

SENATE AMENDMENTS

2nd Printing

By: Turner, Davis of Harris, Dukes, England,
Pena, et al.

H.B. No. 109

A BILL TO BE ENTITLED

AN ACT

1
2 relating to eligibility for and information regarding the child
3 health plan program.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 62.002(4), Health and Safety Code, is
6 amended to read as follows:

7 (4) "Net [~~Gross~~] family income" means the [~~total~~]
8 amount of income established for a family after reduction for
9 offsets for child care expenses, in accordance with standards
10 applicable under the Medicaid [~~without consideration of any~~
11 ~~reduction for offsets that may be available to the family under any~~
12 ~~other~~] program.

13 SECTION 2. Subchapter B, Chapter 62, Health and Safety
14 Code, is amended by adding Section 62.056 to read as follows:

15 Sec. 62.056. COMMUNITY OUTREACH CAMPAIGN; TOLL-FREE
16 HOTLINE. (a) The commission shall conduct a community outreach and
17 education campaign to provide information relating to the
18 availability of health benefits for children under this chapter.
19 The commission shall conduct the campaign in a manner that promotes
20 enrollment in, and minimizes duplication of effort among, all
21 state-administered child health programs.

22 (b) The community outreach campaign must include:

23 (1) outreach efforts that involve school-based health
24 clinics;

1 (2) a toll-free telephone number through which
2 families may obtain information about health benefits coverage for
3 children; and

4 (3) information regarding the importance of each
5 conservator of a child promptly informing the other conservator of
6 the child about the child's health benefits coverage.

7 (c) The commission shall contract with community-based
8 organizations or coalitions of community-based organizations to
9 implement the community outreach campaign and shall also promote
10 and encourage voluntary efforts to implement the community outreach
11 campaign. The commission shall procure the contracts through a
12 process designed by the commission to encourage broad participation
13 of organizations, including organizations that target population
14 groups with high levels of uninsured children.

15 (d) The commission may direct that the Department of State
16 Health Services perform all or part of the community outreach
17 campaign.

18 (e) The commission shall ensure that information provided
19 under this section is available in both English and Spanish.

20 SECTION 3. Section 62.101, Health and Safety Code, is
21 amended by amending Subsections (a) and (b) and adding Subsection
22 (b-1) to read as follows:

23 (a) A child is eligible for health benefits coverage under
24 the child health plan if the child:

- 25 (1) is younger than 19 years of age;
- 26 (2) is not eligible for medical assistance under the
27 Medicaid program;

1 (3) is not covered by a health benefits plan offering
2 adequate benefits, as determined by the commission;

3 (4) has a family income that is less than or equal to
4 the income eligibility level established under Subsection (b);
5 [~~and~~]

6 (5) is determined by the commission to be:

7 (A) a United States citizen; or

8 (B) eligible for coverage under Section 62.105;

9 and

10 (6) satisfies any other eligibility standard imposed
11 under the child health plan program in accordance with 42 U.S.C.
12 Section 1397bb, as amended, and any other applicable law or
13 regulations.

14 (b) The commission shall establish income eligibility
15 levels consistent with Title XXI, Social Security Act (42 U.S.C.
16 Section 1397aa et seq.), as amended, and any other applicable law or
17 regulations, and subject to the availability of appropriated money,
18 so that a child who is younger than 19 years of age and whose net
19 [~~gross~~] family income is at or below 200 percent of the federal
20 poverty level is eligible for health benefits coverage under the
21 program. In addition, the commission may establish eligibility
22 standards regarding the amount and types of allowable assets for a
23 family whose net [~~gross~~] family income is above 150 percent of the
24 federal poverty level.

25 (b-1) The eligibility standards adopted under Subsection
26 (b) related to allowable assets:

27 (1) must allow a family to own at least \$10,000 in

1 allowable assets; and

2 (2) may not in calculating the amount of allowable
3 assets under Subdivision (1) consider:

4 (A) the value of one vehicle that qualifies for
5 an exemption under commission rule based on its use;

6 (B) the value of a second or subsequent vehicle
7 that qualifies for an exemption under commission rule based on its
8 use if:

9 (i) the vehicle is worth \$18,000 or less; or

10 (ii) the vehicle has been modified to
11 provide transportation for a household member with a disability;

12 (C) if no vehicle qualifies for an exemption
13 based on its use under commission rule, the first \$18,000 of value
14 of the highest valued vehicle; or

15 (D) the first \$7,500 of value of any vehicle not
16 described by Paragraph (A), (B), or (C).

17 SECTION 4. Subchapter C, Chapter 62, Health and Safety
18 Code, is amended by adding Section 62.1011 to read as follows:

19 Sec. 62.1011. VERIFICATION OF INCOME. The commission shall
20 continue employing methods of verifying the net income of the
21 individuals considered in the calculation of an applicant's net
22 family income. The commission shall verify income under this
23 section unless the applicant reports a net family income that
24 exceeds the income eligibility level established under Section
25 62.101(b).

26 SECTION 5. Section 62.102, Health and Safety Code, is
27 amended to read as follows:

1 Sec. 62.102. CONTINUOUS COVERAGE. The commission shall
2 provide that an individual who is determined to be eligible for
3 coverage under the child health plan remains eligible for those
4 benefits until the earlier of:

5 (1) the end of a period, not to exceed 12 months, [the
6 ~~six-month period~~] following the date of the eligibility
7 determination; or

8 (2) the individual's 19th birthday.

9 SECTION 6. Section 62.105, Health and Safety Code, is
10 amended to read as follows:

11 Sec. 62.105. COVERAGE FOR QUALIFIED ALIENS. (a) The
12 commission shall provide coverage under the state Medicaid program
13 and under the program established under this chapter to a child who
14 is a qualified alien, as that term is defined by 8 U.S.C. Section
15 1641(b), if the federal government authorizes the state to provide
16 that coverage. The commission shall comply with any prerequisite
17 imposed under the federal law to providing that coverage.

18 (b) The commission shall verify that the child meets the
19 requirements of this section by:

20 (1) accessing the Systematic Alien Verification for
21 Entitlements Program provided by the United States Citizenship and
22 Immigration Services Bureau of the United States Department of
23 Homeland Security;

24 (2) for a child whose information has not been entered
25 into the Systematic Alien Verification for Entitlements Program
26 with the United States Citizenship and Immigration Services Bureau
27 of the United States Department of Homeland Security, using another

1 procedure used by the commission in determining eligibility for the
2 medical assistance program under Chapter 32, Human Resources Code,
3 to verify the status of a child; or

4 (3) if the commission is unable to verify that the
5 child meets the requirements of this section by using the methods
6 under Subdivision (1) or (2), using any other procedure allowed by
7 federal law to verify the status of the child.

