

**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: HB3122** by Truitt (Relating to the establishment of locally based demonstration projects to provide health care benefits to certain low-income parents of children receiving Medicaid or enrolled in the state child health plan.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3122, As Introduced: an impact of \$0 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)<br>Impact to General Revenue Related<br>Funds |
|-------------|--|
| 2004        | \$0  |
| 2005        | \$0  |
| 2006        | \$0  |
| 2007        | \$0  |
| 2008        | \$0  |

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

| Fiscal Year | Probable Revenue<br>Gain from<br><i>FEDERAL FUNDS</i><br>555 | Probable (Cost) from<br><i>FEDERAL FUNDS</i><br>555 | Probable (Cost) from<br><i>All Affected Local Units</i><br>of Government<br>( <i>Medicaid Match</i> ) | Probable (Cost) from<br><i>All Affected Local Units</i><br>of Government ( <i>CHIP</i><br><i>Match</i> ) |
|-------------|--|---|---|--|
| 2004        | \$38,576,831   | (\$38,576,831)                                      | (\$21,079,801)  | (\$3,717,193)  |
| 2005        | \$724,017,037  | (\$724,017,037)                                     | (\$367,688,486)   | (\$64,260,159)   |
| 2006        | \$868,317,072  | (\$868,317,072)                                     | (\$439,799,666)   | (\$76,286,352)   |
| 2007        | \$1,012,911,491  | (\$1,012,911,491)                                   | (\$513,007,705)   | (\$88,988,098)   |
| 2008        | \$1,157,505,910  | (\$1,157,505,910)                                   | (\$586,215,744)   | (\$101,689,845)  |

**Fiscal Analysis**

The bill would require the Health and Human Services Commission (HHSC) to create two demonstration projects. (1) Parents of children who are enrolled in the Medicaid program and (2) parents of children who are enrolled in Medicaid or the Children's Health Insurance Program (CHIP) would be eligible for the demonstration projects. Enrollees in the demonstration project would receive a benefit package similar to Medicaid; however, the benefit package need not include the identical benefits. The enrollees would be responsible for cost-sharing. Local governments, hospital districts, hospital authorities, medical schools operated by the state, and other entities would be responsible for state match. An entity may certify the funds as match. The bill would create the Task

Force on Local Health Care Initiatives to assist HHSC in developing the projects. HHSC must submit a report to the legislature not later than December 1 of each even-numbered year. Effective September 1, 2003.

## **Methodology**

It is assumed that a federal waiver would be granted and the projects would be implemented by March 1, 2004. It is assumed that the cost of the premium would be similar to that of a Temporary Assistance to Needy Families (TANF) adult (\$185.45 per member per month). It is assumed that the premium costs do not include drugs, medical transportation, or long term care.

The following assumptions are made about potential eligibles: 357,213 parents of Medicaid children who are less than 6 years old and up to 133 percent federal poverty level (FPL), 645,391 parents of Medicaid children aged 6 -18 years and up to 100 percent FPL, and 250,000 parents of CHIP enrollees. It is assumed that adult immigrants would not be eligible for the pilot since federal Medicaid match is not currently available.

The following participation rates are assumed: 25 percent in fiscal year 2004, 50 percent in fiscal year 2005, 60 percent in fiscal year 2006, 70 percent in fiscal year 2007, and 80 percent in fiscal year 2008. It is assumed that the participants would pay a monthly premium. It is assumed that the expenditures related to the CHIP parents would be qualify for enhanced match. Federal Medical Assistance Percentage (FMAP) for client services is assumed to be 60.2 percent in fiscal year 2004, 60.56 percent in fiscal year 2005, 60.59 percent in fiscal years 2006-2008, FMAP for administration is 50 percent.

Administrative costs include a \$2.15 monthly processing fee per member, a \$21 monthly enrollment fee per member, and an \$11 application fee per new member.

It is assumed that local entities would certify match for premium and administrative costs.

## **Local Government Impact**

The anticipated fiscal impact to local government is included in the above analysis and methodology.

**Source Agencies:** 324 Department of Human Services, 454 Department of Insurance, 529 Health and Human Services Commission, 720 The University of Texas System Administration

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