

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 24, 2003

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB727 by Delisi (Relating to disease management programs for certain Medicaid recipients.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB727, As Engrossed: a positive impact of \$8,583,000 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

Estimated savings should be compared to funding levels sufficient to conform to current policies and law. Estimated savings should not be compared to agency "building block" funding requests.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$2,851,000
2005	\$5,732,000
2006	\$5,732,000
2007	\$5,732,000
2008	\$5,732,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GR MATCH FOR MEDICAID 758	Probable Savings/(Cost) from FEDERAL FUNDS 555
2004	\$2,851,000	\$4,282,000
2005	\$5,732,000	\$8,595,000
2006	\$5,732,000	\$8,595,000
2007	\$5,732,000	\$8,595,000
2008	\$5,732,000	\$8,595,000

Fiscal Analysis

The bill would implement HHS 4, "Implement a Disease Management Program for Medicaid Patients" from the Comptroller's e-Texas report, "Limited Government, Unlimited Opportunity".

The bill would direct the Health and Human Services Commission (HHSC) to request contract proposals from providers of disease management programs to provide program services to recipients of medical assistance who have a disease or other chronic health condition that the department determines is a disease or condition that needs disease management and who are not eligible to receive those services under a Medicaid managed care plan. HHSC would prescribe by rule minimum

contractor requirements and would not award a contract unless the contract included a written guarantee of state savings. The bill would also require HHSC to: (1) conduct a study (to be completed by December 31, 2003) to analyze the potential for state savings through the use of disease management programs, and (2) consider the results of the study when requesting contract proposals.

Methodology

Savings assumptions are derived from the Comptroller's fiscal note response for House Bill 727.

1. It is assumed that implementation of disease management programs would occur March 1, 2004.
2. It is assumed that disease management programs would produce client services All Funds savings totaling \$7,133,000 in fiscal year 2004 and \$14,327,000 in each subsequent year.
3. It is assumed that 40 percent of the savings would accrue to General Revenue, with the remaining 60 percent accruing to Federal Funds.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 324 Department of Human Services, 529 Health and Human Services Commission
LBB Staff: JK, JO, EB, PP