8 SECTION 7. Sections 62.154(a) and (d), Health and Safety
9 Code, are amended to read as follows:

10 (a) To the extent permitted under Title XXI of the Social
11 Security Act (42 U.S.C. Section 1397aa et seq.), as amended, and any
12 other applicable law or regulations, the child health plan must
13 include a waiting period and [~~The child health plan~~] may include
14 copayments and other provisions intended to discourage:

15 (1) employers and other persons from electing to
16 discontinue offering coverage for children under employee or other
17 group health benefit plans; and

18 (2) individuals with access to adequate health benefit
19 plan coverage, other than coverage under the child health plan,
20 from electing not to obtain or to discontinue that coverage for a
21 child.

22 (d) The waiting period required by Subsection (a) must:

23 (1) extend for a period of 90 days after [+
24 [~~(1)~~] the last date on [~~first day of the month in~~]
25 which the applicant was covered under a health benefits plan; and

26 (2) apply to a child who was covered by a health
27 benefits plan at any time during the 90 days before the date of

1 application for coverage under the child health plan ~~[is enrolled~~
2 ~~under the child health plan, if the date of enrollment is on or~~
3 ~~before the 15th day of the month, or~~

4 ~~[(2) the first day of the month after which the~~
5 ~~applicant is enrolled under the child health plan, if the date of~~
6 ~~enrollment is after the 15th day of the month].~~

7 SECTION 8. This Act takes effect immediately if it receives
8 a vote of two-thirds of all the members elected to each house, as
9 provided by Section 39, Article III, Texas Constitution. If this
10 Act does not receive the vote necessary for immediate effect, this
11 Act takes effect September 1, 2007.

ADOPTED

MAY 22 2007

Atty Gen
Secretary of the Senate

By: Avritt

H.B. No. 109

Substitute the following for H.B. No. 109 :

By: Avritt

C.S. H.B. No. 109

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10 applicable under the Medicaid [~~without consideration of any~~
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12 ~~other~~] program.

13 SECTION 2. Subchapter B, Chapter 62, Health and Safety
14 Code, is amended by adding Section 62.056 to read as follows:

15 Sec. 62.056. COMMUNITY OUTREACH CAMPAIGN; TOLL-FREE
16 HOTLINE. (a) The commission shall conduct a community outreach and
17 education campaign to provide information relating to the
18 availability of health benefits for children under this chapter.
19 The commission shall conduct the campaign in a manner that promotes
20 enrollment in, and minimizes duplication of effort among, all
21 state-administered child health programs.

22 (b) The community outreach campaign must include:

23 (1) outreach efforts that involve school-based health
24 clinics;

8
1

1 (2) a toll-free telephone number through which
2 families may obtain information about health benefits coverage for
3 children; and

4 (3) information regarding the importance of each
5 conservator of a child promptly informing the other conservator of
6 the child about the child's health benefits coverage.

7 (c) The commission shall contract with community-based
8 organizations or coalitions of community-based organizations to
9 implement the community outreach campaign and shall also promote
10 and encourage voluntary efforts to implement the community outreach
11 campaign. The commission shall procure the contracts through a
12 process designed by the commission to encourage broad participation
13 of organizations, including organizations that target population
14 groups with high levels of uninsured children.

15 (d) The commission may direct that the Department of State
16 Health Services perform all or part of the community outreach
17 campaign.

18 (e) The commission shall ensure that information provided
19 under this section is available in both English and Spanish.

20 SECTION 3. Section 62.101, Health and Safety Code, is
21 amended by amending Subsection (b) and adding Subsection (b-1) to
22 read as follows:

23 (b) The commission shall establish income eligibility
24 levels consistent with Title XXI, Social Security Act (42 U.S.C.
25 Section 1397aa et seq.), as amended, and any other applicable law or
26 regulations, and subject to the availability of appropriated money,
27 so that a child who is younger than 19 years of age and whose net

1 [~~gross~~] family income is at or below 200 percent of the federal
2 poverty level is eligible for health benefits coverage under the
3 program. In addition, the commission may establish eligibility
4 standards regarding the amount and types of allowable assets for a
5 family whose net [~~gross~~] family income is above 150 percent of the
6 federal poverty level.

7 (b-1) The eligibility standards adopted under Subsection
8 (b) related to allowable assets:

9 (1) must allow a family to own at least \$10,000 in
10 allowable assets; and

11 (2) may not in calculating the amount of allowable
12 assets under Subdivision (1) consider:

13 (A) the value of one vehicle that qualifies for
14 an exemption under commission rule based on its use;

15 (B) the value of a second or subsequent vehicle
16 that qualifies for an exemption under commission rule based on its
17 use if:

18 (i) the vehicle is worth \$18,000 or less; or

19 (ii) the vehicle has been modified to
20 provide transportation for a household member with a disability;

21 (C) if no vehicle qualifies for an exemption
22 based on its use under commission rule, the first \$18,000 of value
23 of the highest valued vehicle; or

24 (D) the first \$7,500 of value of any vehicle not
25 described by Paragraph (A), (B), or (C).

26 SECTION 4. Subchapter C, Chapter 62, Health and Safety
27 Code, is amended by adding Section 62.1011 to read as follows:

1 Sec. 62.1011. VERIFICATION OF INCOME. The commission shall
2 continue employing methods of verifying the net income of the
3 individuals considered in the calculation of an applicant's net
4 family income. The commission shall verify income under this
5 section unless the applicant reports a net family income that
6 exceeds the income eligibility level established under Section
7 62.101(b).

8 SECTION 5. Section 62.102, Health and Safety Code, is
9 amended to read as follows:

10 Sec. 62.102. CONTINUOUS COVERAGE. (a) Subject to a review
11 under Subsection (b), the [The] commission shall provide that an
12 individual who is determined to be eligible for coverage under the
13 child health plan remains eligible for those benefits until the
14 earlier of:

15 (1) the end of a period not to exceed 12 months,
16 beginning the first day of the month [the six-month period]
17 following the date of the eligibility determination; or

18 (2) the individual's 19th birthday.

19 (b) During the sixth month following the date of initial
20 enrollment or reenrollment of an individual whose family income
21 exceeds 150 percent of the federal poverty level, the commission
22 shall:

23 (1) review the individual's family income and may use
24 electronic technology if available and appropriate; and

25 (2) continue to provide coverage if the individual's
26 family income remains within the income eligibility limits
27 prescribed by this chapter.

1 (c) If, during the review required under Subsection (b), the
2 commission determines that the individual's family income exceeds
3 the income eligibility limits prescribed by this chapter, the
4 commission may not disenroll the individual until:

5 (1) the commission has provided the family an
6 opportunity to demonstrate that the family's family income is
7 within the income eligibility limits prescribed by this chapter;
8 and

9 (2) the family fails to demonstrate such eligibility.

