

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

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

**April 20, 2005**

**TO:** Honorable Suzanna Gratia Hupp, Chair, House Committee on Human Services

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

**IN RE: HB710** by Naishtat (Relating to provision of certain optional services for adults and operation of the medically needy program under the state Medicaid program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB710, As Introduced: a negative impact of (\$265,447,647) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2006	(\$124,151,418)
2007	(\$141,296,229)
2008	(\$156,131,153)
2009	(\$174,299,394)
2010	(\$195,104,842)

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

<b>Fiscal Year</b>	<b>Probable (Cost) from GR MATCH FOR MEDICAID 758</b>	<b>Probable (Cost) from FEDERAL FUNDS 555</b>
2006	(\$124,151,418)	(\$191,512,796)
2007	(\$141,296,229)	(\$216,144,270)
2008	(\$156,131,153)	(\$238,637,881)
2009	(\$174,299,394)	(\$266,407,039)
2010	(\$195,104,842)	(\$298,207,021)

**Fiscal Analysis**

The bill would require the Health and Human Services Commission (HHSC) to reestablish the Medically Needy group in the Medical Assistance (Medicaid) program for all groups served during the biennium ending August 31, 2003. The bill would also require HHSC to ensure that optional Medicaid services for adults, including vision care, hearing aids, podiatric services, and chiropractic services, would be provided at levels for which the services were funded during the biennium ending August 31, 2003.

## **Methodology**

HHSC projects that reestablishing the Medically Needy program would cost \$241.3 million in All Funds (\$94.9 million GR) in 2006 and \$276.4 million in All Funds (\$109.2 million GR) in 2007, with costs increasing in subsequent years. HHSC projects that the increase in average monthly recipient months (clients) would be 10,118 in 2006, 10,918 in 2007, 11,796 in 2008, 12,745 in 2009, and 13,769 in 2010.

HHSC projects that costs to restore optional services would include counseling, psychologist, chiropractic, and podiatric services and vision care and hearing aids. It is assumed that caseloads for adult clients who would receive the optional services would grow at 3.5 percent in 2006 and 4.3 percent in 2007. The cost to provide the optional services would be \$74.0 million in All Funds (\$29.1 million GR) in 2006 and \$81.1 million in All Funds (\$32.1 million in GR) in 2007, with increases in these amounts in subsequent years due to caseload increases.

These services are projected to be eligible for the client services matching rate of 39.32 percent state share in 2006, 39.53 percent state share in 2007, and 39.55 percent state share in 2008 through 2010.

## **Technology**

HHSC anticipates a one-time cost of \$301,956 to perform system modifications to eligibility systems. For the purposes of this fiscal note, it is assumed that fifty percent of the cost would be General Revenue and fifty percent federal funds.

## **Local Government Impact**

The bill may impact local governments that operate/own hospitals or health clinics in that the hospitals or health clinics would receive reimbursements for services or clients not currently covered in the Medicaid program.

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

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