LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 18, 2007

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

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

IN RE: **HB1943** by Coleman (Relating to the imposition of a lien on property to recover certain medical assistance.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1943, As Introduced: an impact of $0 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	$0
2009	$0
2010	$0
2011	$0
2012	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *General Revenue-Dedicated: Medicaid Estate Recovery Account No. 5109*
2008	($750,000)
2009	($750,000)
2010	($750,000)
2011	($750,000)
2012	($750,000)

Fiscal Analysis

The bill would amend Chapter 531, Subchapter A, Government Code, by repealing Section 531.077. Section 531.077 directs the Health and Human Service Commission (HHSC) commissioner to ensure the state Medicaid program implements 42 U.S.C. Section 1396p (b) (1), relating to the adjustment or recovery of medical assistance paid under a State plan. **If enacted, HHSC concludes that the state would not be in compliance with 42 U.S.C. Section 1396p (b) (1) and the state would be at risk of losing Medicaid Federal Fund Participation. This could jeopardize federal Medicaid funding to the State which is approximately $11.1 billion in fiscal year 2007.**

Section 531.077 (b) also specifies that any funds recovered by implementing the federal code must be deposited in the state Medicaid account and appropriated only to fund long-term support and services.

Methodology

The Comptroller of Public Accounts and the Department of Aging and Disability Services (DADS) estimate that the bill would result in a revenue loss of $750,000 per fiscal year to General Revenue-Dedicated Funds (Medicaid Estate Recovery Account No. 5109).

DADS estimates an additional possible revenue loss of $1.5 million to the same account related to recoveries for 450 cases currently under review for probate initiation. DADS indicates that the timing on the collection of $1.5 million is unknown at this time.

If enacted, HHSC concludes that the state would not be in compliance with 42 U.S.C. Section 1396p (b)(1) and woudl be at risk of losing Medicaid Federal Fund Participation. It is unknown whether the federal Centers for Medicare and Medicaid Services would approve a state plan amendment that eliminates the Medicaid Estate Recovery Program.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 539 Aging and Disability Services, Department of

LBB Staff: JOB, CL, PP, ML