

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 7, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3519 by Wohlgemuth (Relating to health and human services.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3519, Committee Report 1st House, Substituted: a positive impact of \$228,181,945 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.

Estimated savings should be compared to funding levels sufficient to conform to current policies and law. Estimated savings should not be compared to agency Initial General Revenue/Building Block requests.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$100,413,166
2005	\$127,768,779
2006	\$129,921,817
2007	\$134,200,906
2008	\$138,903,764

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 Revenue Gain from <i>QUALITY</i> <i>ASSURANCE</i> 5080	Probable (Cost) from <i>QUALITY</i> <i>ASSURANCE</i> 5080
2004	\$100,503,702	(\$90,536)	\$27,313,652	(\$10,870,833)
2005	\$127,768,779	\$0	\$27,314,084	(\$10,865,543)
2006	\$129,921,817	\$0	\$27,314,084	(\$10,865,543)
2007	\$134,200,906	\$0	\$27,314,084	(\$10,865,543)
2008	\$138,903,764	\$0	\$27,314,084	(\$10,865,543)

Fiscal Year	Probable Savings/ (Cost) from FEDERAL FUNDS 555
2004	\$132,642,336
2005	\$175,075,191
2006	\$178,334,518
2007	\$184,812,312
2008	\$191,931,623

Fiscal Analysis

The bill would provide for the Health and Human Services Commission's (HHSC) authority for payment of fees, charges, and rates. The bill would require facilities owned by the Texas Department of Mental Health and Mental Retardation to pay a quality assurance fee. The bill provides for uses of the quality assurance fee. The bill amends the formula for determining the number of patient days.

Relative to the Temporary Assistance for Needy Families (TANF) program, the bill would decrease the income disregard from \$2,000 per household (or \$3,000 if there is a disabled or elderly person in the applicant's household) to \$1,000 per household.

The bill would decrease a nursing home resident's personal needs allowance from \$60 to \$45 per month.

The bill would require HHSC to reduce expenditures by consolidating reports, extending the effective date of licenses or permits, and increasing the use of electronic mail.

The bill would eliminate the Medicaid Medically Needy program and Medicaid coverage of podiatry and psychologist services. This provision would not impact children.

The bill would be effective immediately upon a two-thirds vote of each house. Otherwise, the bill would take effect on September 1, 2003.

Methodology

The following estimate is based primarily on a consolidated response from the Health and Human Services Commission (HHSC) that analyzes the fiscal impact to all health and human services agencies except the Cancer Council.

Section 2 (quality assurance fee) is estimated to result in a positive net impact to the Quality Assurance fund of \$16.4 million for each year beginning in FY 2004. This amount includes a gain to the fund of \$27.3 million and a cost to the fund of \$10.9 million for each year beginning in FY 2004.

Section 6 (TANF income disregard) is estimated to result in All Funds savings of: \$4.9 million in FY 2004, \$10.2 million in FY 2005, \$11.1 million in FY 2006, \$12.1 million in FY 2007, and \$13.3 million in FY 2008. These amounts include GR savings of: \$1.6 million in FY 2004, \$3.3 million in FY 2005, \$3.7 million in FY 2006, \$4.1 million in FY 2007, and \$4.6 million in FY 2008.

Section 7 (personal needs allowance) is estimated to result in All Funds savings of: \$18.6 million in FY 2004 and \$18.7 million in each subsequent year. These amounts include GR savings of: \$6.5 million for each year beginning in FY 2004.

Section 9 (eliminate Medicaid Medically Needy program) is estimated to result in net All Funds savings of: \$223.0 million in FY 2004, \$287.4 million in FY 2005, \$291.9 million in FY 2006, \$301.6 million in FY 2007, and \$312.3 million in FY 2008. These amounts include GR savings of: \$88.8 million in FY 2004, \$114.3 million in FY 2005, \$116.1 million in FY 2006, \$120.0 million in FY 2007, and \$124.2 million in FY 2008. A GR cost of \$90,536 in FY 2004 is also reflected in the net All Funds savings.

Section 9 (eliminate podiatrist, psychologist, and marriage and family counselor services) is estimated

to result in All Funds savings of \$9.1 million, including GR savings of \$3.6 million, for each year beginning in FY 2004.

Local Government Impact

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

Source Agencies: 529 Health and Human Services Commission

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