

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**May 4, 2005**

**TO:** Honorable Dianne White Delisi, Chair, House Committee on Public Health

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB122** by Naishtat (Relating to services provided by certain mental health professionals under the Medicaid program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB122, As Introduced: a negative impact of (\$60,558,396) through the biennium ending August 31, 2007.

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
2006	(\$28,726,604)
2007	(\$31,831,792)
2008	(\$35,136,201)
2009	(\$38,660,953)
2010	(\$42,578,275)

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

Fiscal Year	Probable (Cost) from <i>GR MATCH FOR MEDICAID</i> 758	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2006	(\$28,726,604)	(\$44,404,738)
2007	(\$31,831,792)	(\$48,693,864)
2008	(\$35,136,201)	(\$53,703,751)
2009	(\$38,660,953)	(\$59,091,140)
2010	(\$42,578,275)	(\$65,078,552)

The bill would amend the Human Resources Code, Section 32.027 to add subsection 1. The subsection would allow a recipient of medical assistance to receive services from a licensed psychologist, and licensed marriage and family therapist, as defined by Section 502.002, Occupations Code, a licensed professional counselor, as defined by Section 503.002, Occupations Code, or a licensed master social worker, as defined by Section 505.002, Occupations Code, if the selected person is authorized by law to perform the service or procedure.

The bill would repeal Human Resources Code, Section 32.027(e).

The bill would take effect September 1, 2005.

## **Fiscal Analysis**

The bill would expand the types of service providers that Medicaid recipients may select. This would result in an increase in expenditures in the Medicaid program. The cost is assumed across all Medicaid service delivery systems.

## **Methodology**

The Health and Human Services Commission estimate is based on the exceptional item, Restore Optional Adult Medicaid Services. It is adjusted to reflect only the mental health portion and includes a 20% increase in the cost to reflect the additional providers assumed in the bill.

The additional provider types would require a change to the claims processing system, at a cost of \$200,000 in fiscal year 2006 only. It is assumed to be matched by the federal government at 75%.

HHSC assumes the following caseload and cost trends:

- a. Cost trends for mental health services are 5% each year for fee-for-service, PCCM, and STAR.
- b. Cost trends for STAR+plus are 9% for each year.
- c. Estimated caseload growth are 5.3%, 4.8%, 4.9% and 5.1% for fee-for-service, and PCCM client services for FY 2007 through FY 2010.
- d. Estimated caseload growth for STAR is .09% for all years.
- e. The federal medical assistance percentage assumed is as follows: 60.68% in FY 2006, 60.47% for FY 2007, and 60.45% through 2010.

This results in a cost of \$28.7 million General Revenue in fiscal year 2006 and \$31.8 million General Revenue in fiscal year 2007.

## **Local Government Impact**

HHSC states that local governmental entities that receive medicaid reimbursement would be positively affected by an expansion of services.

**Source Agencies:** 529 Health and Human Services Commission

**LBB Staff:** JOB, CL, KF, MB