

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 30, 2005

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

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

IN RE: HB1252 by Guillen (Relating to providing services for persons with chronic kidney disease under the medical assistance program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1252, As Introduced: a negative impact of (\$22,164,737) 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	\$0
2007	(\$22,164,737)
2008	(\$17,525,706)
2009	(\$17,525,706)
2010	(\$17,525,706)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GR MATCH FOR</i> <i>MEDICAID</i> 758	Probable Savings from <i>GR MATCH FOR</i> <i>MEDICAID</i> 758	Probable (Cost) from <i>FEDERAL FUNDS</i> 555	Probable Savings from <i>FEDERAL FUNDS</i> 555
2006	\$0	\$0	\$0	\$0
2007	(\$22,164,737)	\$0	(\$33,905,935)	\$0
2008	(\$22,175,951)	\$4,650,245	(\$33,894,721)	\$7,107,644
2009	(\$22,175,951)	\$4,650,245	(\$33,894,721)	\$7,107,644
2010	(\$22,175,951)	\$4,650,245	(\$33,894,721)	\$7,107,644

The bill would amend Section 533.009(a), Government Code to include chronic kidney disease and its medical complications as one of the health conditions for which Medicaid managed care organizations provide disease management. This section would also require that managed care organizations to provide disease management for multiple conditions if the Health and Human Services Commission (HHSC) determines this would be cost effective.

The bill would amend Section 32.059, Human Services Code by adding subsection (b-1) to require HHSC to contract with providers of disease management programs to provide services to Medicaid recipients who have chronic kidney disease and are not in a Medicaid managed care plan. To do so, HHSC states it may modify an existing Medicaid disease management contract or enter into an additional contract for chronic kidney disease services.

It would require that HHSC develop a program in Medicaid to provide screening, diagnosis and treatment of chronic kidney disease and its medical complications. The program is to identify Medicaid recipients with diabetes, hypertension or a family history of kidney disease; evaluate them for kidney disease using recognized clinical practice guidelines and laboratory assessments; classify them as chronic kidney disease patients based on the evaluation; and provide diagnostic tests and health services to a patient if the physician certifies that they are needed to treat the patient's chronic kidney disease and related conditions.

The bill also authorizes HHSC to seek necessary federal authorization or waivers, and to delay implementation until necessary federal approvals are received.

The bill would take effect on September 1, 2005.

Fiscal Analysis

The bill would result in both a cost and savings for the Health and Human Services Commission. HHSC states that development of the program would occur in fiscal year 2006, implementation in fiscal year 2007, with savings accruing in fiscal year 2008. The cost results from providing case management and physician services to patients participating in disease management. The savings would occur by delaying and subsequently avoiding cost of care at the higher levels of kidney disease treatment. Much of the savings would accrue to the federal Medicare program, in that patients would progress more slowly to end stage renal disease, which qualifies a patient for Medicare benefits.

Methodology

HHSC cost assumptions starting in fiscal year 2007: 1) Case management services for 35,132 Medicaid clients who are at stages 3 and 4 of kidney disease; 2) Cost is \$33 per month per person for an All Funds cost of \$13.9 million; 3) Additional treatment cost for lab, physician, drugs is on average \$100 per month per person for an All Funds cost of \$42.1 million.

HHSC savings assumptions starting in fiscal year 2008: 1) Case management would delay the progression of 109 patients from stage 3 treatment to stage 4 treatment, at a monthly cost of \$2,684, for an All Funds savings of \$3.5 million; 2) Case management would delay the progression of 109 patients from stage 4 treatment to stage 5 treatment, at a monthly cost of \$6,283, for an All Funds savings of \$8.2 million.

The costs and savings to the state are estimated using the Federal Medical Assistance Percentage of 60.47% in FY 2007 and 60.45% in FY 2008-2010.

Technology

HHSC vendors would be subject to any impact to information technology.

Local Government Impact

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

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JOB, CL, KF, MB