

Appendix A. Fiscal Note for HB 825

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 77th Regular Session

March 6, 2001

TO: Honorable Patricia Gray, Chair, House Committee on Public Health

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB825 by Gray (Relating to continuous eligibility of children for medical assistance.), As Introduced

* Estimated Two-year Net Impact to General Revenue Related Funds for
** HB825, As Introduced: negative impact of \$(249,538,131) through
** the biennium ending August 31, 2003.
**
** 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		*

* 2002	\$(104,553,004)	*
* 2003	(144,985,127)	*
* 2004	(151,163,627)	*
* 2005	(157,619,967)	*
* 2006	(164,385,287)	*

All Funds, Five-Year Impact:

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*Fiscal    Probable    Probable    Probable    Probable    Change in    *
* Year      Savings/    Savings/    Savings/    Savings/    Number of    *
*           (Cost) from (Cost) from (Cost) from (Cost) from  DHS          *
*           GR Match  GR Match  Federal    Federal    Employees    *
*           for      for      Funds -    Funds -    from FY 2001 *
*           Medicaid Medicaid Federal    Federal    *
*           0758      0758      0555      0555      *
* 2002      $ (111,664,  $7,111,754  $ (168,899,  $7,111,754  (461.0)      *
*           758)      *           960)      *           *
* 2003      (154,949,    9,964,839  (233,201,    9,964,839  (646.0)      *
*           966)      *           251)      *           *
* 2004      (161,592,    10,428,400 (243,096,    10,428,400  (676.0)      *
*           027)      *           245)      *           *
* 2005      (168,537,    10,917,387 (253,544,    10,917,387  (708.0)      *
*           354)      *           675)      *           *
* 2006      (175,816,    11,431,608 (264,495,    11,431,608  (741.0)      *
*           895)      *           890)      *           *
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Fiscal Analysis

The bill would provide continuous eligibility for 12 months for a child under the age of 19, with recertification performed either annually or before the child's 19th birthday. The bill would take effect September 1, 2001, requiring that rules for continuous eligibility be adopted by the appropriate state Medicaid agency by October 1, 2001.

Methodology

The policy change would impact the Department of Health (TDH), the Department of Human Services (DHS), and the Employees Retirement System (ERS). It is assumed that funding would be realigned among state agencies as needed, with implementation occurring January 2002. No costs related to automation are assumed. Medicaid services provided by TDH would include premiums (weighted for fee for service and managed care), prescriptions, dental, physician, hospital, laboratory and other services. Client costs would remain at the estimated FY 2001 level, with no adjustment for inflation or change in service utilization. (Average costs do vary according to the mixture of client risk groups.) The federal share of total client services expenses would be 60.20% in FY 2002, 60.08% in FY 2003, and 60.07% in subsequent years. Annual savings/costs per eligibility-related FTE at DHS would total approximately \$30,850. Of this amount, 19% is for employee benefits funded at ERS. The federal share of FTE expenses would be 50% of the total.

It is assumed that clients would receive an additional 3.82 months of coverage, increasing recipient months per month by 170,179 in FY 2002, 238,451 in FY 2003, 249,544 in FY 2004, 261,245 in FY 2005, and 273,550 in FY 2006. Monthly client services costs would range from \$137.39 in FY 2002 to \$134.14 in FY 2006. Replacing the current 6 month review with an annual review would result in an FTE reduction totaling 461.0 in FY 2002, 646.0 in FY 2003, 676.0 in FY 2004, 708.0 in FY 2005, and 741.0 in FY 2006.

Local Government Impact

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

Source Agencies: 529 Health and Human Services Commission, 324
Texas Department of Human Services, 501 Texas
Department of Health
LBB Staff: JK, HD, PP, SW