

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

February 28, 2007

TO: Honorable Patrick M. Rose, Chair, House Committee on Human Services

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

IN RE: HB1155 by Van Arsdale (Relating to eligibility for health benefits coverage for certain children; providing a criminal penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1155, As Introduced: a positive impact of \$51,118,471 through the biennium ending August 31, 2009.

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
2008	\$24,865,605
2009	\$26,252,866
2010	\$26,252,866
2011	\$26,252,866
2012	\$26,252,866

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Savings from <i>PREMIUM CO-</i> <i>PAYMENTS</i> 3643	Probable Savings from <i>EXPERIENCE</i> <i>REBATES-CHIP</i> 8054	Probable Savings from <i>VENDOR DRUG</i> <i>REBATES-CHIP</i> 8070
2008	\$24,865,605	\$363,520	\$1,485	\$108,792
2009	\$26,252,866	\$372,446	\$2,006	\$117,825
2010	\$26,252,866	\$372,446	\$2,006	\$117,825
2011	\$26,252,866	\$372,446	\$2,006	\$117,825
2012	\$26,252,866	\$372,446	\$2,006	\$117,825

Fiscal Year	Probable (Cost) from <i>FEDERAL FUNDS</i> 555	Probable Revenue (Loss) from <i>PREMIUM CO-</i> <i>PAYMENTS</i> 3643	Probable Revenue (Loss) from <i>EXPERIENCE</i> <i>REBATES-CHIP</i> 8054	Probable Revenue (Loss) from <i>VENDOR DRUG</i> <i>REBATES-CHIP</i> 8070
2008	(\$1,435,788)	(\$363,520)	(\$1,485)	(\$108,792)
2009	(\$292,654)	(\$372,446)	(\$2,006)	(\$117,825)
2010	(\$292,654)	(\$372,446)	(\$2,006)	(\$117,825)
2011	(\$292,654)	(\$372,446)	(\$2,006)	(\$117,825)
2012	(\$292,654)	(\$372,446)	(\$2,006)	(\$117,825)

Fiscal Analysis

Section 1 would require proof of United States citizenship in order for a child to be eligible for the Children's Health Insurance Program (CHIP); proof may be in the form of a certified copy of the child's birth certificate, United States passport, or certificate of naturalization. Currently self declaration of citizenship is allowed.

Section 2 would make tampering with a governmental record for purposes of establishing citizenship of a child in order to obtain CHIP benefits a Class B misdemeanor.

Section 3 repeals Section 62.105, Health and Safety Code and Chapter 63, Health and Safety Code. Section 62.105, Health and Safety Code requires the Health and Human Services Commission (HHSC) to provide coverage under Medicaid and CHIP to a child who is a qualified alien, if the federal government authorizes the state to provide that coverage. Chapter 63, Health and Safety Code requires HHSC to develop and implement a program to provide health benefits plan coverage to qualified alien children who are younger than 19 years of age; entered the United States after August 22, 1996; have resided in the United States for less than five years; meet the income eligibility requirement, but are not eligible, for CHIP or Medicaid. It is assumed that repealing these sections would eliminate the CHIP Legal Immigrants program.

Methodology

Section 1: It is assumed that, beginning September 1, 2007, all newly enrolling clients would be required to provide proof of citizenship; clients renewing for the first six months would also be required to provide proof of citizenship as this would not have been required of them at initial enrollment. It is assumed that 0.1 percent of clients would be unable to provide proof of citizenship and would therefore be denied enrollment to the program. It is assumed that all impact would be to the federally-matched portion of the CHIP program or the General Revenue-funded program for School Employee Children. There would likely be an impact to the CHIP Perinatal program as well; no estimate of these savings is available.