10 (d) The commission shall provide written notice of
11 termination of eligibility to the individual not later than the
12 30th day before the date the individual's eligibility terminates.

13 SECTION 6. Sections 62.154(a) and (d), Health and Safety
14 Code, are amended to read as follows:

15 (a) To the extent permitted under Title XXI of the Social
16 Security Act (42 U.S.C. Section 1397aa et seq.), as amended, and any
17 other applicable law or regulations, the child health plan must
18 include a waiting period and ~~and~~ ~~[- The child health plan]~~ may include
19 copayments and other provisions intended to discourage:

20 (1) employers and other persons from electing to
21 discontinue offering coverage for children under employee or other
22 group health benefit plans; and

23 (2) individuals with access to adequate health benefit
24 plan coverage, other than coverage under the child health plan,
25 from electing not to obtain or to discontinue that coverage for a
26 child.

27 (d) The waiting period required by Subsection (a) must:

1 (1) extend for a period of 90 days after [+
2 ~~[(1)]~~ the last date on ~~[first day of the month in]~~
3 which the applicant was covered under a health benefits plan; and
4 (2) apply to a child who was covered by a health
5 benefits plan at any time during the 90 days before the date of
6 application for coverage under the child health plan ~~[is enrolled~~
7 ~~under the child health plan, if the date of enrollment is on or~~
8 ~~before the 15th day of the month, or~~
9 ~~[(2) the first day of the month after which the~~
10 ~~applicant is enrolled under the child health plan, if the date of~~
11 ~~enrollment is after the 15th day of the month].~~

12 SECTION 7. This Act takes effect immediately if it receives
13 a vote of two-thirds of all the members elected to each house, as
14 provided by Section 39, Article III, Texas Constitution. If this
15 Act does not receive the vote necessary for immediate effect, this
16 Act takes effect September 1, 2007.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 20, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: **HB109** by Turner (Relating to eligibility for and information regarding the child health plan program.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB109, Committee Report 2nd House, Substituted: a negative impact of (\$63,817,138) 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	(\$27,522,382)
2009	(\$36,294,756)
2010	(\$36,294,756)
2011	(\$36,294,756)
2012	(\$36,294,756)

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	(\$27,522,382)	(\$5,881,120)	(\$353,823)	(\$449,727)
2009	(\$36,294,756)	(\$2,319,110)	(\$458,163)	(\$582,386)
2010	(\$36,294,756)	(\$2,319,110)	(\$458,163)	(\$582,386)
2011	(\$36,294,756)	(\$2,319,110)	(\$458,163)	(\$582,386)
2012	(\$36,294,756)	(\$2,319,110)	(\$458,163)	(\$582,386)

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	(\$57,490,789)	\$5,881,120	\$353,823	\$449,727
2009	(\$75,085,153)	\$2,319,110	\$458,163	\$582,386
2010	(\$75,085,153)	\$2,319,110	\$458,163	\$582,386
2011	(\$75,085,153)	\$2,319,110	\$458,163	\$582,386
2012	(\$75,085,153)	\$2,319,110	\$458,163	\$582,386

Fiscal Analysis

Section 1: Net income in the Children's Health Insurance Program (CHIP) is defined as income after reduction for child care expenses, in accordance with Medicaid standards.

Section 2: This section of the bill would require the Health and Human Services Commission (HHSC) to conduct a community outreach and education campaign for CHIP including involving school-based health clinics, a toll-free hotline, and information regarding the importance of joint conservators of a child notifying each other regarding the child's health benefits coverage.

Section 3: This section of the bill would restore some income disregards in CHIP, meaning income eligibility levels would apply to net instead of gross income. The assets test used to determine eligibility is made less restrictive.

Section 4: This section of the bill requires HHSC to continue verifying income for CHIP applicants, unless the reported income exceeds established income eligibility levels.

Section 5: This section of the bill replaces the current six months of continuous eligibility for CHIP with a period of 12 months, beginning the first day of the month following the date of the eligibility determination. For persons whose family income exceeds 150 percent of the federal poverty level (FPL), HHSC would be required to review income during the sixth month of eligibility. If the family's income is determined to exceed income eligibility limits for CHIP, HHSC must provide the family with an opportunity to demonstrate that their income remains within the required income eligibility limits prior to disenrolling the family's child(ren) from the program. HHSC is required to provide written notice of termination of eligibility to the family at least 30 days before terminating eligibility.

Section 6: This section of the bill would revise the requirements for a waiting period in CHIP. The waiting period would apply only to children who had health insurance during the 90 days prior to applying for CHIP coverage and would extend for 90 days after the last date on which a child was insured under a health benefits plan.

Methodology

It is assumed that beginning September 1, 2007 some income disregards would be restored to the CHIP program; a less restrictive assets test would be applied; a period of 12 months continuous eligibility, with income review during the sixth month for some enrollees, would replace the current six months of eligibility; and that children applying for benefits would not be subject to the waiting period unless they were insured in the previous 90 days. It is assumed that children enrolled in the program prior to September 1, 2007 would receive six months of continuous eligibility until their next renewal. If the bill were implemented such that 12 months continuous eligibility would apply to all clients on September 1, 2007, including those already enrolled in the program, the cost of implementation would be higher. It is assumed that 95 percent of children currently subject to a waiting period would now be enrolled in the program immediately; it is assumed the remaining 5 percent were insured in the previous 90 days and would be subject to a waiting period that would begin on the day of application. It is assumed that children who applied for benefits prior to September 1, 2007 would be subject to the waiting period requirement in place at the time of application.

Implementation of the requirements of this bill would result in an additional 60,212 average monthly recipient months in fiscal year 2008 and 76,970 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. It is assumed there would be no impact to the CHIP Perinatal program. Clients enrolled in that program are not currently subject to a waiting period or assets test and they already receive 12 months of continuous eligibility; there could be a small impact if income disregards were applied to the CHIP Perinatal program, but none is assumed here. There could be an impact to caseloads in children's Medicaid as changes occur to children transferring from CHIP to Medicaid at renewal; however, it is assumed that any savings from a reduced caseload in fiscal year 2008 would be offset by an increased Medicaid caseload in fiscal year 2009 related to income review in the sixth month, so no caseload impact or cost is included.

The additional CHIP caseload would result in higher Premium Co-payment (enrollment fee) collections, estimated to be an additional \$5.9 million in fiscal year 2008 and \$2.3 million in fiscal year 2009 and subsequent years. It is assumed that the higher caseload would also result in additional collection of Experience Rebates, estimated to be an additional \$0.4 million in fiscal year 2008 and \$0.5 million in fiscal year 2009 and beyond. Caseload differences would also impact Vendor Drug Rebate collections for CHIP resulting in an additional \$0.4 million in fiscal year 2008 and \$0.6 million in fiscal year 2009 forward. Total net revenue gain would be \$6.7 million in fiscal year 2008, \$3.4 million in fiscal year 2009 and beyond.

