

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 4, 2007

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

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

IN RE: HB2843 by Herrero (Relating to medical assistance for certain children with disabilities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2843, As Introduced: a negative impact of (\$56,007,803) 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	(\$440,370)
2009	(\$55,567,433)
2010	(\$59,623,578)
2011	(\$64,654,954)
2012	(\$70,439,716)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GR MATCH FOR MEDICAID</i> 758	Probable (Cost) from <i>VENDOR DRUG REBATES-MEDICAID</i> 8068	Probable (Cost) from <i>FEDERAL FUNDS</i> 555	Probable Revenue Gain from <i>VENDOR DRUG REBATES-MEDICAID</i> 8068
2008	(\$440,370)	\$0	(\$440,369)	\$0
2009	(\$55,567,433)	(\$4,020,060)	(\$75,250,469)	\$4,020,060
2010	(\$59,623,578)	(\$4,467,702)	(\$80,728,249)	\$4,467,702
2011	(\$64,654,954)	(\$5,021,033)	(\$87,684,177)	\$5,021,033
2012	(\$70,439,716)	(\$5,656,556)	(\$95,673,406)	\$5,656,556

Fiscal Year	Change in Number of State Employees from FY 2007
2008	0.0
2009	324.0
2010	328.0
2011	331.0
2012	335.0

Fiscal Analysis

The bill would amend Subchapter B, Chapter 32, Human Resources Code by adding Section 32.02492 to establish a new financial eligibility category of Medicaid for children with disabilities who are not otherwise financially eligible, using criteria in 42 U.S.C. sec 1396a (e) (3). That section of federal law authorizes states the option to treat children age 18 or younger, who are disabled under Supplemental Security Income (SSI) criteria, as SSI-eligible (and therefore Medicaid eligible) if 1) they require a level of care provided in a hospital, nursing facility, or ICF/MR, 2) they would be appropriately served in the community, 3) the cost of their care in the community is not greater than the cost in an institution, and 4) they meet the institutional income limits under the state plan (in Texas, it is 300 percent of SSI). The bill would direct the Executive Commissioner of Health and Human Services to adopt rules.

The bill would authorize an implementation delay if a federal waiver or prior authorization is required. The provisions of the bill would require a state plan amendment.

Methodology

The Health and Human Services Commission (HHSC) included one-time program administration costs in fiscal year (FY) 2008, such as automation changes, training, and other miscellaneous implementation costs. HHSC estimated these costs to be \$880,739 in All Funds. HHSC also included 12 FTEs (Eligibility Advisors-B4) in the administrative costs for fiscal years 2009 through 2012 and associated staff costs as well as contractor fees for eligibility and enrollment.

HHSC assumed implementation in fiscal year 2009 with an estimated Medicaid caseload increase in the number of recipient months per month of 8,901 in FY 2009; 8,967 in FY 2010; 9,055 in FY 2011; and 9,166 in FY 2012. For the average cost per recipient month HHSC estimated \$1,105.15 in FY 2009, \$1,188.26 in FY 2010, \$1,290.74 in FY 2011, and \$1,404.20 in FY 2012.

HHSC estimated the client service All Funds cost for the new populations to be approximately \$118.0 million in FY 2009, \$127.9 million in FY 2010, in FY 2011, \$140.3 million, and in FY 2012 \$154.5 million. Services would be matched at the Medicaid match rate, approximately 40 percent state and 60 percent federal.

The Department of Aging and Disability Services (DADS) would perform initial functional eligibility determinations, and annual re-determinations for the new population to determine whether the children: 1) require a level of care provided in a hospital, NF, or ICF/MR, 2) would be appropriately served in the community, and 3) ensuring that the cost of their care in the community is not greater than the cost in an institution. DADS estimated those costs to be \$15.5 million All Funds and 312 FTEs in FY 2009, \$15.7 million All Funds and 316 FTEs in FY 2010, \$15.8 million All Funds and 319 FTEs in FY 2011, and \$16.0 million All Funds and 323 FTEs in FY 2012. The DADS costs would be matched at 50 percent state and 50 percent federal.

Technology

HHSC indicated automation changes would be needed for systems that support eligibility determination. HHSC estimated that cost to be \$850,000 in FY 2008. In addition, HHSC estimated that seat management expense for the 12 additional FTEs would be \$10,860 for each year from FY 2009 through FY 2012.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission, 539 Aging and Disability Services, Department of

LBB Staff: JOB, CL, PP, ML