

**LEGISLATIVE BUDGET BOARD**  
Austin, Texas

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 28, 2003**

**TO:** Honorable Teel Bivins, Chair, Senate Committee on Finance

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: SB1522** by Zaffirini (Relating to continuous eligibility of certain children for medical assistance benefits.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1522, Committee Report 1st House, Substituted: a positive impact of \$394,391,798 through the biennium ending August 31, 2005.

Estimated savings should be compared to funding levels sufficient to conform to current policies and law. 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	\$156,762,315
2005	\$237,629,483
2006	\$70,865,855
2007	\$83,636,010
2008	\$98,561,184

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings from <i>GR MATCH FOR MEDICAID</i> 758	Probable (Cost) from <i>GR MATCH FOR MEDICAID</i> 758	Probable Savings from <i>FEDERAL FUNDS</i> 555	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2004	\$161,887,860	(\$5,125,545)	\$244,865,557	(\$5,125,545)
2005	\$242,207,810	(\$4,578,327)	\$366,660,491	(\$4,578,327)
2006	\$75,677,645	(\$4,811,790)	\$114,562,791	(\$4,811,790)
2007	\$88,574,629	(\$4,938,619)	\$134,086,581	(\$4,938,619)
2008	\$103,717,252	(\$5,156,068)	\$157,009,877	(\$5,156,068)

Fiscal Year	Change in Number of State Employees from FY 2003
2004	190.0
2005	196.0
2006	206.0
2007	213.0
2008	223.0

**Fiscal Analysis**

Section 1 of the bill would delay implementation of 12 month continuous eligibility until no later than

June 1, 2005 for certain children enrolled in Medicaid. Current law requires implementation by June 1, 2003. It is estimated that this section would result in reduced expenditures for client services and thus produce a savings.

Section 3 would allow the Department of Human Services (DHS) to use information obtained from a third party to verify the assets and resources of a person for purposes of determining the person's Medicaid eligibility. It is estimated that this section would result in a net savings. Reduced client services expenditures at the Health and Human Services Commission (HHSC) and the Department of Health (TDH) would be partially offset with increased administrative expenditures at DHS.

Potentially, either provision could indirectly impact enrollment and expenditure levels in the Children's Health Insurance Program (CHIP). However, HHSC is not currently estimating a fiscal impact to CHIP.

## **Methodology**

The following estimate is derived from the responses of HHSC and DHS.

Section 1 (12 month continuous eligibility) is estimated to produce All Funds savings of \$106.7 million in fiscal year 2004 and \$177.5 million in fiscal year 2005. These amounts represent the combined impact to HHSC and TDH client services. The General Revenue share would be approximately 40 percent of the savings.

Section 2 (rigorous assets) is estimated to produce the following All Funds savings: \$55.2 million in fiscal year 2004, \$64.7 million in fiscal year 2005, \$75.7 million in fiscal year 2006, \$88.6 million in fiscal 2007, and \$103.7 million in fiscal year 2008. These amounts represent the combined impact to HHSC and TDH client services. The General Revenue share would be approximately 40 percent of the savings.

Section 2 (rigorous assets) is estimated to result in increased administrative expenditures at DHS, including the following All Funds amounts: \$10.3 million in fiscal year 2004, \$9.2 million in fiscal year 2005, \$9.6 million in fiscal year 2006, \$9.9 million in fiscal year 2007, and \$10.3 million in fiscal year 2008. The General Revenue share would be approximately 50 percent of the increased expenditures. Expenditures include salaries and related expenses for an additional 190 full-time-equivalents (FTEs) in fiscal year 2004, increasing to 223 FTEs in fiscal year 2008. Expenditures also include \$1.2 million in All Funds per year for "data broker" services, and a one-time expense (occurring in fiscal year 2004) of approximately \$65,000 in All Funds for information technology modifications.

## **Technology**

The bill would necessitate modifications to information technology systems in use as well as under development. The bill would also authorize the use of "data broker" services provided by a third party for use in determining Medicaid eligibility.

## **Local Government Impact**

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

**Source Agencies:** 324 Department of Human Services, 529 Health and Human Services Commission

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