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 \$87.9 million All Funds in fiscal year 2008 increasing to \$112.3 million All Funds in fiscal year 2009 and subsequent years. These amounts include a cost of \$33.2 million in General Revenue Funds in fiscal year 2008 and \$39.0 million in General Revenue Funds in fiscal year 2009 and beyond. These estimated General Revenue Funds 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 \$3.8 million All Funds in fiscal year 2008 (including \$1.1 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 \$2.4 million All Funds (including \$0.7 million in General Revenue Funds) for enrollment broker services and eligibility determination. HHSC indicates there would be no additional cost to implement the required community outreach campaign. HHSC also indicates there would be no additional cost from the income verification requirement in Section 4 as it does not represent a change from current policy.

The total net cost of the bill would be \$85.0 million All Funds in fiscal year 2008 and \$111.4 million All Funds in fiscal year 2009 and subsequent years. These amounts include a net impact to General Revenue Funds of \$27.5 million in fiscal year 2008 and \$36.3 million in fiscal year 2009 and beyond. Also included are \$57.5 million in Federal Funds in fiscal year 2008 and \$75.1 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 \$1.3 million All Funds, including \$0.3 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, CT, SD, CL, PP, LR

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 13, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: HB109 by Turner (Relating to eligibility for and information regarding the child health plan program.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB109, As Engrossed: a negative impact of (\$78,055,438) 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	(\$27,490,871)
2009	(\$50,564,567)
2010	(\$50,564,567)
2011	(\$50,564,567)
2012	(\$50,564,567)

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	(\$27,490,871)	(\$5,881,120)	(\$402,743)	(\$511,904)
2009	(\$50,564,567)	(\$3,396,015)	(\$608,495)	(\$773,473)
2010	(\$50,564,567)	(\$3,396,015)	(\$608,495)	(\$773,473)
2011	(\$50,564,567)	(\$3,396,015)	(\$608,495)	(\$773,473)
2012	(\$50,564,567)	(\$3,396,015)	(\$608,495)	(\$773,473)

Fiscal Year	Probable (Cost) from <i>FEDERAL FUNDS</i> 555	Probable Savings/ (Cost) from <i>VENDOR DRUG</i> <i>REBATES-MEDICAID</i> 706	Probable Revenue Gain from <i>PREMIUM CO-</i> <i>PAYMENTS</i> 3643	Probable Revenue Gain from <i>EXPERIENCE</i> <i>REBATES-CHIP</i> 8054
2008	(\$60,669,101)	\$228,520	\$5,881,120	\$402,743
2009	(\$102,981,073)	(\$122,436)	\$3,396,015	\$608,495
2010	(\$102,981,073)	(\$122,436)	\$3,396,015	\$608,495
2011	(\$102,981,073)	(\$122,436)	\$3,396,015	\$608,495
2012	(\$102,981,073)	(\$122,436)	\$3,396,015	\$608,495

Fiscal Year	Probable Revenue Gain from <i>VENDOR DRUG REBATES-CHIP</i> 8070	Probable Revenue Gain/(Loss) from <i>VENDOR DRUG REBATES-MEDICAID</i> 706
2008	\$511,904	(\$228,520)
2009	\$773,473	\$122,436
2010	\$773,473	\$122,436
2011	\$773,473	\$122,436
2012	\$773,473	\$122,436

Fiscal Analysis

Section 1: Net income in the Children's Health Insurance Program (CHIP) is defined as income after reduction for child care expenses, in accordance with Medicaid standards.

Section 2: This section of the bill would require the Health and Human Services Commission (HHSC) to conduct a community outreach and education campaign for CHIP including involving school-based health clinics, a toll-free hotline, and information regarding the importance of joint conservators of a child notifying each other regarding the child's health benefits coverage.

Section 3: This section of the bill would restore some income disregards in CHIP, meaning income eligibility levels would apply to net instead of gross income. The assets test used to determine eligibility is made less restrictive. Language is added requiring children to be United States citizens (already required under federal law) or eligible as qualified aliens.

Section 4: This section of the bill requires HHSC to continue verifying income for CHIP applicants, unless the reported income exceeds established income eligibility levels.

Section 5: This section of the bill would establish a period of continuous eligibility for CHIP not to exceed 12 months, replacing the current six month period.

Section 6: This section of the bill prescribes procedures by which HHSC must verify that children in the CHIP Legal Immigrants program meet the requirements for program eligibility.

Section 7: This section of the bill would revise the requirements for a waiting period in CHIP. The waiting period would apply only to children who had health insurance during the 90 days prior to applying for CHIP coverage and would extend for 90 days after the last date on which a child was insured under a health benefits plan.

Methodology

It is assumed that beginning September 1, 2007 some income disregards would be restored to the CHIP program, a less restrictive assets test would be applied, a period of 12 months continuous eligibility would replace the current six months of eligibility, and that children applying for benefits would not be subject to the waiting period unless they were insured in the previous 90 days. It is assumed that children enrolled in the program prior to September 1, 2007 would receive six months of continuous eligibility until their next renewal. If the bill were implemented such that 12 months continuous eligibility would apply to all clients on September 1, 2007, including those already enrolled in the program, the cost of implementation would be higher. It is assumed that 95 percent of children currently subject to a waiting period would now be enrolled in the program immediately; it is assumed the remaining 5 percent were insured in the previous 90 days and would be subject to a waiting period that would begin on the day of application. It is assumed that children who applied for benefits prior to September 1, 2007 would be subject to the waiting period requirement in place at the time of application.

Implementation of the requirements of this bill would result in an additional 68,537 average monthly recipient months in fiscal year 2008 and 102,224 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. It is assumed there would be no impact to the CHIP Perinatal program. Clients enrolled in that program are not currently subject to a waiting period or assets test and they already receive 12 months of continuous eligibility; there could be a small impact if income disregards were applied to the CHIP Perinatal program, but none is assumed here. There would be an impact to caseloads in children's Medicaid as changes occurred to children transferring from CHIP to Medicaid at renewal. The caseload impact is assumed to be a reduction of 4,839 average monthly recipient months in fiscal year 2008 and an increase of 2,536 in following years.

The additional CHIP caseload would result in higher Premium Co-payment (enrollment fee) collections, estimated to be an additional \$5.9 million in fiscal year 2008 and \$3.4 million in fiscal year 2009 and subsequent years. It is assumed that the higher caseload would also result in additional collection of Experience Rebates, estimated to be an additional \$0.6 million in fiscal year 2008 and \$1.0 million in fiscal year 2009 and beyond. Caseload differences would also impact Vendor Drug Rebate collections for CHIP and Medicaid resulting in a net additional \$0.3 million in fiscal year 2008 and \$0.9 million in fiscal year 2009 forward. Total net revenue gain would be \$6.6 million in fiscal year 2008, \$4.9 million in fiscal year 2009 and beyond.

