

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 19, 2009

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

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

IN RE: HB1903 by Bolton (Relating to eligibility for and administration of the child health plan program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1903, As Introduced: a negative impact of (\$11,862,821) 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	(\$5,255,088)
2011	(\$6,607,733)
2012	(\$7,376,917)
2013	(\$7,778,624)
2014	(\$7,999,195)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>GR Match For Title</i> <i>XXI</i> 8010	Probable (Cost) from <i>Premium Co-payments</i> 3643	Probable (Cost) from <i>Experience Rebates-</i> <i>CHIP</i> 8054
2010	(\$406,189)	(\$4,848,909)	(\$40,350)	(\$244,544)
2011	(\$568,042)	(\$6,039,691)	(\$59,087)	(\$342,553)
2012	(\$634,962)	(\$6,741,955)	(\$82,683)	(\$382,798)
2013	(\$669,200)	(\$7,109,424)	(\$93,803)	(\$403,761)
2014	(\$689,432)	(\$7,309,763)	(\$98,915)	(\$415,200)

Fiscal Year	Probable (Cost) from <i>Vendor Drug Rebates-</i> <i>CHIP</i> 8070	Probable (Cost) from <i>Federal Funds</i> 555	Probable Revenue Gain from <i>Premium Co-payments</i> 3643	Probable Revenue Gain from <i>Experience Rebates-</i> <i>CHIP</i> 8054
2010	(\$262,813)	(\$13,209,672)	\$40,350	\$244,554
2011	(\$366,725)	(\$16,733,871)	\$59,087	\$342,553
2012	(\$409,668)	(\$18,690,504)	\$82,683	\$382,798
2013	(\$432,102)	(\$19,709,730)	\$93,803	\$403,761
2014	(\$444,344)	(\$20,265,456)	\$98,915	\$415,200

Fiscal Year	Probable Revenue Gain from Vendor Drug Rebates-CHIP 8070
2010	\$262,813
2011	\$366,725
2012	\$409,668
2013	\$432,102
2014	\$444,344

Fiscal Analysis

Section 1 would add work-related expenses to the expenses that are deducted from family income for the purposes of determining income eligibility for the Children's Health Insurance Program (CHIP).

Sections 2 and 4 would eliminate the Health and Human Services Commission's (HHSC) authority to establish eligibility standards regarding the amount and types of allowable assets for a family whose net family income is above 150 percent of FPL.

Sections 3 and 4 eliminate the review of income during the sixth month of enrollment currently required for families with income above 185 percent of FPL.

Section 5 provides that the changes in law made by the bill apply to a determination or redetermination of eligibility of a person made on or after the effective date of the bill, regardless of the date the person initially applied for that coverage.

Section 6 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 estimated that implementing the bill would result in an additional 10,476 average monthly recipient months in fiscal year 2010; 14,675 in fiscal year 2011; 16,399 in fiscal year 2012; 17,297 in fiscal year 2013; and 17,786 in fiscal year 2014. The average cost per recipient month is estimated to be \$129.69 in each fiscal year. The additional cost to the program from higher caseloads would be \$16.3 million All Funds, including \$5.0 million in General Revenue Funds, in fiscal year 2010; \$22.8 million All Funds, including \$7.0 million in General Revenue Funds, in fiscal year 2011; \$25.5 million All Funds, including \$7.8 million in General Revenue Funds, in fiscal year 2012; \$26.9 million All Funds, including \$8.3 million in General Revenue Funds, in fiscal year 2013; and \$27.7 million All Funds, including \$8.5 million in General Revenue Funds in fiscal year 2014. These General Revenue Fund amounts include expenditure of additional collections of Vendor Drug Rebates for CHIP, Experience Rebates, and Premium Copayments totaling \$0.5 million in fiscal year 2010, \$0.8 million in fiscal year 2011, \$0.9 million in fiscal year 2012, \$0.9 million in fiscal year 2013, and \$1.0 million in fiscal year 2014.

There would also be additional administrative expenditures associated with the expanded program estimated to be \$2.7 million All Funds, including \$0.8 million in General Revenue Funds, in fiscal year 2010; \$1.3 million All Funds, including \$0.4 million in General Revenue Funds, in fiscal year 2011; \$1.4 million All Funds, including \$0.4 million in General Revenue Funds, in fiscal year 2012; \$1.5 million All Funds, including \$0.4 million in General Revenue Funds, in fiscal year 2013; and \$1.5 million All Funds, including \$0.4 million in General Revenue Funds, in fiscal year 2014. These amounts include one-time costs for system changes and policy implementation and ongoing costs for eligibility and enrollment broker services and postage.

The total cost of these sections is estimated to be \$19.0 million All Funds, including \$5.8 million in General Revenue Funds, in fiscal year 2010 rising to \$29.3 million All Funds, including \$9.0 million in General Revenue Funds, by fiscal year 2014. It is assumed that CHIP federal matching funds will be available; however, if the state exhausts its capped federal allotment, General Revenue Funds

would be required in lieu of assumed Federal Funds.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JOB, CL, PP, LR, SJ