

Appendix B. Fiscal Note for HB 826

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: HB826 by Gray (Relating to consideration of assets and resources for purposes of determining eligibility of children for Medicaid.), As Introduced

* Estimated Two-year Net Impact to General Revenue Related Funds for
** HB826, As Introduced: negative impact of \$(97,168,414) through
** the biennium ending August 31, 2003.
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** The bill would make no appropriation but could provide the legal
** basis for an appropriation of funds to implement the provisions of
** the bill.
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General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2002	\$(40,603,307)
2003	(56,565,107)
2004	(56,590,411)
2005	(56,590,411)
2006	(56,590,411)

All Funds, Five-Year Impact:

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*Fiscal          Probable          Probable          Change in Number of
* Year          Savings/(Cost) from Savings/(Cost) from DHS Employees from
**              GR Match for          Federal Funds -          FY 2001
**              Medicaid          Federal
**              0758          0555
**
** 2002          $(40,603,307)          $(18,702,238)          249.0
** 2003          (56,565,107)          (26,182,582)          335.7
** 2004          (56,590,411)          (26,157,278)          335.7
** 2005          (56,590,411)          (26,157,278)          335.7
** 2006          (56,590,411)          (26,157,278)          335.7
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Fiscal Analysis

The bill would exclude the assets and resources of a person younger than 19 years of age, and those of the person's parents or other caretaker, for purposes of determining Medicaid eligibility. The bill would take effect September 1, 2001.

Methodology

The policy change would impact the Department of Health (TDH), the Department of Human Services (DHS), the Employees Retirement System (ERS), and the Health and Human Services Commission (HHSC), which operates SCHIP. 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.

Thirty-two percent of SCHIP enrollees are within Medicaid income limits. It is assumed that 32% of SCHIP clients funded in Senate Bill 1/House Bill 1, As Introduced, would be shifted to Medicaid, increasing Medicaid recipient months per month by 104,114 in FY 2002, and 138,819 in subsequent years. A net cost increase would result from a fuller benefit package and a less favorable federal match in Medicaid. Monthly client services costs would total \$136.55 in FY 2002 and \$131.53 in subsequent years for Medicaid, compared to \$108.58 each year for SCHIP. The federal match for Medicaid is noted above, compared to 72.14% in FY 2002, and 72.05% in subsequent years for SCHIP. Additionally, it is assumed that 32% of potential SCHIP enrollees above levels funded in Senate Bill 1/House Bill 1, As Introduced, would enroll in Medicaid, resulting in a new cost to the state. Medicaid recipient months per month would increase by 10,063 in FY 2002, and 21,500 in subsequent years. The increase in Medicaid cases would be partially offset by a reduction in application processing time, resulting in a net FTE increase totaling 249.0 in FY 2002 and 335.7 in subsequent years.

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