

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 19, 2005

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

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

IN RE: HB3411 by Coleman (Relating to mental health services for women with postpartum depression.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3411, As Introduced: a negative impact of (\$6,743,300) 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	(\$3,219,224)
2007	(\$3,524,076)
2008	(\$3,896,145)
2009	(\$4,292,267)
2010	(\$4,733,397)

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	(\$3,219,224)	(\$5,040,858)
2007	(\$3,524,076)	(\$5,390,864)
2008	(\$3,896,145)	(\$5,955,043)
2009	(\$4,292,267)	(\$6,560,494)
2010	(\$4,733,397)	(\$7,234,738)

The bill would amend the Human Resources Code to add section 32.0248, Mental Health Services for Certain Persons with Postpartum Depression. It would require the Health and Human Services Commission to provide mental health services to certain women eligible for medical assistance under Medicaid or Medicare.

The bill would also amend the Insurance Code to add section 1366.0565, Coverage for Postpartum Depression. It would require health benefit plans that provide maternity benefits to provide coverage for postpartum depression. The health benefit plans could not create different treatment limitations or financial requirements than what they currently provide for other medical conditions. The change in law would apply to health benefit plans delivered or renewed on or after January 1, 2006.

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to provide coverage for postpartum depression, a mental health benefit. HHSC bases their cost estimate from their 2006-07 Legislative Appropriations Request exceptional item #15, Restore Optional Medicaid Services.

Methodology

The fiscal year 2006 cost to restore mental health benefits to all Medicaid patients is estimated by HHSC to be \$53.7 million in All Funds. Pregnant women are assumed to be 15% of the Medicaid recipient months per month non-children group population. It is assumed for the purposes of this fiscal note that pregnant women would account for mental health expenditures in Medicaid in a proportion similar to the proportion they compose of the non-children caseload. Multiplying \$53.7 million times 15% = \$8.1 million in All Funds to serve pregnant women in fiscal year 2006. This includes \$3.2 million General Revenue Funds. In addition HHSC states that the claims processing vendor, Affiliated Computer Systems (ACS), would require \$200,000 for system changes to add providers.

The General Revenue cost is projected to be \$3.5 million in FY 2007, \$3.9 million in FY 2008, \$4.3 million in FY 2009, and \$4.7 million in FY 2010. The cost trends are 5% per year. These estimates include caseload growth rates of 5.3%, 4.8%, 4.9%, 5.0% and 5.1%, respectively. The Federal Medical Assistance Percentage is assumed to be 60.68% in FY 06, 60.47% in FY 07, and 60.45% in FY 08 to FY 10.

Technology

HHSC states that the Medicaid claims processing vendor, Affiliated Computer Systems, would require funds to add providers to its system. HHSC estimates this cost to be \$200,000, which is matched at 75% by the federal government.

Local Government Impact

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

Source Agencies: 529 Health and Human Services Commission, 454 Department of Insurance

LBB Staff: JOB, CL, KF, MB