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 \$100.0 million All Funds in fiscal year 2008 increasing to \$149.2 million All Funds in fiscal year 2009 and subsequent years. These amounts include a cost of \$37.2 million in General Revenue Funds in fiscal year 2008 and \$52.0 million in General Revenue Funds in fiscal year 2009 and beyond. These estimated General Revenue Funds amounts include expenditure of the higher Premium Co-payment, Experience Rebate, and Vendor Drug Rebates for CHIP collections.

Average cost or savings to the Medicaid program is assumed to be \$159.50 per recipient month in each year. Savings from lower caseload are estimated to total \$9.3 million All Funds in fiscal year 2008 (including \$4.1 million in General Revenue Funds). There would be a cost to the Medicaid program in fiscal year 2009 and each following year of \$4.4 million All Funds (including \$2.2 million in General Revenue Funds).

It is estimated that there would be additional administrative costs of \$3.9 million All Funds in fiscal year 2008 (including \$1.0 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 \$4.4 million All Funds (including \$1.3 million in General Revenue Funds) for enrollment broker services and eligibility determination. HHSC indicates there would be no additional cost to implement the required community outreach campaign. There would also be no additional cost from the income or legal immigrant verification requirements as they do not represent a change from current policy.

The total net cost of the bill would be \$88.2 million All Funds in fiscal year 2008 and \$153.5 million All Funds in fiscal year 2009 and subsequent years. These amounts include a net impact to General Revenue Funds of \$27.5 million in fiscal year 2008 and \$50.6 million in fiscal year 2009 and beyond. Also included are \$60.7 million in Federal Funds in fiscal year 2008 and \$103.0 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 \$1.3 million All Funds, including \$0.3 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, CT, SD, CL, PP, LR



LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

Revision 1

March 20, 2007

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

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

IN RE: HB109 by Turner (Relating to eligibility for and information regarding the child health plan program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB109, Committee Report 1st House, Substituted: a negative impact of (\$78,055,438) 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	(\$27,490,871)
2009	(\$50,564,567)
2010	(\$50,564,567)
2011	(\$50,564,567)
2012	(\$50,564,567)

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>EXPERIENCE REBATES-CHIP</i> 8054	Probable (Cost) from <i>VENDOR DRUG REBATES-CHIP</i> 8070
2008	(\$27,490,871)	(\$5,881,120)	(\$402,743)	(\$511,904)
2009	(\$50,564,567)	(\$3,396,015)	(\$608,495)	(\$773,473)
2010	(\$50,564,567)	(\$3,396,015)	(\$608,495)	(\$773,473)
2011	(\$50,564,567)	(\$3,396,015)	(\$608,495)	(\$773,473)
2012	(\$50,564,567)	(\$3,396,015)	(\$608,495)	(\$773,473)

Fiscal Year	Probable (Cost) from <i>FEDERAL FUNDS</i> 555	Probable Savings/ (Cost) from <i>VENDOR DRUG REBATES-MEDICAID</i> 706	Probable Revenue Gain from <i>PREMIUM CO- PAYMENTS</i> 3643	Probable Revenue Gain from <i>EXPERIENCE REBATES-CHIP</i> 8054
2008	(\$60,669,101)	\$228,520	\$5,881,120	\$402,743
2009	(\$102,981,073)	(\$122,436)	\$3,396,015	\$608,495
2010	(\$102,981,073)	(\$122,436)	\$3,396,015	\$608,495
2011	(\$102,981,073)	(\$122,436)	\$3,396,015	\$608,495
2012	(\$102,981,073)	(\$122,436)	\$3,396,015	\$608,495

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Fiscal Year	Probable Revenue Gain from <i>VENDOR DRUG REBATES-CHIP</i> 8070	Probable Revenue Gain/(Loss) from <i>VENDOR DRUG REBATES-MEDICAID</i> 706
2008	\$511,904	(\$228,520)
2009	\$773,473	\$122,436
2010	\$773,473	\$122,436
2011	\$773,473	\$122,436
2012	\$773,473	\$122,436

Fiscal Analysis

Section 1: Net income in the Children's Health Insurance Program (CHIP) is defined as income after reduction for child care expenses, in accordance with Medicaid standards.

Section 2: This section of the bill would require the Health and Human Services Commission (HHSC) to conduct a community outreach and education campaign, including a toll-free hotline, for CHIP.

Section 3: This section of the bill would restore some income disregards in CHIP, meaning income eligibility levels would apply to net instead of gross income. The assets test used to determine eligibility is made less restrictive.

Section 4: This section of the bill requires HHSC to continue verifying income for CHIP applicants, unless the reported income exceeds established income eligibility levels.

Section 5: This section of the bill would establish a period of continuous eligibility for CHIP not to exceed 12 months, replacing the current six month period.

Section 6: This section of the bill would revise the requirements for a waiting period in CHIP. The waiting period would apply only to children who had health insurance during the 90 days prior to applying for CHIP coverage and would extend for 90 days after the last date on which a child was insured under a health benefits plan.

Methodology

It is assumed that beginning September 1, 2007 some income disregards would be restored to the CHIP program, a less restrictive assets test would be applied, a period of 12 months continuous eligibility would replace the current six months of eligibility, and that children applying for benefits would not be subject to the waiting period unless they were insured in the previous 90 days. It is assumed that children enrolled in the program prior to September 1, 2007 would receive six months of continuous eligibility until their next renewal. If the bill were implemented such that 12 months continuous eligibility would apply to all clients on September 1, 2007, including those already enrolled in the program, the cost of implementation would be higher. It is assumed that 95 percent of children currently subject to a waiting period would now be enrolled in the program immediately; it is assumed the remaining 5 percent were insured in the previous 90 days and would be subject to a waiting period that would begin on the day of application. It is assumed that children who applied for benefits prior to September 1, 2007 would be subject to the waiting period requirement in place at the time of application.

Implementation of the requirements of this bill would result in an additional 68,537 average monthly recipient months in fiscal year 2008 and 102,224 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. It is assumed there would be no impact to the CHIP Perinatal program. Clients enrolled in that program are not currently subject to a waiting period or assets test and they already receive 12 months of continuous eligibility; there could be a small impact if income disregards were applied to the CHIP Perinatal program, but none is assumed here. There would be an impact to caseloads in children's Medicaid as changes occurred to children transferring from CHIP to Medicaid at renewal. The caseload impact is

assumed to be a reduction of 4,839 average monthly recipient months in fiscal year 2008 and an increase of 2,536 in following years.

