LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 18, 2003

TO: Honorable Dianne White Delisi, Chair, House Committee on State Health Care Expenditures, Select

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB728** by Delisi (Relating to the continuous eligibility of certain children for medical assistance benefits.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB728, : a positive impact of $286,118,149 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.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	$108,138,299
2005	$177,979,850
2006	$0
2007	$0
2008	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *GR MATCH FOR MEDICAID* 758	Probable Savings/(Cost) from *FEDERAL FUNDS* 555
2004	$108,138,299	$163,102,264
2005	$177,979,850	$272,591,010
2006	$0	$0
2007	$0	$0
2008	$0	$0

Fiscal Analysis

The bill would implement recommendation HHS 7, "Maintain the Current Period of Medicaid Eligibility for Children; Postpone the Implementation of Expanded Eligibility Until Fiscal 2006," from the e-Texas report, "Limited Government, Unlimited Opportunity."

The bill would delay implementation of 12 month continuous eligibility for certain Medicaid children under the age of 19 to "not earlier than September 1, 2005." Current law requires implementation of 12 month continuous eligibility by June 1, 2003. The following fiscal analysis estimates savings compared to appropriation levels sufficient to implement/maintain 12 month continuous eligibility during the 2004-05 biennium.

Methodology

Fiscal analysis is based upon data provided by the Health and Human Services Commission (HHSC), the Department of Health (TDH), and the Department of Human Services (DHS).

1. It is assumed that HHSC would serve fewer clients during the 2004-05 biennium, resulting in client services (All Funds) savings totaling $239,366,842 in fiscal year 2004 and $401,187,261 in fiscal year 2005. Specific assumptions include the following: a) the client impact would include 143,400 (recipient months per month) in fiscal year 2004 and 221,465 in fiscal year 2005, b) the savings per recipient month per month would total $139.10 in fiscal year 2004 and $150.96 in fiscal year 2005, and c) the Federal Funds share of savings would total 60.20% in fiscal year 2004 and 60.56% in fiscal year 2005; remaining savings would accrue to General Revenue.

2. It is assumed that HHSC would also realize administrative (All Funds) savings totaling $2,650,032 in fiscal year 2004 and $3,747,188 in fiscal year 2005. Administrative savings would accrue equally to General Revenue and Federal Funds.

3. It is assumed that TDH would serve fewer clients during the 2004-05 biennium, resulting in client services (All Funds) savings totaling $29,224,689 in fiscal year 2004 and $45,636,411 in fiscal year 2005. Specific assumptions include the following: a) four TDH Medicaid programs would be affected: EPSDT Dental, EPSDT Medical, Family Planning, and Medical Transportation, b) the client impact for the EPSDT Dental and Medical Transportation programs is identical to assumptions made concerning HHSC; the impact for the EPSDT Medical and Family Planning programs would include 84,251 in fiscal year 2004 and 120,056 in fiscal year 2005; c) the savings per recipient month per month for fiscal year 2004 would total: $11.26 for EPSDT Dental, $5.34 for EPSDT Medical, $0.57 for Family Planning, and $2.25 for Medical Transportation; the savings per recipient month per month for fiscal year 2005 would total: $11.35 for EPSDT Dental, $5.38 for EPSDT Medical, $0.58 for Family Planning, and $2.59 for Medical Transportation; and d) the Federal Funds share of savings for all programs (except Family Planning) is identical to assumptions made concerning HHSC client services; the Federal Funds share of savings for Family Planning would equal 75% per year; e) remaining savings would accrue to General Revenue.

4. DHS estimates no fiscal impact related to workload or other factors.

5. This estimate assumes the bill would be effective September 1, 2003. An earlier effective date could result in savings (not estimated in this analysis) for fiscal year 2003.

Local Government Impact

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

Source Agencies: 304 Comptroller Of Public Accounts, 324 Department Of Human Services, 501 Department Of Health, 529 Health And Human Services Commission

LBB Staff: JK, JO, EB, KF, PP