

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 12, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB1219 by Nelson (Relating to services provided to children with developmental delay.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1219, As Introduced: a positive impact of \$13,642,662 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	\$5,607,715
2005	\$8,034,947
2006	\$8,701,847
2007	\$9,424,100
2008	\$10,206,301

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2004	\$5,607,715
2005	\$8,034,947
2006	\$8,701,847
2007	\$9,424,100
2008	\$10,206,301

Note: Estimated savings should be compared to funding levels sufficient to conform to current policies and law. Estimated savings should not be compared to agency "building block" funding requests.

Fiscal Analysis

The bill would establish more selective eligibility criteria for children with developmental delays and would reduce the number of children who would be eligible for Early Childhood Intervention (ECI) programs. The bill would establish a system of payments by families of children receiving services that are not charged currently. The bill would require all health benefit plans in Texas to cover rehabilitative and habilitative services provided to their enrollees through the ECI program.

The Interagency Commission on Early Childhood Intervention indicates more private insurance coverage of services would lower ECI's share of costs.

Methodology

The Interagency Commission on Early Childhood Intervention (ECI) estimates the following:

- More selective eligibility criteria would reduce costs by three percent in fiscal year 2004 and five percent in fiscal years 2005-2008.
- Projected program costs: \$89,690,333 fiscal year 2004; \$97,606,600 fiscal year 2005; \$105,707,948 fiscal year 2006; \$114,481,707 fiscal year 2007; and \$123,983,689 fiscal year 2008.
- Reduced program costs would result in lower state contracts with service providers and savings to the general revenue fund: \$2,690,710 fiscal year 2004; \$4,880,330 fiscal year 2005; \$5,285,397 fiscal year 2006; \$5,724,085 fiscal year 2007; and \$6,199,184 fiscal year 2008.

ECI recommends that fees be charged on a sliding scale to families who are 200 percent above poverty level. Projected number of children enrolled with family income above 200 percent poverty level: 4,932 in fiscal year 2004; 5,330 in fiscal year 2005; 5,772 in fiscal year 2006; 6,251 in fiscal year 2007; and 6,770 in fiscal year 2008.

According to agency, the average billable service hours per child per month is 3 hours (36 hours per year). The average fee per billable hour is \$10. Revenue from fees would be: \$1,775,520 fiscal year 2004; \$1,918,800 fiscal year 2005; \$2,078,060 fiscal year 2006; \$2,250,539 fiscal year 2007; and \$2,437,334 fiscal year 2008. Fee revenue would be collected and retained by local providers, therefore reducing the amount of their contracts with the State for provision of ECI services resulting in savings to the general revenue fund.

ECI estimates that 37.2 percent of families have private insurance. Forty-two percent (42%) of those families give ECI consent to bill their insurance (based on December 1, 2000 Once-A-Year (OAY) survey). ECI estimates that an additional 39 percent of parents (for a total of 81 percent) would give permission to bill their insurance if they knew that ECI services were covered by law and there could be no negative effect of filing.

The agency's projected number of children enrolled in the ECI program is: 22,532 in fiscal year 2004; 24,394 in fiscal year 2005; 26,419 in fiscal year 2006; 28,611 in fiscal year 2007; and 30,986 fiscal year 2008. ECI estimates insurance collections per child per year (\$313) based on fiscal year 2002 agency data. Estimated insurance collections under this bill would be: \$2,125,064 fiscal year 2004; \$2,300,675 fiscal year 2005; \$2,491,631 fiscal year 2006; \$2,698,437 fiscal year 2007; and \$2,922,407 fiscal year 2008.

For the purposes of this fiscal note, all projections for fiscal year 2006-2008 assume an 8.3 percent growth from the previous year.

The Texas Department of Insurance indicates it could absorb any costs associated with the bill within its current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance, 532 Interagency Council on Early Childhood Intervention
LBB Staff: JK, JO, EB, RT, RB, RM