

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 3, 2007

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

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

IN RE: HB2447 by Davis, John (Relating to offsets for child care expenses in determining eligibility for the child health plan program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2447, As Introduced: a negative impact of (\$3,856,173) 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	(\$1,347,835)
2009	(\$2,508,338)
2010	(\$2,508,338)
2011	(\$2,508,338)
2012	(\$2,508,338)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>PREMIUM CO-</i> <i>PAYMENTS</i> 3643	Probable (Cost) from <i>EXPERIENCE</i> <i>REBATES-CHIP</i> 8054	Probable (Cost) from <i>VENDOR DRUG</i> <i>REBATES-CHIP</i> 8070
2008	(\$1,347,835)	(\$80,375)	(\$14,491)	(\$18,418)
2009	(\$2,508,338)	(\$131,420)	(\$30,906)	(\$39,285)
2010	(\$2,508,338)	(\$131,420)	(\$30,906)	(\$39,285)
2011	(\$2,508,338)	(\$131,420)	(\$30,906)	(\$39,285)
2012	(\$2,508,338)	(\$131,420)	(\$30,906)	(\$39,285)

Fiscal Year	Probable (Cost) from <i>FEDERAL FUNDS</i> 555	Probable Revenue Gain from <i>PREMIUM CO-</i> <i>PAYMENTS</i> 3643	Probable Revenue Gain from <i>EXPERIENCE</i> <i>REBATES-CHIP</i> 8054	Probable Revenue Gain from <i>VENDOR DRUG</i> <i>REBATES-CHIP</i> 8070
2008	(\$2,933,069)	\$80,375	\$14,491	\$18,418
2009	(\$5,219,568)	\$131,420	\$30,906	\$39,285
2010	(\$5,219,568)	\$131,420	\$30,906	\$39,285
2011	(\$5,219,568)	\$131,420	\$30,906	\$39,285
2012	(\$5,219,568)	\$131,420	\$30,906	\$39,285

Fiscal Analysis

The bill defines net income in the Children's Health Insurance Program (CHIP) as income after reduction for offsets for child care expenses, in accordance with Medicaid standards. The bill would restore some income disregards in CHIP, by making income eligibility levels apply to the revised definition of net instead of gross income.

Methodology

It is assumed that beginning September 1, 2007 some income disregards would be restored to the CHIP program.

Implementation of the requirements of the bill would result in an additional 2,466 average monthly recipient months in fiscal year 2008 and 5,192 in fiscal year 2009 and subsequent years. Allocation between General Revenue-funded CHIP programs (School Employee Children and Legal Immigrants) and the federally matched program is assumed to be the same as under current policy. There could be a small impact to the CHIP Perinatal program if income disregards were applied to that program as well, but no impact is assumed here.

The additional CHIP caseload would result in higher Premium Co-payment (enrollment fee, Experience Rebate, and Vendor Drug Rebates for CHIP collections estimated to be a net revenue gain of \$0.1 million in fiscal year 2008 and \$0.2 million in fiscal year 2009 and subsequent years.

The average cost per recipient month in CHIP is assumed to be \$121.66 in fiscal year 2008 and \$121.65 in the following years. The additional cost to the program from higher caseloads would be \$3.6 million All Funds in fiscal year 2008 increasing to \$7.6 million All Funds in fiscal year 2009 and subsequent years. These amounts include a cost of \$1.2 million in General Revenue Funds in fiscal year 2008 and \$2.6 million in General Revenue Funds in fiscal year 2009 and beyond. These estimated General Revenue Fund amounts include expenditure of the higher Premium Co-payment, Experience Rebate, and Vendor Drug Rebates for CHIP collections.

It is estimated that there would be additional administrative costs of \$0.8 million All Funds in fiscal year 2008 (including \$0.2 million in General Revenue Funds). This includes one-time costs for system changes, technology work, and training and policy updates as well as changes in variable fee payments for enrollment broker services and eligibility determination. In fiscal year 2009 and beyond administrative costs would be an additional \$0.4 million All Funds (including \$0.1 million in General Revenue Funds) for enrollment broker services and eligibility determination.

The total net cost of the bill would be \$4.3 million All Funds in fiscal year 2008 and \$7.7 million All Funds in fiscal year 2009 and subsequent years. These amounts include a net impact to General Revenue Funds of \$1.3 million in fiscal year 2008 and \$2.5 million in fiscal year 2009 and beyond. Also included are \$2.9 million in Federal Funds in fiscal year 2008 and \$5.2 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.

Technology

Technology costs included above total \$0.6 million All Funds, including \$0.2 million in General Revenue Funds, in fiscal year 2008 for one-time costs associated with system changes.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission, 537 State Health Services, Department of
LBB Staff: JOB, CL, PP, LR