

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 26, 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.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB892, As Introduced: a negative impact of (\$3,663,221) 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	(\$2,247,323)
2011	(\$1,415,898)
2012	(\$2,022,209)
2013	(\$171,708)
2014	(\$72,305)

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	(\$2,247,323)	\$0	(\$8,316,351)	\$0
2011	(\$3,146,979)	\$1,731,081	(\$12,450,334)	\$2,484,898
2012	(\$4,686,640)	\$2,664,431	(\$17,816,351)	\$3,827,847
2013	(\$4,743,288)	\$4,571,580	(\$18,530,265)	\$6,567,748
2014	(\$4,918,135)	\$4,845,830	(\$19,399,971)	\$6,961,749

Fiscal Year	Change in Number of State Employees from FY 2009
2010	49.8
2011	74.8
2012	124.6
2013	128.3
2014	132.1

Section 1: The bill would modify the Human Resources code with respect to the Women's Health Program. The bill would require Medicaid to provide adequate resources to increase outreach to maximize enrollment and continuous utilization by potentially eligible women in the Women's Health Program. 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.

The bill would require Medicaid to assist women to establish eligibility for the Women's Health Program as soon as eligibility for other Medicaid coverage terminates after the birth of a child. This would require Medicaid to modify administrative procedures to provide continuous eligibility when transitioning from Medicaid to the Women's Health Program. The bill would establish provisions related to physician liability.

Section 2: The bill would add a new section to the Human Resources code titled "Women's Health Program Outreach Pilot Program." This section would require the Health and Human Services Commission (HHSC), in conjunction with a health plan and hospital in Bexar County, to develop an outreach pilot program to assist women in enrolling in the Women's Health Program. The bill would require HHSC to report to the legislature on the costs and benefits of establishing a statewide outreach program, problems encountered in the pilot and recommended solutions. This section would expire September 1, 2011.

The bill would take effect September 1, 2009.

Fiscal Analysis

The fiscal impact of Section 1 stems from the requirement to provide outreach and 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. The fiscal impact of Section 2 results from implementation of the outreach pilot program.

Methodology

Section 1: HHSC estimates the cost of outreach, which would include a specific initiative targeted to mothers following delivery as well as direct mail efforts, would be \$0.2 million in fiscal year 2010 and \$0.1 million each year after. It is assumed that enrollment in the WHP would increase by 39,874 in fiscal year 2010, 59,811 in fiscal year 2011, 99,685 in fiscal year 2012, 102,655 in fiscal year 2013, and 105,713 in fiscal year 2014. This estimate allows for a phase in of 40% 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 \$7.6 million in fiscal year 2010, \$11.6 million in fiscal year 2011, \$16.4 million in fiscal year 2012, \$17.2 million in fiscal year 2013, and \$18.1 million in fiscal year 2014. 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 \$0.5 million in fiscal year 2010, \$0.8 million in fiscal year 2011, \$1.1 million in fiscal year 2012, \$1.1 million in fiscal year 2013, and \$1.2 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 \$2.1 million in fiscal year 2010, \$2.9 million in fiscal year 2011, \$4.9 million in fiscal year 2012, \$4.8 million in fiscal year 2013, and \$4.9 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. However, the savings estimate differs from that of the original WHP. The savings in this cost estimate assume a lower fertility rate of Medicaid recipients who have just given birth, based on data from the existing WHP program, than the fertility rate of women in the original WHP. While the general population fertility rate is between 7 and 8 percent, the rate assumed for the WHP expansion population described here is less than one percent. The agency indicates that this is because women who have given birth recently are much less likely to get pregnant again within one year. This would suggest a smaller opportunity for savings. Savings are not anticipated until fiscal year 2011. The savings are estimated

to be \$4.2 million in fiscal year 2011, \$6.5 million in fiscal year 2012, \$11.1 million in fiscal year 2013, and \$11.8 million in fiscal year 2014. The federal matching rate is approximately 60 percent.

Section 2: HHSC estimates the cost of the pilot program to be \$150,000 in fiscal year 2010 and \$150,000 in fiscal year 2011. The pilot would expire on September 1, 2011.

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
LBB Staff: JOB, CL, PP, MB