

Appendix C. Fiscal Note for HB 827

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: HB827 by Gray (Relating to simplifying the application and eligibility determination process for medical assistance provided to children.), As Introduced

** Estimated Two-year Net Impact to General Revenue Related Funds for
** HB827, As Introduced: negative impact of \$(74,992,474) 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 \$(17,320,107) *
* 2003 (57,672,367) *
* 2004 (73,704,134) *
* 2005 (79,880,568) *
* 2006 (82,722,097) *

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       Federal       *
*             0758        0758        0555         0555         0555         *
* 2002        $21,392,213)  $4,072,106   $31,724,103)  $4,072,106   (184.0)      *
* 2003        (63,378,110)  5,705,743   (94,510,865)  5,705,743   (257.0)      *
* 2004        (79,675,311)  5,971,177   (118,948,816)  5,971,177   (270.0)      *
* 2005        (86,131,734)  6,251,166   (128,618,922)  6,251,166   (282.0)      *
* 2006        (89,267,699)  6,545,602   (133,291,576)  6,545,602   (296.0)      *
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Fiscal Analysis

The bill would modify the Medicaid application and recertification processes for children under the age of 19 to make them comparable to those of the Children's Health Insurance Program (CHIP). Specific changes include: eliminating the face-to-face interview at application (Section 1 (e)) and recertification (Section 2 (e)); and simplifying documentation and verification (Section 2 (d)). The bill would take effect September 1, 2001.

Methodology

General Assumptions

Both policy changes 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. To account for potential overlap in clients, estimates for Eliminating the Face-to-Face Interview and Simplifying Documentation and Verification have been reduced by 10%. 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.

Eliminating the Face-to-Face Interview

Recipient months per month would increase by 9,176 in FY 2002, 27,734 in FY 2003, 34,695 in FY 2004, 37,254 in FY 2005, and 38,193 in FY 2006. Monthly client services costs would total \$138.67 each fiscal year. A reduction in application processing time would result in a net FTE reduction totaling 263.7 in FY 2002, 369.9 in FY 2003, 387.0 in FY 2004, 405.0 in FY 2005, and 424.8 in FY 2006.

Simplifying Documentation and Verification

Recipient months per month would increase by 20,617 in FY 2002, 63,202 in FY 2003, 80,357 in FY 2004, 87,339 in FY 2005, and 91,216 in FY 2006. Monthly client services costs would range from \$142.99 in FY 2002 to \$141.64 in FY 2006. An increase in the number of eligible cases would offset a reduction in application processing time, resulting in a net FTE increase totaling 80.1 in FY 2002, 112.5 in FY 2003, 117.0 in FY 2004, 123.3 in FY 2005, and 128.7 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, 304
Comptroller of Public Accounts, 324 Texas
Department of Human Services, 501 Texas Department
of Health
LBB Staff: JK, HD, PP, SW