The additional CHIP caseload would result in higher Premium Co-payment (enrollment fee) collections, estimated to be an additional \$5.9 million in fiscal year 2008 and \$3.4 million in fiscal year 2009 and subsequent years. It is assumed that the higher caseload would also result in additional collection of Experience Rebates, estimated to be an additional \$0.6 million in fiscal year 2008 and \$1.0 million in fiscal year 2009 and beyond. Caseload differences would also impact Vendor Drug Rebate collections for CHIP and Medicaid resulting in a net additional \$0.3 million in fiscal year 2008 and \$0.9 million in fiscal year 2009 forward. Total net revenue gain would be \$6.6 million in fiscal year 2008, \$4.9 million in fiscal year 2009 and beyond.

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 \$100.0 million All Funds in fiscal year 2008 increasing to \$149.2 million All Funds in fiscal year 2009 and subsequent years. These amounts include a cost of \$37.2 million in General Revenue Funds in fiscal year 2008 and \$52.0 million in General Revenue Funds in fiscal year 2009 and beyond. These estimated General Revenue Funds amounts include expenditure of the higher Premium Co-payment, Experience Rebate, and Vendor Drug Rebates for CHIP collections.

Average cost or savings to the Medicaid program is assumed to be \$159.50 per recipient month in each year. Savings from lower caseload are estimated to total \$9.3 million All Funds in fiscal year 2008 (including \$4.1 million in General Revenue Funds). There would be a cost to the Medicaid program in fiscal year 2009 and each following year of \$4.4 million All Funds (including \$2.2 million in General Revenue Funds).

It is estimated that there would be additional administrative costs of \$3.9 million All Funds in fiscal year 2008 (including \$1.0 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 \$4.4 million All Funds (including \$1.3 million in General Revenue Funds) for enrollment broker services and eligibility determination. HHSC indicates there would be no additional cost to implement the required community outreach campaign. There would also be no additional cost from the income verification requirements as they do not represent a change from current policy.

The total net cost of the bill would be \$88.2 million All Funds in fiscal year 2008 and \$153.5 million All Funds in fiscal year 2009 and subsequent years. These amounts include a net impact to General Revenue Funds of \$27.5 million in fiscal year 2008 and \$50.6 million in fiscal year 2009 and beyond. Also included are \$60.7 million in Federal Funds in fiscal year 2008 and \$103.0 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 \$1.3 million All Funds, including \$0.3 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, SD, CL, PP, LR

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 9, 2007

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

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

IN RE: HB109 by Turner (Relating to eligibility for and information regarding the child health plan program.), Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB109, Committee Report 1st House, Substituted: a negative impact of (\$78,055,438) 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	(\$27,490,871)
2009	(\$50,564,567)
2010	(\$50,564,567)
2011	(\$50,564,567)
2012	(\$50,564,567)

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>EXPERIENCE REBATES-CHIP</i> 8054	Probable (Cost) from <i>VENDOR DRUG REBATES-CHIP</i> 8070
2008	(\$27,490,871)	(\$5,881,120)	(\$402,743)	(\$511,904)
2009	(\$50,564,567)	(\$3,396,015)	(\$608,495)	(\$773,473)
2010	(\$50,564,567)	(\$3,396,015)	(\$608,495)	(\$773,473)
2011	(\$50,564,567)	(\$3,396,015)	(\$608,495)	(\$773,473)
2012	(\$50,564,567)	(\$3,396,015)	(\$608,495)	(\$773,473)

Fiscal Year	Probable (Cost) from <i>FEDERAL FUNDS</i> 555	Probable Savings/ (Cost) from <i>VENDOR DRUG REBATES-MEDICAID</i> 706	Probable Revenue Gain from <i>PREMIUM CO- PAYMENTS</i> 3643	Probable Revenue Gain from <i>EXPERIENCE REBATES-CHIP</i> 8054
2008	(\$60,669,101)	\$228,520	\$5,881,120	\$402,743
2009	(\$102,981,073)	(\$122,436)	\$3,396,015	\$608,495
2010	(\$102,981,073)	(\$122,436)	\$3,396,015	\$608,495
2011	(\$102,981,073)	(\$122,436)	\$3,396,015	\$608,495
2012	(\$102,981,073)	(\$122,436)	\$3,396,015	\$608,495

Fiscal Year	Probable Revenue Gain from <i>VENDOR DRUG REBATES-CHIP</i> 8070	Probable Revenue Gain/(Loss) from <i>VENDOR DRUG REBATES-MEDICAID</i> 706
2008	\$511,904	(\$228,520)
2009	\$773,473	\$122,436
2010	\$773,473	\$122,436
2011	\$773,473	\$122,436
2012	\$773,473	\$122,436

Fiscal Analysis

Section 1: Net income in the Children's Health Insurance Program (CHIP) is defined as income after reduction for child care expenses, in accordance with Medicaid standards.

Section 2: This section of the bill would require the Health and Human Services Commission (HHSC) to conduct a community outreach and education campaign, including a toll-free hotline, for CHIP.

Section 3: This section of the bill would restore some income disregards in CHIP, meaning income eligibility levels would apply to net instead of gross income. The assets test used to determine eligibility is made less restrictive.

Section 4: This section of the bill requires HHSC to continue verifying income for CHIP applicants, unless the reported income exceeds established income eligibility levels.

Section 5: This section of the bill would establish a period of continuous eligibility for CHIP not to exceed 12 months, replacing the current six month period.

Section 6: This section of the bill would revise the requirements for a waiting period in CHIP. The waiting period would apply only to children who had health insurance during the 90 days prior to applying for CHIP coverage and would extend for 90 days after the last date on which a child was insured under a health benefits plan.

Methodology

It is assumed that beginning September 1, 2007 some income disregards would be restored to the CHIP program, a less restrictive assets test would be applied, a period of 12 months continuous eligibility would replace the current six months of eligibility, and that children applying for benefits would not be subject to the waiting period unless they were insured in the previous 90 days. It is assumed that children enrolled in the program prior to September 1, 2007 would receive six months of continuous eligibility until their next renewal. If the bill were implemented such that 12 months continuous eligibility would apply to all clients on September 1, 2007, including those already enrolled in the program, the cost of implementation would be higher. It is assumed that 95 percent of children currently subject to a waiting period would now be enrolled in the program immediately; it is assumed the remaining 5 percent were insured in the previous 90 days and would be subject to a waiting period that would begin on the day of application. It is assumed that children who applied for benefits prior to September 1, 2007 would be subject to the waiting period requirement in place at the time of application.

