discharge planning efforts. In addition, HHSC estimates that LMHAs and LBHAs would have costs of \$3.0 million in fiscal year 2024, \$1.5 million in fiscal year 2025, and \$0.5 million in fiscal year 2025 related to assisting providers with collecting and reporting new data requirements for the public reporting system.

**Source Agencies:** 529 Health and Human Services Commission

**LBB Staff:** JMc, NPe, ER, NDA

