

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 31, 2003

TO: Honorable Carlos Uresti, Chair, House Committee on Human Services

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2469 by Uresti (Relating to enrollment and related services under the state child health plan.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2469, As Introduced: a positive impact of \$3,455,781 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	(\$584,474)
2005	\$4,040,255
2006	\$3,967,587
2007	\$3,952,598
2008	\$3,937,351

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Savings from <i>FEDERAL FUNDS</i> 555	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2004	\$0	(\$584,474)	\$0	(\$1,513,424)
2005	\$8,360,123	(\$4,319,868)	\$21,919,208	(\$11,326,158)
2006	\$8,354,067	(\$4,386,480)	\$21,925,264	(\$11,512,324)
2007	\$8,354,067	(\$4,401,469)	\$21,925,264	(\$11,551,662)
2008	\$8,354,067	(\$4,416,716)	\$21,925,264	(\$11,591,678)

Fiscal Year	Change in Number of State Employees from FY 2003
2004	0.0
2005	317.0
2006	322.0
2007	322.0
2008	322.0

Fiscal Analysis

The bill would repeal sections of the Health and Safety Code which allow the Health and Human Services Commission (HHSC) to contract with a third party administrator for the Children's Health Insurance Program (CHIP). The bill would require the Department of Human Services (DHS) to assume responsibility for all aspects of CHIP eligibility screening and enrollment. HHSC would retain policy-making authority over CHIP.

Methodology

This fiscal analysis estimates savings compared to current biennium appropriation levels at the Health and Human Services Commission (HHSC) and the Department of Human Services (DHS). With regards to savings at HHSC, it is assumed that the annual contractor costs (approximately \$8.4 million General Revenue) would be eliminated and counted as savings beginning in fiscal year 2005. HHSC did not assume that systems costs at DHS would be billed to HHSC for payment. It is assumed that DHS would assume responsibility for CHIP eligibility screening and enrollment by September 1, 2004. With regards to costs at DHS, it is assumed:

1. DHS would have costs in fiscal year 2004 related to technology (see below) and infrastructure upgrades necessary to begin full implementation in fiscal year 2005.
2. 12-month continuous eligibility and no face-to-face interview at application or renewal.
3. Call centers will handle the Children's Health Insurance Program (CHIP) casework. Setting up the call center is estimated to cost \$1,561,298 All Funds in fiscal year 2004, and have annual operating costs of \$494,948 All Funds in fiscal year 2005-08.
4. To staff the call centers and handle the CHIP casework; no increase in FTEs in fiscal year 2004, 317 FTEs approximately \$12 million All Funds in fiscal year 2005, 322 FTEs approximately \$12.2 million All Funds per year in fiscal years 2006-08.
5. The average monthly number of CHIP cases DHS would handle is estimated to be 276,699 in fiscal year 2005, 280,979 in fiscal year 2006, 285,326 in fiscal year 2007, 289,739 in fiscal year 2008.
6. All Funds costs for postage are estimated to be \$1,867,420 in 2005, \$1,898,302 in 2006, \$1,928,264 in 2007, and \$1,958,700 in 2008. Provider directories are estimated to cost \$1,269,655 in 2005, \$1,293,567 in 2006, \$1,317,932 in 2007, and \$1,342,759 in 2008. DHS developed these estimates based on caseload and cost information provided by HHSC.
7. The EFMAR would be .7214 in fiscal year 2004, .7239 in fiscal year 2005, and .7241 in fiscal years 2006-08.

Technology

The Department of Human Services (DHS) assumed the following technology costs:

1. Cost of modification to the Accounts Receivable Tracking System (ARTS) in fiscal year 2004 of \$85,000 All Funds. This would allow ARTS to handle the processing of CHIP enrollment fees.
2. Cost of modifications to the TIERS system of \$441,600 All Funds for programming hours and TIERS contract costs. TIERS would need to be modified to handle CHIP eligibility determination.
3. A recurring cost of \$10,000 per year All Funds to purchase the list of providers from the Medicaid contractor.

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