

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 25, 2007**

**TO:** Honorable Dianne White Delisi, Chair, House Committee on Public Health

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

**IN RE: HB3466** by Delisi (Relating to implementing incentives to encourage Medicaid recipients to engage in healthy behaviors.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would require the Health and Human Services Commission (HHSC) to develop and implement incentives to encourage Medicaid recipients to engage in healthy behaviors, if HHSC determines that it is feasible and cost-effective. HHSC could choose between establishing enhanced benefit accounts or other similar reward accounts to allow Medicaid recipients who engage in prescribed health-related activities earn credits that could be used for obtaining additional benefits. The bill authorizes HHSC to implement incentives in a pilot program prior to determining whether to implement incentives for healthy behavior statewide. The bill requires incentives developed and implemented under the bill to provide positive rewards for healthy behaviors, and not punitive incentives. The bill also requires HHSC to request a waiver or authorization from a federal agency if needed to implement these provisions. The bill would take effect September 1, 2007.

The bill is not expected to have a significant fiscal impact to the state. It is assumed that HHSC would implement a pilot program and establish incentives for healthy behavior for Medicaid recipients in Managed Care Organizations (MCOs) starting in fiscal year 2008. HHSC assumes that MCOs would voluntarily participate in the pilot since many of these organizations have implemented these concepts in other states.

HHSC estimates no additional costs for these value-added services. HHSC also assumes that savings could occur as the health of the Medicaid recipients improves and as the individuals have an opportunity to manage their reward accounts and make decisions related to their health care expenditures. HHSC also estimates that these savings would eventually offset any initial costs associated with the incentives program. Savings and initial costs would be explored after it is determined how many clients and regions would be selected for the pilot.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Health and Human Services Commission

**LBB Staff:** JOB, JJ, CL, JI, NB