Implementation of the requirements of this bill would result in an additional 68,537 average monthly recipient months in fiscal year 2008 and 102,224 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. It is assumed there would be no impact to the CHIP Perinatal program. Clients enrolled in that program are not currently subject to a waiting period or assets test and they already receive 12 months of continuous eligibility; there could be a small impact if income disregards were applied to the CHIP Perinatal program, but none is assumed here. There would be an impact to caseloads in children's Medicaid as changes occurred to children transferring from CHIP to Medicaid at renewal. The caseload impact is

assumed to be a reduction of 4,839 average monthly recipient months in fiscal year 2008 and an increase of 2,536 in following years.

The additional CHIP caseload would result in higher Premium Co-payment (enrollment fee) collections, estimated to be an additional \$5.9 million in fiscal year 2008 and \$3.4 million in fiscal year 2009 and subsequent years. It is assumed that the higher caseload would also result in additional collection of Experience Rebates, estimated to be an additional \$0.6 million in fiscal year 2008 and \$1.0 million in fiscal year 2009 and beyond. Caseload differences would also impact Vendor Drug Rebate collections for CHIP and Medicaid resulting in a net additional \$0.3 million in fiscal year 2008 and \$0.9 million in fiscal year 2009 forward. Total net revenue gain would be \$6.6 million in fiscal year 2008, \$4.9 million in fiscal year 2009 and beyond.

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 \$100.0 million All Funds in fiscal year 2008 increasing to \$149.2 million All Funds in fiscal year 2009 and subsequent years. These amounts include a cost of \$37.2 million in General Revenue Funds in fiscal year 2008 and \$52.0 million in General Revenue Funds in fiscal year 2009 and beyond. These estimated General Revenue Funds amounts include expenditure of the higher Premium Co-payment, Experience Rebate, and Vendor Drug Rebates for CHIP collections.

Average cost or savings to the Medicaid program is assumed to be \$159.50 per recipient month in each year. Savings from lower caseload are estimated to total \$9.3 million All Funds in fiscal year 2008 (including \$4.1 million in General Revenue Funds). There would be a cost to the Medicaid program in fiscal year 2009 and each following year of \$4.4 million All Funds (including \$2.2 million in General Revenue Funds).

It is estimated that there would be additional administrative costs of \$3.9 million All Funds in fiscal year 2008 (including \$1.0 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 \$4.4 million All Funds (including \$1.3 million in General Revenue Funds) for enrollment broker services and eligibility determination. HHSC indicates there would be no additional cost to implement the required community outreach campaign. There would also be no additional cost from the income verification requirements as they do not represent a change from current policy.

The total net cost of the bill would be \$88.2 million All Funds in fiscal year 2008 and \$153.5 million All Funds in fiscal year 2009 and subsequent years. These amounts include a net impact to General Revenue Funds of \$27.5 million in fiscal year 2008 and \$50.6 million in fiscal year 2009 and beyond. Also included are \$60.7 million in Federal Funds in fiscal year 2008 and \$103.0 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 \$1.3 million All Funds, including \$0.3 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

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

Revision 1

March 19, 2007

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

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

IN RE: HB109 by Turner (Relating to eligibility for and the administration of the child health plan program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB109, As Introduced: a negative impact of (\$88,928,051) 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	(\$29,821,503)
2009	(\$59,106,548)
2010	(\$59,106,548)
2011	(\$59,106,548)
2012	(\$59,106,548)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Probable (Cost) from PREMIUM CO-PAYMENTS 3643	Probable (Cost) from EXPERIENCE REBATES-CHIP 8054	Probable (Cost) from VENDOR DRUG REBATES-CHIP 8070
2008	(\$29,821,503)	(\$5,901,595)	(\$435,814)	(\$553,938)
2009	(\$59,106,548)	(\$3,484,795)	(\$707,724)	(\$899,606)
2010	(\$59,106,548)	(\$3,484,795)	(\$707,724)	(\$899,606)
2011	(\$59,106,548)	(\$3,484,795)	(\$707,724)	(\$899,606)
2012	(\$59,106,548)	(\$3,484,795)	(\$707,724)	(\$899,606)

Fiscal Year	Probable (Cost) from FEDERAL FUNDS 555	Probable Savings/(Cost) from VENDOR DRUG REBATES-MEDICAID 706	Probable Revenue Gain from PREMIUM CO-PAYMENTS 3643	Probable Revenue Gain from EXPERIENCE REBATES-CHIP 8054
2008	(\$65,837,258)	\$247,040	\$5,901,595	\$435,814
2009	(\$120,422,846)	(\$147,377)	\$3,484,795	\$707,724
2010	(\$120,422,846)	(\$147,377)	\$3,484,795	\$707,724
2011	(\$120,422,846)	(\$147,377)	\$3,484,795	\$707,724
2012	(\$120,422,846)	(\$147,377)	\$3,484,795	\$707,724

Fiscal Year	Probable Revenue Gain from <i>VENDOR DRUG REBATES-CHIP</i> 8070	Probable Revenue Gain/(Loss) from <i>VENDOR DRUG REBATES-MEDICAID</i> 706
2008	\$553,938	(\$247,040)
2009	\$899,606	\$147,377
2010	\$899,606	\$147,377
2011	\$899,606	\$147,377
2012	\$899,606	\$147,377

Fiscal Analysis

Section 1 and 3: These sections of the bill would restore income disregards in the Children's Health Insurance Program (CHIP), meaning income eligibility levels would apply to net instead of gross income; net income is defined. The assets test used to determine eligibility would also be eliminated.

Section 2: This section of the bill would require the Health and Human Services Commission (HHSC) to conduct a community outreach and education campaign, including a toll-free hotline, for CHIP.

Section 4: This section of the bill would establish a period of continuous eligibility for CHIP not to exceed 12 months, replacing the current six month period.

Section 5: This section of the bill would revise the requirements for a waiting period in CHIP. The waiting period would apply only to children who had health insurance during the 90 days prior to applying for CHIP coverage and would extend for 90 days after the last date on which a child was insured under a health benefits plan.

Methodology

It is assumed that beginning September 1, 2007 income disregards would be restored to the CHIP program, no assets test would be applied, a period of 12 months continuous eligibility would replace the current six months of eligibility, and that children applying for benefits would not be subject to the waiting period unless they were insured in the previous 90 days. It is assumed that children enrolled in the program prior to September 1, 2007 would receive six months of continuous eligibility until their next renewal. If the bill were implemented such that 12 months continuous eligibility would apply to all clients on September 1, 2007, including those already enrolled in the program, the cost of implementation would be higher. It is assumed that 95 percent of children currently subject to a waiting period would now be enrolled in the program immediately; it is assumed the remaining 5 percent were insured in the previous 90 days and would be subject to a waiting period that would begin on the day of application. It is assumed that children who applied for benefits prior to September 1, 2007 would be subject to the waiting period requirement in place at the time of application.

