

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 23, 2017**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB894** by Buckingham (Relating to the Health and Human Services Commission's auditing of Medicaid managed care organizations and auditing and collection of Medicaid payments, including the commission's management of audit resources.), **As Passed 2nd House**

**The fiscal implications of the bill are dependent on the Health and Human Services Commission's MCO rate setting process, and therefore cannot be determined at this time. Depending on the outcome of that process, a fiscal impact to the state would be anticipated.**

The bill would amend the Government Code to require the Health and Human Services Commission (HHSC), in accordance with federal law, to collect additional information through the electronic visit verification (EVV) system, establish minimum requirements for third-party entities seeking to provide EVV system services, and establish certain compliance standards. HHSC would be required to create a stakeholder work group to solicit input regarding the operation of the EVV system. HHSC would be required to provide notice of any proposed recoupment of an overpayment or debt to hospital providers, no later than 90 days before the overpayment or debt must be paid. The bill would direct HHSC to establish strategies and procedures for managing its audit resources, particularly for auditing and collecting payments from Medicaid managed care organizations.

The bill would specify that the State Auditor's Office (SAO) shall consider the performance of certain health and human service program audits when devising the state audit plan.

The bill would require HHSC to contract with an entity to oversee the delivery of Medicaid medical transportation program services and collect certain data related to program performance.

The bill would take effect September 1, 2017.

Certain provisions of the bill could increase operational costs and levels of effort for MCOs. The cost would be primarily dependent on the extent to which HHSC adjusts managed care premiums to account for implementation, and therefore the complete fiscal implication of the bill cannot be determined at this time. There would be costs associated with contracting for oversight of Medicaid medical transportation services, but if HHSC were to implement this provision by contracting for a review of the efficiency of Medicaid medical transportation services, costs would not be significant and could be absorbed using existing resources. It is also assumed that any duplication of effort resulting from the contract would be eliminated by a reduction at HHSC.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

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

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