

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 9, 2007

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

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

IN RE: HB2380 by Coleman (Relating to providing medical assistance to certain former foster care adolescents.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2380, As Introduced: a negative impact of (\$4,750,087) 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	(\$2,928,724)
2009	(\$1,821,363)
2010	(\$1,929,409)
2011	(\$2,075,406)
2012	(\$2,225,348)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>GR MATCH FOR</i> <i>MEDICAID</i> 758	Probable (Cost) from <i>FEDERAL FUNDS</i> 555	Probable (Cost) from <i>VENDOR DRUG</i> <i>REBATES-MEDICAID</i> 8068
2008	(\$2,928,724)	\$0	\$0	\$0
2009	\$0	(\$1,821,363)	(\$2,777,473)	(\$66,080)
2010	\$0	(\$1,929,409)	(\$2,956,977)	(\$71,018)
2011	\$0	(\$2,075,406)	(\$3,182,292)	(\$76,500)
2012	\$0	(\$2,225,348)	(\$3,413,697)	(\$82,130)

Fiscal Year	Probable Revenue Gain from <i>VENDOR DRUG</i> <i>REBATES-</i> <i>MEDICAID</i> 8068	Change in Number of State Employees from FY 2007
2008	\$0	1.0
2009	\$66,080	2.0
2010	\$71,018	2.0
2011	\$76,500	2.0
2012	\$82,130	2.0

Fiscal Analysis

The bill requires the Health and Human Services Commission (HHSC) to provide Medicaid to former foster children 21 years of age or older, but younger than age 25, who are not otherwise eligible for Medicaid and do not have adequate coverage under another health benefits plan. HHSC is required to pursue any necessary federal waiver or authorization to receive matching funds to implement the program. Pending approval of the waiver or authorization, HHSC is required to use state funds to immediately develop and implement a program to provide health care services and benefits to these former foster children in a manner that is substantively identical to the existing program for former foster children up to age 21 except to the extent that programmatic differences are appropriate because of populations served and source of funding; if the waiver or authorization is not granted HHSC is required to continue using state funds to provide services.

Methodology

It is assumed that it would take six months to implement the program and a year to receive federal approval. General Revenue Funds are used to finance the program in fiscal year 2008. If federal approval is not received, General Revenue Funds will be required in lieu of assumed federal matching funds in fiscal year 2009 and beyond as well.

Assumed caseload is based on the number of foster children 14 to 17 years old at the end of each fiscal year, 2001 through 2005 (seven years later these children would be 21 to 24 years old). It is assumed that one-third of persons would meet the eligibility requirements for and choose to enroll in the program (in fiscal year 2007 there were 489 20-year old former foster children enrolled in Medicaid, approximately one-third of the 1,434 17-year old foster children enrolled). Enrollment in fiscal year 2008 is delayed for six months. Enrollment is assumed to be 611 average monthly recipient months in fiscal year 2008; 1,338 in fiscal year 2009; 1,438 in fiscal year 2010; 1,549 in fiscal year 2011; and 1,663 in fiscal year 2012.

The average cost per recipient month is assumed to be \$276.06, the estimated cost to provide services to TANF Adults in the Medicaid program (these are the only non-elderly, non-disabled, non-pregnant adults enrolled in Texas Medicaid). Total client services cost is estimated to be \$2.0 million in General Revenue Funds in fiscal year 2008 and \$4.4 million All Funds, including \$1.9 million in General Revenue Funds, in fiscal year 2009 increasing to \$5.5 million All Funds, including \$2.3 million in General Revenue Funds, by fiscal year 2012. General Revenue Funds amounts in fiscal year 2009 through 2012 include expenditure of additional Vendor Drug Rebates collections of approximately \$0.1 million per year.

It is assumed that the additional Medicaid caseload will result in a need for 1.0 additional FTE (eligibility worker) in fiscal year 2008 and 2.0 FTEs in fiscal years 2009 and beyond. Other administrative costs include \$0.8 million in fiscal year 2008 for one-time costs for system modifications and \$0.1 in the 2008-09 biennium for costs of additional services provided by the Medicaid claims payment contractor. Additional enrollment broker and eligibility determination costs total \$39,660 in fiscal year 2008 and \$0.1 million in fiscal year 2009 and subsequent years.

The total net estimated cost to implement the provisions of the bill is \$2.9 million in General Revenue Funds in fiscal year 2008 and \$4.6 million All Funds, including \$1.8 million in General Revenue Funds, in fiscal year 2009 increasing to \$5.6 million All Funds, including \$2.2 million in General Revenue Funds, by fiscal year 2012.

Technology

Included in costs above are \$0.8 million in General Revenue Funds for one-time system modifications in fiscal year 2008.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission, 530 Family and Protective Services,
Department of

LBB Staff: JOB, LR, CL, PP