

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 24, 2005

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

IN RE: SB98 by Shapleigh (Relating to determining and reporting the health insurance status of children attending public schools.), **Committee Report 1st House, As Amended**

Estimated Two-year Net Impact to General Revenue Related Funds for SB98, Committee Report 1st House, As Amended: a negative impact of (\$10,368,162) through the biennium ending August 31, 2007.

The bill would add Section 38.018, Education Code to require school districts to collect health insurance coverage information annually through school district enrollment processes and report it to the agency through the Public Education Information Management System (PEIMS). The bill would require that districts provide general written information obtained from the Health and Human Services Commission to parents who indicate that a child is not covered by health insurance. The bill takes effect beginning with the 2005-06 school year.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2006 | (\$4,762,257) |
| 2007 | (\$5,605,905) |
| 2008 | (\$6,536,022) |
| 2009 | (\$7,558,943) |
| 2010 | (\$8,104,350) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1 | Probable (Cost) from <i>FEDERAL FUNDS</i> 555 |
|-------------|--|---|
| 2006 | (\$4,762,257) | (\$7,648,997) |
| 2007 | (\$5,605,905) | (\$9,050,247) |
| 2008 | (\$6,536,022) | (\$10,639,789) |
| 2009 | (\$7,558,943) | (\$12,378,191) |
| 2010 | (\$8,104,350) | (\$13,386,736) |

Fiscal Analysis

There would be some impact to caseloads in both the Medicaid program and the Children's Health Insurance Program (CHIP) if uninsured children are identified and subsequently apply for, are determined eligible for, and enroll in one of the programs. It is assumed that the bill would be effective for the 2005-06 school year. If the bill does not take effect until September 1, 2005, there would be a reduced impact.

Methodology

It is assumed that the impact to the Medicaid program would be in the Federal Mandate Children risk group, which covers children ages 6 to 18 (school age children). There may be some impact to the Expansion Children risk group from four and five year-olds entering kindergarten, or younger siblings of children enrolling in school; however, it is assumed this impact would be negligible. It is assumed that a step-up in enrollment would occur during the enrollment period for the 2005-06 school year (July to September 2005). An increase of 0.33% in the month-to-month total enrollment trend is assumed for each of these months. Because the increase begins in July 2005, there would likely be some small impact to enrollment in fiscal year 2005. The assumed impact to the Medicaid program is an increase in average monthly enrollment of 8,607 in fiscal year 2006 rising to 10,949 in fiscal year 2010. Average monthly cost for Federal Mandate Children is estimated to be \$110.49 in fiscal year 2006 rising to \$138.22 in fiscal year 2010. Annual cost is estimated to be \$11.4 million in All Funds, including \$4.5 million in General Revenue Funds, in fiscal year 2006 rising to \$18.2 million in All Funds, including \$7.2 million in General Revenue Funds, in fiscal year 2010.

It is assumed that new enrollment in CHIP would be impacted. It is assumed that increases in enrollment would be delayed in CHIP as compared to Medicaid due to the 90-day waiting period. Therefore the impact is assumed to occur in October to December, rather than July to September. An increase of 2% in monthly new enrollment is assumed for each of these months. The assumed impact to CHIP is an increase in average monthly enrollment of 742 in fiscal year 2006 rising to 2,474 in fiscal year 2010. Average monthly cost for CHIP is estimated to be \$112.20. Annual cost is estimated to be \$1.0 million in All Funds, including \$0.3 million in General Revenue Funds, in fiscal year 2006 rising to \$3.3 million in All Funds, including \$0.9 million in General Revenue Funds, in fiscal year 2010.

Combined cost, for increases in both programs, is estimated to be \$12.4 million in All Funds, including \$4.8 million in General Revenue Funds, in fiscal year 2006 rising to \$21.5 million in All Funds, including \$8.1 million in General Revenue Funds, in fiscal year 2010.

Local Government Impact

School districts would incur additional administrative costs under the bill. One-time administrative costs associated with the bill would be related to the modification of enrollment forms and procedures and modifying the automated systems. Due to the variety of systems operating in different school districts, this cost would vary throughout the state; however, is not anticipated to be significant on a statewide basis.

On-going administrative costs would include additional staff time to review forms, to identify the parents to whom information is to be provided, and to disseminate the information. While this would vary across school districts, it is not likely that costs would be significant on a statewide basis.

On-going costs would include printing costs for the information, unless it is provided directly by the Health and Human Services Commission. If the information is provided in quantity from the Health and Human Services Commission, additional local printing costs would be avoided. However, if local printing is required, costs for a one-page notice provided to all continuing students and to affected new or transfer students would be anticipated to range from \$90,000 to \$100,000 per year on a statewide basis, according to the agency.

Source Agencies: 529 Health and Human Services Commission, 701 Central Education Agency

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