

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 14, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB327 by Janek (Relating to disease management programs for certain Medicaid recipients.),
As Engrossed

Estimated Two-year Net Impact to General Revenue Related Funds for SB327, As Engrossed: a positive impact of \$8,583,000 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 | \$2,851,000 |
| 2005 | \$5,732,000 |
| 2006 | \$5,732,000 |
| 2007 | \$5,732,000 |
| 2008 | \$5,732,000 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from GR MATCH FOR MEDICAID 758 | Probable Savings/(Cost) from FEDERAL FUNDS 555 |
|--------------------|---|---|
| 2004 | \$2,851,000 | \$4,282,000 |
| 2005 | \$5,732,000 | \$8,595,000 |
| 2006 | \$5,732,000 | \$8,595,000 |
| 2007 | \$5,732,000 | \$8,595,000 |
| 2008 | \$5,732,000 | \$8,595,000 |

Fiscal Analysis

The bill would implement HHS 4, "Implement a Disease Management Program for Medicaid Patients" from the Comptroller's e-Texas report, "Limited Government, Unlimited Opportunity".

The bill would direct the Health and Human Services Commission (HHSC) to request contract proposals from providers of disease management programs to provide program services to recipients of medical assistance who have a disease or other chronic health condition that the department determines is a disease or condition that needs disease management and who are not eligible to receive those services under a Medicaid managed care plan. In particular, HHSC would request proposals related to pregnant women and children residing in the Rio Grande Valley who are recipients of medical assistance, receive treatment of asthma-related health conditions, and are not eligible to

receive those services under a Medicaid managed care plan. HHSC would prescribe by rule minimum contractor requirements and would not award a contract unless the contract included a written guarantee of state savings. The bill would also require HHSC to: (1) conduct a study (to be completed by December 31, 2003) to analyze the potential for state savings through the use of disease management programs, and (2) consider the results of the study when requesting contract proposals.

Methodology

Savings assumptions are derived from the Comptroller's fiscal note response for Senate Bill 327.

1. It is assumed that implementation of disease management programs would occur March 1, 2004.
2. It is assumed that disease management programs would produce client services All Funds savings totaling \$7,133,000 in fiscal year 2004 and \$14,327,000 in each subsequent year.
3. It is assumed that 40 percent of the savings would accrue to General Revenue, with the remaining 60 percent accruing to Federal Funds.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 324 Department of Human Services, 529 Health and Human Services Commission

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