Implementation of the requirements of this bill would result in an additional 74,164 average monthly recipient months in fiscal year 2008 and 118,894 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. It is assumed there would be no impact to the CHIP Perinatal program. Clients enrolled in that program are not currently subject to a waiting period or assets test and they already receive 12 months of continuous eligibility; there could be a small impact if income disregards were applied to the CHIP Perinatal program, but none is assumed here. There would be an impact to caseloads in children's Medicaid as changes occurred to children transferring from CHIP to Medicaid at renewal. The caseload impact is assumed to be a reduction of 5,231 average monthly recipient months in fiscal year 2008 and an increase of 3,052 in following years.

The additional CHIP caseload would result in higher Premium Co-payment (enrollment fee) collections, estimated to be an additional \$5.9 million in fiscal year 2008 and \$3.5 million in fiscal year 2009 and subsequent years. It is assumed that the higher caseload would also result in additional collection of Experience Rebates, estimated to be an additional \$0.4 million in fiscal year

2008 and \$0.7 million in fiscal year 2009 and beyond. Caseload differences would also impact Vendor Drug Rebate collections for CHIP and Medicaid resulting in a net additional \$0.3 million in fiscal year 2008 and \$1.0 million in fiscal year 2009 forward. Total net revenue gain would be \$6.6 million in fiscal year 2008, \$5.2 million in fiscal year 2009 and beyond.

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 \$108.3 million All Funds in fiscal year 2008 increasing to \$173.5 million All Funds in fiscal year 2009 and subsequent years. These amounts include a cost of \$39.9 million in General Revenue Funds in fiscal year 2008 and \$60.1 million in General Revenue Funds in fiscal year 2009 and beyond. These estimated General Revenue Funds amounts include expenditure of the higher Premium Co-payment, Experience Rebate, and Vendor Drug Rebates for CHIP collections.

Average cost or savings to the Medicaid program is assumed to be \$159.50 per recipient month in each year. Savings from lower caseload are estimated to total \$10.0 million All Funds in fiscal year 2008 (including \$4.4 million in General Revenue Funds). There would be a cost to the Medicaid program in fiscal year 2009 and each following year of \$5.8 million All Funds (including \$2.6 million in General Revenue Funds).

It is estimated that there would be additional administrative costs of \$4.1 million All Funds in fiscal year 2008 (including \$1.0 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 \$5.4 million All Funds for enrollment broker services and eligibility determination. HHSC indicates there would be no additional cost to implement the required community outreach campaign.

The total net cost of the bill would be \$95.7 million All Funds in fiscal year 2008 and \$179.5 million All Funds in fiscal year 2009 and subsequent years. These amounts include a net impact to General Revenue Funds of \$29.8 million in fiscal year 2008 and \$59.1 million in fiscal year 2009 and beyond. Also included are \$65.8 million in Federal Funds in fiscal year 2008 and \$120.4 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 \$1.1 million All Funds, including \$0.3 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, SD, CL, PP, LR

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

February 28, 2007

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

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

IN RE: HB109 by Turner (Relating to eligibility for and the administration of the child health plan program.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB109, As Introduced: a negative impact of (\$88,928,051) 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	(\$29,821,503)
2009	(\$59,106,548)
2010	(\$59,106,548)
2011	(\$59,106,548)
2012	(\$59,106,548)

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>EXPERIENCE REBATES-CHIP</i> 8054	Probable (Cost) from <i>VENDOR DRUG REBATES-CHIP</i> 8070
2008	(\$29,821,503)	(\$5,901,595)	(\$435,814)	(\$553,938)
2009	(\$59,106,548)	(\$3,484,795)	(\$707,724)	(\$899,606)
2010	(\$59,106,548)	(\$3,484,795)	(\$707,724)	(\$899,606)
2011	(\$59,106,548)	(\$3,484,795)	(\$707,724)	(\$899,606)
2012	(\$59,106,548)	(\$3,484,795)	(\$707,724)	(\$899,606)

Fiscal Year	Probable (Cost) from <i>FEDERAL FUNDS</i> 555	Probable Savings/ (Cost) from <i>VENDOR DRUG REBATES-MEDICAID</i> 706	Probable Revenue Gain from <i>PREMIUM CO- PAYMENTS</i> 3643	Probable Revenue Gain from <i>EXPERIENCE REBATES-CHIP</i> 8054
2008	(\$65,837,258)	\$247,040	\$5,901,595	\$435,814
2009	(\$120,422,846)	(\$147,377)	\$3,484,795	\$707,724
2010	(\$120,422,846)	(\$147,377)	\$3,484,795	\$707,724
2011	(\$120,422,846)	(\$147,377)	\$3,484,795	\$707,724
2012	(\$120,422,846)	(\$147,377)	\$3,484,795	\$707,724

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Fiscal Year	Probable Revenue Gain from <i>VENDOR DRUG REBATES-CHIP</i> 8070	Probable Revenue Gain/(Loss) from <i>VENDOR DRUG REBATES-MEDICAID</i> 706
2008	\$553,938	(\$247,040)
2009	\$899,606	\$147,377
2010	\$899,606	\$147,377
2011	\$899,606	\$147,377
2012	\$899,606	\$147,377

Fiscal Analysis

Section 1 and 3: These sections of the bill would restore income disregards in the Children's Health Insurance Program (CHIP), meaning income eligibility levels would apply to net instead of gross income; net income is defined. The assets test used to determine eligibility would also be eliminated.

Section 2: This section of the bill would require the Health and Human Services Commission (HHSC) to conduct a community outreach and education campaign, including a toll-free hotline, for CHIP.

Section 4: This section of the bill would establish a period of continuous eligibility for CHIP not to exceed 12 months, replacing the current six month period.

Section 5: This section of the bill would revise the requirements for a waiting period in CHIP. The waiting period would apply only to children who had health insurance during the 90 days prior to applying for CHIP coverage and would extend for 90 days after the last date on which a child was insured under a health benefits plan.

Methodology

It is assumed that beginning September 1, 2007 income disregards would be restored to the CHIP program, no assets test would be applied, a period of 12 months continuous eligibility would replace the current six months of eligibility, and that children applying for benefits would not be subject to the waiting period unless they were insured in the previous 90 days. It is assumed that children enrolled in the program prior to September 1, 2007 would receive six months of continuous eligibility until their next renewal. If the bill were implemented such that 12 months continuous eligibility would apply to all clients on September 1, 2007, including those already enrolled in the program, the cost of implementation would be higher. It is assumed that 95 percent of children currently subject to a waiting period would now be enrolled in the program immediately; it is assumed the remaining 5 percent were insured in the previous 90 days and would be subject to a waiting period that would begin on the day of application. It is assumed that children who applied for benefits prior to September 1, 2007 would be subject to the waiting period requirement in place at the time of application.

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