

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 7, 2003

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2235 by Davis, Yvonne (Relating to operations of physicians and other health care providers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2235, As Introduced: a negative impact of (\$271,676,468) 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	(\$126,942,385)
2005	(\$144,734,083)
2006	(\$164,876,676)
2007	(\$184,670,113)
2008	(\$206,949,056)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GR MATCH FOR MEDICAID</i> 758	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2004	(\$126,942,385)	(\$192,423,276)
2005	(\$144,734,083)	(\$219,523,424)
2006	(\$164,876,676)	(\$250,022,106)
2007	(\$184,670,113)	(\$279,992,478)
2008	(\$206,949,056)	(\$313,725,867)

Fiscal Analysis

The bill would require insurers to pay a clean claim from a preferred provider within 30 days. Section 3.02 would require the Medicaid program to pay at least 110 percent of the applicable rate on January 1, 2003.

Methodology

The following fiscal impact is in relation to funding levels that are sufficient to continue current law and policies. The fiscal impact is not in relation to an agency's "building block" request, which represents a funding level below funding for the 2002-03 biennium.

The Health and Human Services Commission (HHSC) estimates that the 30-day requirement would

result in increased costs to the CHIP program. HHSC estimates an increased cost of \$0.23 per member month, with a recipient month caseload of 501,141 in FY 2004 climbing to 523,783 in FY 2008. The state share of expenses would be approximately 28 percent.

HHSC estimates that a 10% fee increase for acute care Medicaid reimbursements (paid through the commission) would require an additional All Funds appropriation of \$317,982,512 in FY 2004 climbing to an additional appropriation of \$519,204,442 in FY 2008. The state share of expenses would be approximately 40 percent. The impact to other Medicaid operating agencies has not been determined.

Local Government Impact

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

Source Agencies: 327 Employees Retirement System, 454 Department of Insurance, 529 Health and Human Services Commission

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