

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 10, 2003

TO: Honorable Jaime Capelo, Chair, House Committee on Public Health

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1099 by Capelo (Relating to coverage provided to certain children under the state child health plan.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1099, As Introduced: a negative impact of (\$3,342,688) 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 | (\$1,678,877) |
| 2005 | (\$1,663,811) |
| 2006 | (\$1,662,606) |
| 2007 | (\$1,662,606) |
| 2008 | (\$1,662,606) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1 | Probable (Cost) from <i>FEDERAL FUNDS</i> 555 | Probable Revenue Gain from <i>PREMIUM CO- PAYMENTS</i> 3643 | Probable (Cost) from <i>PREMIUM CO- PAYMENTS</i> 3643 |
|-------------|--|---|--|---|
| 2004 | (\$1,678,877) | (\$4,347,242) | \$144,887 | (\$144,887) |
| 2005 | (\$1,663,811) | (\$4,362,307) | \$144,887 | (\$144,887) |
| 2006 | (\$1,662,606) | (\$4,363,513) | \$144,887 | (\$144,887) |
| 2007 | (\$1,662,606) | (\$4,363,513) | \$144,887 | (\$144,887) |
| 2008 | (\$1,662,606) | (\$4,363,513) | \$144,887 | (\$144,887) |

Fiscal Analysis

The bill would amend Section 62.154(b), Health and Safety Code, to expand the list of exemptions from the 90-day waiting period for certain families applying for the Children's Health Insurance Program (CHIP). The bill would eliminate the 90-day waiting period under CHIP for children whose families had previously been enrolled in a self-funded health plan sponsored by a municipality for the municipality's employees.

Methodology

1. According to the Health and Human Services Commission (HHSC), there are 81,856 employees enrolled in 69 self-funded municipal health plans in Texas. It is assumed that 5 percent of these employees (4,093) would qualify for Children's Health Insurance Program (CHIP) coverage and would chose to enroll their children. It is assumed that each employee would have 1.9 children they would enroll, for a total of 7,777 children.
2. It is assumed that half of these (3,888) would have enrolled in CHIP even with the waiting period. The cost for this group, then, would be for providing an additional three months of coverage per year. There would also be an additional three months of premiums collected.
3. It is assumed that the other half (3,888) would not have enrolled in CHIP with the waiting period, but without it they will now join. The cost for this group, then, would be the cost of providing 12 months of coverage plus all administrative fees paid to the CHIP contractor. There would also be 12 months of premiums collected.
4. The CHIP premium is assumed to be \$103.67 per member per month.
5. It is assumed that the annual application and enrollment fees paid to the third-party contractor are \$32 per enrollee.
6. Premium cost-sharing assumes a continuation of current fiscal year 2003 policies, including the following: \$14 per year for families between 100-150 percent of the Federal Poverty Level (FPL); \$15 per month for families between 151-185 percent FPL; and \$18 per month for families between 186-200 percent FPL.
7. It is assumed that all new cost-sharing revenues (\$144,887 per year) would be expended in the program.
8. The EFMAP is assumed to be .7214 in fiscal year 2004, .7239 in fiscal year 2005, and .7241 for fiscal years 2006-08.

Local Government Impact

No fiscal implication to units of local government is anticipated. The bill does not require action from municipalities; it allows children formerly covered under self-funded municipal health plans to bypass the waiting period for the state child health plan permitted under Title XXI of the Social Security Act.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JK, JO, EB, KF, LW, KG