

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION
Revision 1

April 10, 2007

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

IN RE: SB569 by Deuell (Relating to reimbursement for health care services provided at certain times to persons enrolled in the Medicaid managed care program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB569, Committee Report 1st House, Substituted: a negative impact of (\$67,811,330) 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 | (\$27,706,082) |
| 2009 | (\$40,105,248) |
| 2010 | (\$42,729,442) |
| 2011 | (\$45,490,287) |
| 2012 | (\$48,441,234) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from GR MATCH FOR MEDICAID 758 | Probable (Cost) from FEDERAL FUNDS 555 |
|--------------------|---|---|
| 2008 | (\$27,706,082) | (\$42,524,798) |
| 2009 | (\$40,105,248) | (\$60,258,235) |
| 2010 | (\$42,729,442) | (\$64,094,163) |
| 2011 | (\$45,490,287) | (\$68,235,431) |
| 2012 | (\$48,441,234) | (\$72,661,851) |

Fiscal Analysis

The bill would amend Chapter 533 of the Government Code to add Sec. 533.01315, Reimbursement for Services Provided Outside of Regular Business Hours.

The bill would require that a Federally Qualified Health Center (FQHC), Rural Health Clinic (RHC), physician office or clinic to be reimbursed for health care services provided to a Medicaid client, regardless of whether the client has a referral from his/her primary care physician (PCP), when the services are provided outside of regular business hours.

The bill would direct HHSC to seek federal authority or a waiver if required, and allows for delay of

implementation until such authority or waiver is granted.

The bill would take effect on September 1, 2007.

The Health and Human Services Commission estimates that there would be additional costs for reimbursing the types of providers specified in the bill for after-hours care. The agency states that the provisions of the bill may encourage HMO members to bypass their Primary Care Provider (PCP) and specialists in the network if they can visit an after hours clinic or physician who accepts Medicaid payment. If it is more convenient to the member, he may go as often as he wants and not see his PCP.

In addition, it is likely there would be savings from the provision of less hospital-based care, which tends to be more expensive than clinic-based services. However, the estimate of savings cannot be determined at this time.

Methodology

HHSC estimates a five percent increase in physician utilization for PCCM and HMO providers. The cost of this increase in care in the Medicaid program is estimated to be \$70.2 million in All Funds in fiscal year 2008, \$100.3 million in fiscal year 2009, \$106.8 million in fiscal year 2010, \$113.7 million in fiscal year 2011, and \$121.1 million in fiscal year 2012. The state share would be approximately 40 percent. The costs in fiscal year 2008 are assumed to be for three-fourths of the year, due to time required to implement the changes in reimbursement.

Local Government Impact

HHSC estimates that local governments which operate clinics may collect higher revenues from increased provider payments for after-hours care.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JOB, CL, PP, MB