

Appendix D. Fiscal Note for HB 828

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: HB828 by Gray (Relating to application and eligibility for Medicaid.), As Introduced

** Estimated Two-year Net Impact to General Revenue Related Funds for
** HB828, As Introduced: negative impact of \$(172,160,888) 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	\$(57,923,414)
2003	(114,237,474)
2004	(130,294,545)
2005	(136,470,979)
2006	(139,312,508)

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       $ (61,995,520)  $4,072,106  $ (50,426,341)  $4,072,106  65.0         *
*
* 2003       (119,943,217)  5,705,743  (120,693,447)  5,705,743  78.0         *
*
* 2004       (136,265,722)  5,971,177  (145,106,094)  5,971,177  66.0         *
*
* 2005       (142,722,145)  6,251,166  (154,776,200)  6,251,166  54.0         *
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* 2006       (145,858,110)  6,545,602  (159,448,854)  6,545,602  40.0         *
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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)); simplifying documentation and verification (Section 2 (d)); and excluding a child's/family's assets and resources (Section 3). The bill would take effect September 1, 2001.

Methodology

General Assumptions

Policy changes would impact the Department of Health (TDH), the Department of Human Services (DHS), and the Employees Retirement System (ERS). Excluding a Child's/Family's Assets and Resources would also impact the Health and Human Services Commission (HHSC), which operates CHIP. 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.

Excluding a Child's/Family's Assets and Resources

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, 304
Comptroller of Public Accounts, 324 Texas
Department of Human Services, 501 Texas Department
of Health
LBB Staff: JK, HD, PP, SW