

**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: HB1548** by Raymond (Relating to enrollment of certain children in the state child health plan.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1548, As Introduced: a negative impact of (\$1,288,411) 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	(\$893,822)
2005	(\$394,589)
2006	(\$401,111)
2007	(\$408,037)
2008	(\$415,082)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Savings/(Cost) from <i>FEDERAL FUNDS</i> 555
2004	(\$893,822)	(\$2,314,440)
2005	(\$394,589)	(\$1,034,565)
2006	(\$401,111)	(\$1,052,718)
2007	(\$408,037)	(\$1,070,895)
2008	(\$415,082)	(\$1,089,385)

**Fiscal Analysis**

The bill would require the state agency that determines Medicaid eligibility to enroll Children's Health Insurance Program (CHIP)-eligible children in the CHIP health plan if the child applies for Medicaid and is determined ineligible for Medicaid.

It is assumed that the Department of Human Services (DHS) would enroll CHIP clients by mailing out enrollment packets, that include explanations of health plan options, benefits, and service providers. It is assumed that DHS would process the enrollment fee and then the Health and Human Services Commission contractor would manage the CHIP case for monthly fee collection and renewal.

## Methodology

Costs/savings to the Health and Human Services Commission (HHSC) are assumed to include the following:

1. A one-time cost in 2004 of \$1,000,000 to implement system changes with the current Children's Health Insurance Program (CHIP) contractor in order to align the CHIP contractor's system with that used by the Department of Human Services (DHS). It is assumed that data on enrollees would be transferred regularly from DHS to the CHIP contractor so that the CHIP contractor would maintain a complete database of all CHIP enrollees.
2. HHSC would pay a fee to DHS for each child enrolled in CHIP; however, it is assumed this cost would be offset by a corresponding decrease in fees paid to the CHIP contractor.
3. HHSC may need to renegotiate or revise its contract with the CHIP contractor.

Costs/savings to DHS are assumed to include the following:

1. DHS could absorb the increased workload within the current FTE cap and could absorb increased training costs within current appropriations.
2. A 12-month eligibility period with no face-to-face application,
3. DHS would not conduct eligibility reviews, these would be conducted by the CHIP contractor.
4. Postage costs would total \$533,957 in 2004, \$541,125 in 2005, \$551,125 in 2006, \$560,641 in 2007, and \$570,321 in 2008. These numbers are based on caseload projections.
5. Provider directory costs would total \$874,585 in 2004, \$887,383 in 2005, \$902,704 in 2006, \$918,291 in 2007, and \$934,146 in 2008.
6. One-time technology costs in 2004 would include: modifications to DHS's legacy system totalling \$328,150 and modifications to the TIERS system for \$441,600.
7. The EFMAP used was .2786 in 2004, .2761 in 2005, and .2759 in 2006, 2007, and 2008.

## Technology

One-time technology costs in 2004 would include: modifications to Department of Human Services legacy system totalling \$328,150, and modifications to the TIERS system for \$441,600.

## Local Government Impact

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 324 Department Of Human Services, 529 Health And Human Services Commission

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