

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 1, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1555 by Coleman (Relating to a demonstration project to provide certain medications and related services through the medical assistance program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1555, As Introduced: a positive impact of \$39,082,889 through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$19,087,317
2005	\$19,995,572
2006	\$20,010,126
2007	\$20,010,126
2008	\$20,010,126

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>GR MATCH FOR</i> <i>MEDICAID</i> 758	Probable (Cost) from <i>FEDERAL FUNDS</i> 555	Change in Number of State Employees from FY 2003
2004	\$39,219,799	(\$20,132,482)	(\$30,029,591)	3.0
2005	\$39,219,799	(\$19,224,227)	(\$29,470,646)	3.0
2006	\$39,219,799	(\$19,209,673)	(\$29,485,200)	3.0
2007	\$39,219,799	(\$19,209,673)	(\$29,485,200)	3.0
2008	\$39,219,799	(\$19,209,673)	(\$29,485,200)	3.0

Fiscal Analysis

The bill would require the Health and Human Services Commission to establish a demonstration project to provide psychotropic medications and related laboratory and physician services through Medicaid. Eligible persons would be those between the ages of 19 and 64, with incomes below 200% of the federal poverty level, and have been diagnosed with a mental impairment, including schizophrenia or bipolar disorder, that is expected to cause the person to become a disabled individual as defined by federal law. The bill would provide for 12-month continuous eligibility and appropriate enrollment limits. The bill would allow for cost-sharing payments by participants. Existing resources should be used to fund the project.

Methodology

It is assumed that, if approved, the waiver currently submitted to the Centers for Medicare and Medicaid Services (CMS) would partially satisfy the requirements of this bill. It is assumed no more than 21,000 total clients would be served in the medications waiver. It is also assumed that benefits are limited to those described in the waiver application dated October 2000. The average cost for services is assumed to be \$3,821 per year, as per the waiver application. It is assumed that 12,697 participants would not be served.

General Revenue savings in the table above result from no longer serving 12,697 clients in General Revenue-funded programs at the Department of Mental Health and Mental Retardation (TDMHMR). Expenditures for this group is estimated to be \$39,219,799 per year. It is assumed these clients would be served in the new waiver program. It is estimated that 3 new FTEs would be needed at TDMHMR for support of the new waiver program. Salaries and benefits total \$179,636 annually.

The federal matching rate is assumed to be 60.2 percent in fiscal year 2004, 60.56 percent in fiscal year 2005, and 60.59 percent in the remaining years.

Technology

The Department of Mental Health and Mental Retardation estimates \$1,467,200 total technology cost. Specifically, Payment system and encounter tracking (\$500,000), Department of Human Services (\$250,000), Vendor Drug Information Exchange and Identification (\$495,000), and claims payment tracking system (\$222,200).

Local Government Impact

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

Source Agencies: 529 Health and Human Services Commission, 655 Department of Mental Health and Mental Retardation

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