

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 17, 2009

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

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

IN RE: HB744 by Dukes (Relating to the restoration of the medically needy program under the state Medicaid program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB744, As Introduced: a negative impact of (\$44,351,331) through the biennium ending August 31, 2011.

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
2010	(\$884,194)
2011	(\$43,467,137)
2012	(\$65,869,055)
2013	(\$88,964,389)
2014	(\$90,262,624)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GR Match For Medicaid</i> 758	Probable (Cost) from <i>Federal Funds</i> 555
2010	(\$884,194)	(\$2,452,582)
2011	(\$43,467,137)	(\$62,906,555)
2012	(\$65,869,055)	(\$95,040,399)
2013	(\$88,964,389)	(\$128,099,216)
2014	(\$90,262,624)	(\$129,951,667)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	0.0
2011	14.0
2012	20.0
2013	28.0
2014	29.0

Fiscal Analysis

The bill requires the Health and Human Services Commission (HHSC) to restore the Medicaid

medically needy program to serve pregnant women, children, and caretakers with high medical expenses. At a minimum, the program must serve recipients, including adults, in the same manner and at the same level as the medically needy program in effect during the state fiscal biennium ending August 31, 2003. The bill requires the executive commissioner, by October 1, 2009, to adopt rules as necessary that are substantively identical to the rules relating to the medically needy program that were in effect on August 31, 2003. The bill also requires state agencies to request any federal waiver or authorization necessary to implement any provisions of the bill and authorizes them to delay implementation until the waivers or authorizations are granted.

Methodology

It is assumed that it will take a year for the agency to obtain the necessary waivers and authorizations and to perform required start-up activities. It is assumed that client services will begin September 1, 2010.

It is estimated that the restored medically needy program would take two years to reach full caseload resulting in an additional 4,486 average monthly recipient months in fiscal year 2011; 6,829 in fiscal year 2012; 9,238 in fiscal year 2013; and 9,372 in fiscal year 2014. The average cost per recipient month is estimated to be \$1,923.34 in each fiscal year. The cost to the program from the additional caseload is estimated to be \$103.5 million All Funds, including \$42.5 million in General Revenue Funds, in fiscal year 2011; \$157.6 million All Funds, including \$64.7 million in General Revenue Funds, in fiscal year 2012; \$213.2 million All Funds, including \$87.5 million in General Revenue Funds, in fiscal year 2013; and \$216.3 million All Funds, including \$88.8 million in General Revenue Funds, in fiscal year 2014.

There would also be additional administrative expenditures associated with the restored program estimated to be \$3.3 million All Funds, including \$0.9 million in General Revenue Funds, in fiscal year 2010; \$2.8 million All Funds, including \$1.0 million in General Revenue Funds, in fiscal year 2011; \$3.3 million All Funds, including \$1.2 million in General Revenue Funds, in fiscal year 2012; and \$3.9 million All Funds, including \$1.5 million in General Revenue Funds, in fiscal years 2013 and 2014. This includes one-time costs for system changes and policy implementation; additional cost for claims administrator services, eligibility support contractor services, and postage; and the cost of additional eligibility staff. The cost of additional FTEs is \$0.6 million All Funds for 14 additional FTEs in fiscal year 2011, \$0.8 million All Funds for 20 additional FTEs in fiscal year 2012, \$1.2 million All Funds for 28 additional FTEs in fiscal year 2013, and \$1.2 million All Funds for 29 additional FTEs in fiscal year 2014.

The total net cost of the bill is estimated to be \$3.3 million All Funds in fiscal year 2010, \$106.4 million All Funds in fiscal year 2011, \$160.9 million All Funds in fiscal year 2012, \$217.1 million All Funds in fiscal year 2013, and \$220.2 million All Funds in fiscal year 2014. These amounts include a cost to General Revenue Funds of \$0.9 million in fiscal year 2010, \$43.5 million in fiscal year 2011, \$65.9 million in fiscal year 2012, \$89.0 million in fiscal year 2013, and \$90.3 million in fiscal year 2014. State General Revenue cost for fiscal year 2011 could be lower to the extent that federal stimulus improves the federal match for Medicaid client services.

Technology

Technology costs included above total \$0.2 million All Funds, including \$0.1 million in General Revenue Funds, in fiscal year 2010 for one-time costs associated with system changes.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JOB, CL, PP, LR