

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 8, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2705 by Coleman (Relating to the state Medicaid program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2705, As Introduced: a negative impact of (\$167,194,520) 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 | (\$76,968,131) |
| 2005 | (\$90,226,389) |
| 2006 | (\$76,892,317) |
| 2007 | (\$85,138,592) |
| 2008 | (\$85,943,748) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from GR MATCH FOR MEDICAID 758 | Probable (Cost) from FEDERAL FUNDS 555 | Change in Number of State Employees from FY 2003 |
|--------------------|---|---|---|
| 2004 | (\$76,968,131) | (\$99,846,556) | 10.0 |
| 2005 | (\$90,226,389) | (\$119,132,107) | 10.0 |
| 2006 | (\$76,892,317) | (\$98,476,564) | 10.0 |
| 2007 | (\$85,138,592) | (\$110,478,903) | 10.0 |
| 2008 | (\$85,943,748) | (\$112,435,635) | 10.0 |

Fiscal Analysis

The bill would make a number of changes to the Medicaid program. The net fiscal impact is estimated to be a cost.

Methodology

The following estimate is based on analysis provided by the Health and Human Services Commission (HHSC). The bill could have significant impacts to several other Medicaid operating agencies; however, these impacts have not been estimated at this time. The General Revenue share is estimated to be approximately 40 percent for all client services except family planning, where the General Revenue share would be 10 percent. The General Revenue share for administrative expenditures,

including salaries and system development, is estimated to be 50 percent. Major components of the bill include the following:

Provide medical assistance to certain aliens: estimated fiscal year 2004 All Funds cost \$112,607,874.

Parent's health coverage: estimated fiscal year 2004 All Funds cost \$57,479,333.

Women's health demonstration project: estimated fiscal year 2004 All Funds cost \$19,846,194. Net savings begin in fiscal year 2006.

System changes to lock a Medicaid recipient into one managed care HMO: estimated one-time fiscal year 2004 All Funds cost \$1,000,000.

Community outreach campaign: estimated fiscal year 2004 All Funds cost \$500,000.

Implementation of Medicaid managed care statewide: estimated fiscal year 2004 All Funds savings \$15,075,377

Technology

The bill would require modification of existing systems and/or development of new systems.

Local Government Impact

Expansion of Medicaid services could have a positive impact on locally-funded health care systems.

Source Agencies: 103 Legislative Council, 313 Department of Information Resources, 324 Department of Human Services, 340 Department on Aging, 454 Department of Insurance, 501 Department of Health, 529 Health and Human Services Commission, 530 Department of Protective and Regulatory Services, 655 Department of Mental Health and Mental Retardation

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