Implementation of this section of the bill would result in a reduction to CHIP caseloads of 240 average monthly recipient months in fiscal year 2008 and 320 in fiscal year 2009 and subsequent years. The average savings per recipient month in CHIP is assumed to be \$121.66 in fiscal year 2008 and \$121.65 in the following years. Caseload reductions would result in a savings to General Revenue of \$0.1 million in fiscal year 2008 and subsequent years. Included in these General Revenue savings are a loss to revenue of approximately \$10,779 in fiscal year 2008 and \$11,869 in fiscal year 2009 and beyond; revenue streams affected are Premium Co-payment (enrollment fee) collections, Experience Rebates, and Vendor Drug Rebates for CHIP collections. Savings could be substantially higher if a greater percentage of clients are unable to provide proof of citizenship.

It is estimated that there would be additional administrative costs of \$2.3 million All Funds in fiscal year 2008 (including \$0.6 million in General Revenue Funds). This includes one-time costs for system changes as well as additional costs for document imaging and mail costs associated with receiving and returning documentation showing proof of citizenship; these costs are offset by small savings in variable fee payments for enrollment broker services and eligibility determination. In fiscal year 2009 and beyond administrative costs would be a net additional \$0.9 million All Funds (including \$0.2 million in General Revenue Funds) for document imaging and mail costs, enrollment broker services, and eligibility determination.

The total net cost of this section of the bill would be \$2.0 million All Funds in fiscal year 2008 and \$0.4 million All Funds in fiscal year 2009 and subsequent years. These amounts include a net impact to General Revenue Funds of \$0.5 million in fiscal year 2008 and \$0.1 million in fiscal year 2009 and beyond. Also included are \$1.4 million in Federal Funds in fiscal year 2008 and \$0.3 million in fiscal year 2009 and beyond. It is assumed that these federal matching funds would be available; however, if the state exhausts its capped federal allotment, General Revenue Funds would be required in lieu of assumed Federal Funds.

Section 2: The Texas Department of Criminal Justice and the Health and Human Services

Commission estimate no significant fiscal impact from this section of the bill.

Section 3: It is assumed that the General Revenue-funded CHIP Legal Immigrants program would have no clients enrolled effective September 1, 2007. If clients already enrolled in the program were allowed to remain in the program until the end of their current eligibility period, there would be less savings from this section of the bill.

Client services savings are estimated to be \$23.9 million in General Revenue Funds in fiscal year 2008, \$24.8 million in General Revenue Funds in fiscal year 2009 and following years. Additional savings of \$0.4 million each year in Premium Co-payments (enrollment fees) and \$0.1 million in Vendor Drug Rebates for CHIP would be offset by equal losses to revenue.

Administrative savings are estimated to total \$1.5 million in General Revenue Funds each year. Savings would be from processing fewer applications, renewals, and case changes.

The total net savings from this section of the bill would be \$25.4 million in General Revenue Funds in fiscal year 2008 and \$26.4 million in General Revenue Funds in fiscal year 2009 and beyond.

There would likely be a cost to the Medicaid program for emergency services provided to persons who would have been eligible for the CHIP Legal Immigrants program; without health benefits coverage under this program, if they meet Medicaid income eligibility requirements they would be eligible to receive emergency services through the Medicaid program. No estimate of these costs is available.

Total: The net impact of all sections of this bill is a savings of \$23.4 million All Funds in fiscal year 2008 and \$26.0 million All Funds in fiscal year 2009 and subsequent years. Included in these amounts is a savings of \$24.9 million in General Revenue Funds offset by a cost to Federal Funds of \$1.4 million in fiscal year 2008 and a savings of \$26.3 million in General Revenue Funds offset by a cost to Federal Funds of \$0.3 million in fiscal year 2009.

Technology

Technology costs included above total \$0.3 million All Funds, including \$0.1 million in General Revenue Funds, in fiscal year 2008 for one-time costs associated with system changes.

Local Government Impact

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

Source Agencies: 529 Health and Human Services Commission, 696 Department of Criminal Justice

LBB Staff: JOB, CL, PP, KJG, LR