LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 13, 2005

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

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

IN RE: **SB1515** by Deuell (Relating to the implementation of the Texas Integrated Eligibility and Redesign System.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1515, As Introduced: an impact of $0 through the biennium ending August 31, 2007, if the effective date of the bill is after signing of a contract for integrated eligibility; or a negative impact of ($44,580,522) through the biennium ending August 31, 2007, if the effective date of the bill is prior to the signing of a contract for integrated eligibility.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from *GENERAL REVENUE FUND* 1	Probable (Cost) from *FEDERAL FUNDS* 555
2006	$0	$0
2007	$0	$0
2008	$0	$0
2009	$0	$0
2010	$0	$0

Scenario 1: No significant fiscal impact, assuming the bill is enacted after the Health and Human Services Commission signs a contract for operation of call centers. Should this occur, HHSC would not be able to renew the contract, under the provisions of the bill, without conducting certain tests and reporting the results to the Governor and Legislature. HHSC estimates the cost for these tests can be absorbed within current resources.

Fiscal Year	Probable Savings/(Cost) from *GR MATCH FOR MEDICAID* 758	Probable Savings/(Cost) from *FEDERAL FUNDS* 555	Change in Number of State Employees from FY 2005
2006	($13,681,073)	($21,113,111)	829.0
2007	($30,899,449)	($47,267,638)	3,151.0
2008	$0	$0	0.0
2009	$0	$0	0.0
2010	$0	$0	0.0

Fiscal Analysis

Scenario 2: Should the bill be enacted prior to HHSC signing a contract for operation of call centers, the agency states that call center implementation would be delayed for one year. Under current law, HHSC is required to move to call centers for eligibility determination. The one-year delay would mean the agency would not incur the estimated $31.4 million All Funds ($14.5 Million GR) savings currently projected for fiscal year 2006, until fiscal year 2007. The fiscal year 2007 estimated savings of $109.5 million All Funds ($50.6 Million GR) would not occur until fiscal year 2008.

Methodology

Scenario 2: If the 2006 transition to call centers are delayed, HHSC would require work stations ($2,417,688 All Funds) and phone system upgrades ($1,000,000 All Funds) in fiscal year 2006. The cost estimate includes savings that are based on the Health and Human Services Commission's Business Case for Integrated Eligibility. The 2006 assumed savings ($31.4 million All Funds) would become a cost in 2006 and a savings in 2007. The 2007 assumed savings ($78.1 million All Funds) would be the difference between what was projected to be saved ($109.5 million All Funds) and the 2006 savings estimate ($31.4 million All Funds). Full-time-equivalents are included based on these figures. It is assumed that savings in 2008 through 2010 would be the same as full implementation of call centers under current law and therefore there would be no impact due to the implementation of the provisions of this bill.

The General Revenue share for all items is assumed to be at the Federal Medical Assistance Percentage (FMAP), which is approximately 40 percent General Revenue.

Technology

Scenario 2 above would impact the agency's 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