

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 8, 2007

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

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

IN RE: HB2853 by Davis, John (Relating to certain health insurance plans for children.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2853, As Introduced: a negative impact of (\$359,572) 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	(\$234,685)
2009	(\$124,887)
2010	(\$123,023)
2011	(\$124,142)
2012	(\$125,261)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable (Cost) from <i>PREMIUM CO- PAYMENTS</i> 3643	Probable (Cost) from <i>FEDERAL FUNDS</i> 555	Probable Revenue Gain from <i>PREMIUM CO- PAYMENTS</i> 3643
2008	(\$234,685)	\$0	(\$615,315)	\$0
2009	(\$124,887)	(\$1,358,559)	(\$3,820,256)	\$1,358,559
2010	(\$123,023)	(\$1,375,141)	(\$3,852,421)	\$1,375,141
2011	(\$124,142)	(\$1,390,266)	(\$3,894,191)	\$1,390,266
2012	(\$125,261)	(\$1,405,391)	(\$3,935,960)	\$1,405,391

Fiscal Year	Probable Revenue Gain from <i>DEPT INS OPERATING ACCT</i> 36	Change in Number of State Employees from FY 2007
2008	\$0	0.0
2009	\$3,700	2.0
2010	\$0	2.0
2011	\$0	2.0
2012	\$0	2.0

Fiscal Analysis

The bill requires the Health and Human Services Commission (HHSC) to provide information about child-only health plans to families of children determined to be ineligible for the Children's Health Insurance Program (CHIP). HHSC is required, subject to available funding, to implement a premium subsidy program to provide up to six months of premium assistance to children who lose eligibility for CHIP to assist in purchase of coverage under a child-only health plan. Health plan providers are authorized to offer a child-only health plan to a child who enrolled in CHIP coverage offered by the provider and who is ineligible for that coverage because family income exceeds income eligibility. Any children's health benefit plan that provides coverage only to children younger than 18 years of age is not subject to an assessment to cover net losses of the Texas Health Insurance Risk Pool.

Methodology

Implementation date is assumed to be September 1, 2008 due to the time needed to obtain federal authorization and implement the program. HHSC estimates a caseload of 3,327 average monthly recipient months in fiscal year 2009; 3,364 in fiscal year 2010; 3,401 in fiscal year 2011; and 3,438 in fiscal year 2012. At an average cost of \$121.66 per recipient month, estimated client services cost is \$4.9 million in fiscal years 2009 and 2010, \$5.0 million in fiscal years 2011 and 2012. It is assumed that the state share of all client services costs will be financed with Premium Copayments, resulting in an equal gain to revenue; regardless of caseload, client services would be cost neutral to the state. It is assumed that 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 and cost-neutrality for client services would not be achieved.

Administrative costs are estimated to be \$0.9 million in fiscal year 2008, \$0.4 million in fiscal years 2009 and beyond. These costs include \$0.9 million in fiscal year 2008 for one-time system modifications; administrative costs in fiscal years 2009 through 2012 are for enrollment broker services, premium collection fees, and eligibility determination staff (2.0 FTEs in each fiscal year beginning with 2009). Enrollment broker services, premium collection fees, and eligibility determination costs are caseload driven; lower caseloads would result in lower administrative costs, higher caseloads would result in higher administrative costs. It is assumed that administrative costs will be financed with General Revenue Funds and Federal Funds; if federal matching funds are not available, administrative costs would be financed entirely with General Revenue Funds.

Based on the analysis of the Texas Department of Insurance, the bill would result in 37 additional filings and a one-time revenue gain in General Revenue - Dedicated Account Fund 36 of \$3,700 in fiscal year 2009. Since General Revenue - Dedicated Account Fund 36 is a self-leveling account, this analysis assumes all revenue generated would go toward fund balances or the maintenance tax would be set to recover a lower level of revenue the following year.

Technology

Costs include \$0.9 million All Funds, including \$0.2 million in General Revenue Funds, in fiscal year 2008 for one-time system modifications.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance, 529 Health and Human Services Commission

LBB Staff: JOB, CL, PP, LR