LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 21, 2009

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

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

IN RE: **HB892** by Villarreal (Relating to the Women's Health Program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB892, Committee Report 1st House, Substituted: a negative impact of ($2,415,036) 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	($969,921)
2011	($1,445,115)
2012	($1,851,975)
2013	$10,717,873
2014	$24,887,991

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from *GR Match For Medicaid* 758	Probable Savings from *GR Match For Medicaid* 758	Probable (Cost) from *Federal Funds* 555	Probable Savings from *Federal Funds* 555
2010	($969,921)	$0	($3,544,199)	$0
2011	($1,445,115)	$0	($5,735,579)	$0
2012	($2,740,251)	$888,276	($11,493,436)	$1,276,139
2013	($2,757,971)	$13,475,844	($11,949,333)	$19,360,033
2014	($2,854,414)	$27,742,405	($12,508,925)	$39,856,047

Fiscal Year	Change in Number of State Employees from FY 2009
2010	18.9
2011	32.6
2012	65.2
2013	66.7
2014	68.4

Section 1: The bill would modify Chapter 531 of the Government Code to require the Health and Human Services Commission to implement certain measures to increase participation in the Women's Health Program (WHP). The bill would require that services designed to reduce unintended

pregnancies and lower rates of sexually transmitted disease be maintained at a level at least equal to September 1, 2009.

Section 2: The bill would modify the Human Resources code with respect to the WHP. The bill would require the program to identify women potentially eligible for the program following pregnancies covered by Medicaid. WHP benefits would begin on the first day of the month following termination of eligibility for Medicaid. This would require Medicaid to modify administrative procedures to provide continuous eligibility when transitioning from Medicaid to the WHP. The bill would require any entity that provides information and services to Medicaid recipients to provide certain information about the WHP.

The bill would take effect September 1, 2009.

Fiscal Analysis

The fiscal impact of Section 1 results from expanded outreach efforts.

The fiscal impact of Section 2 stems from the requirement to provide continuous enrollment when recipients transition from Medicaid to the Women's Health Program (WHP). Savings are anticipated in the Medicaid program due to recipients receiving WHP services.

Methodology

Section 1: HHSC estimates the cost of outreach would be $0.3 million per fiscal year. While there may be a caseload impact as a result of increased outreach, there is not sufficient reliable information to provide an estimate. It is possible that there would be increased costs associated with new caseload, and potential savings in the future due to averted births.

Section 2: It is assumed that enrollment in the WHP would increase by 19,937 in fiscal year 2010, 33,229 in fiscal year 2011, 66,457 in fiscal year 2012, 68,437 in fiscal year 2013, and 70,475 in fiscal year 2014. This estimate allows for a phase in of 30% of estimated total caseload in fiscal year 2010, with full caseload expected in fiscal year 2012. HHSC would require time in fiscal year 2010 to obtain federal approval, adopt rules, make system changes, hire and train staff, amend contracts and conduct outreach.

The average monthly cost of the WHP is estimated to be $13.45 in fiscal year 2010, rising to $14.27 in fiscal year 2014. The estimated cost of client services would be $3.2 million in fiscal year 2010, $5.4 million in fiscal year 2011, $8.8 million in fiscal year 2012, with savings of $21.3 million in fiscal year 2013, and $55.5 million in fiscal year 2014. The savings are based on HHSC's estimate of the proportion of averted births of the added caseload. It is assumed that the Medicaid program would have paid for these births and subsequent newborn health care absent the expanded program. The federal matching rate for the WHP is assumed to be 90 percent. Contracted costs for eligibility support, document processing, postage, and correspondence are estimated to be $0.2 million in fiscal year 2010, $0.3 million in fiscal year 2011, $0.4 million in fiscal year 2012, $0.4 million in fiscal year 2013, and $0.5 million in fiscal year 2014.

HHSC estimates a need for more staffing to address the requirement of continuous eligibility. The estimated costs of the full-time equivalents in the table above is $0.8 million in fiscal year 2010, $1.3 million in fiscal year 2011, $2.6 million in fiscal year 2012, $2.5 million in fiscal year 2013, and $2.6 million in fiscal year 2014. The staffing is assumed to increase relative to the WHP caseload. All administrative and staffing costs are assumed to be matched with federal funds at 50 percent.

According to HHSC, savings are anticipated from lower costs in Medicaid related to the spacing of pregnancies, which would result in fewer prenatal, delivery and newborn costs in Medicaid. Savings are not anticipated until fiscal year 2012. The savings in All Funds are estimated to be $2.2 million in fiscal year 2012, $32.8 million in fiscal year 2013, and $67.6 million in fiscal year 2014. The federal matching rate is approximately 60 percent.

Technology

Technology costs included above include approximately $0.2 million in All Funds in fiscal year 2010 and fiscal year 2011; $0.3 million in All Funds in fiscal years 2012 through 2014. These costs include eligibility system changes, seat management, and data storage under the contract for data center services.

Local Government Impact

Local units of government operating public hospitals and clinics enrolled as Medicaid providers could see an increase in revenue from payments to providers.

Source Agencies: 529 Health and Human Services Commission, 537 State Health Services, Department of

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