

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: HB3204 by Delisi (Relating to the establishment of an electronic benefits transfer system under the medical assistance program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3204, As Introduced: a negative impact of (\$50,000,000) 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	\$0
2005	(\$50,000,000)
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2004	\$0
2005	(\$50,000,000)
2006	\$0
2007	\$0
2008	\$0

Fiscal Analysis

The bill would direct the Health and Human Services Commission (HHSC), in cooperation with other Medicaid operating agencies, to implement an electronic benefits transfer system for the Medicaid program, providing cards to every Medicaid recipient and point-of-sale equipment and other appropriate equipment to participating providers. The bill would require HHSC to review and assess all debit transactions and to produce a monthly report for the Comptroller. The bill would require HHSC to send letters to local law enforcement agencies or to post materials in appropriate buildings regarding the process for seizure of cards.

Methodology

The following estimate is based on responses provided by Health and Human Services Commission (HHSC) and the Office of the Comptroller of Public Accounts:

HHSC estimates a \$50,000,000 unmatched General Revenue cost in fiscal year 2005 related to restructuring the Medicaid claims administrator contract and the computerized claims processing system, Compass21. HHSC estimates that the federal government would not approve federal matching funds for system changes as the current system was recently developed and federally approved during May 2002.

HHSC indicates there would be additional costs related to (1) the provision of cards and point-of-sale equipment, (2) modifications to eligibility systems used or being developed by the Department of Human Services, (3) modifications to other payment systems used by other Medicaid operating agencies, (4) modification to systems used by the Office of Investigation and Enforcement, which is a division of HHSC. However, HHSC has not estimated the precise fiscal impact of these issues.

The Office of the Comptroller of Public Accounts indicates that the "substantial" cost of providing each recipient with an electronic benefits card and with providing point-of-sale equipment to providers could be offset with "substantial" savings related to reduced fraud, abuse, and overpayments. However, the Office of the Comptroller of Public Accounts indicates that the fiscal impacts of these issues "cannot be determined."

Technology

The bill would require significant modifications to existing technology systems.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 529 Health and Human Services Commission

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