

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 28, 2003

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB398 by Shapleigh (Relating to rates and expenditures under the Medicaid program and the state child health plan program in certain strategic investment areas.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB398, As Introduced: a negative impact of (\$252,806,800) 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	(\$119,829,840)
2005	(\$132,976,960)
2006	(\$137,949,460)
2007	(\$143,120,860)
2008	(\$148,530,940)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2004	(\$119,829,840)	(\$184,070,160)
2005	(\$132,976,960)	(\$204,123,040)
2006	(\$137,949,460)	(\$211,650,540)
2007	(\$143,120,860)	(\$219,479,140)
2008	(\$148,530,940)	(\$227,669,060)

Fiscal Analysis

The bill would require that Medicaid and Children's Health Insurance Program (CHIP) reimbursement rates in strategic investment areas be at least equal to the respective statewide average capitation rates or reimbursement rates for those services. It would also require that the total professional services expenditures per Medicaid recipient in a strategic investment area result in an average expenditure per Medicaid recipient in that area that is at least equal to the statewide average expenditure per Medicaid recipient, and that the total professional services expenditure per enrollee under CHIP in the a strategic investment area result in an average expenditure per enrollee in that area that is at least equal to the statewide average expenditure per enrollee under that program.

The bill would affect rates in Medicaid managed care (STAR), CHIP, fee-for-service hospital inpatient

and hospital outpatient services, professional services in the fee-for-service program, and professional services in the CHIP program.

Methodology

For the purpose of this fiscal note, the Health and Human Services Commission made the following assumptions:

1. Premium rates would be held flat at the fiscal year 2003 level.
2. The only increase is caseload increase.
3. Costs are projected by the agency based upon actuarial analysis.
4. No additional staff or administrative costs would be required to implement the provisions of the bill.
5. Medicaid FMAP for fiscal year 2004 is .6020, and for fiscal year 2005 forward is .6022. CHIP EFMAP for fiscal year 2004 is .7214, for fiscal year 2005 forward is .7215.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JK, JO, EB, KF, LW