

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 21, 2009

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

IN RE: HB3859 by Herrero (Relating to a staffing analysis of the Texas Integrated Eligibility Redesign System (TIERS) and benefits eligibility determination processes and to a pilot project regarding long-term services and supports provided to aged and physically disabled individuals.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3859, As Engrossed: a negative impact of (\$2,677,113) 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	(\$1,447,450)
2011	(\$1,229,663)
2012	(\$1,183,817)
2013	(\$1,183,817)
2014	(\$1,183,817)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable (Cost) from GR Match For Medicaid 758	Probable (Cost) from Federal Funds 555	Change in Number of State Employees from FY 2009
2010	(\$112,962)	(\$1,334,488)	(\$1,731,673)	2.0
2011	(\$112,962)	(\$1,116,701)	(\$1,520,664)	2.0
2012	(\$112,962)	(\$1,070,855)	(\$1,475,722)	2.0
2013	(\$112,962)	(\$1,070,855)	(\$1,475,722)	2.0
2014	(\$112,962)	(\$1,070,855)	(\$1,475,722)	2.0

Fiscal Analysis

SECTION 1. The bill would amend Subchapter B, Chapter 531, Government Code to require the Health and Human Services Commission (HHSC) to establish a comprehensive pilot project in not more than three geographic areas of the state to establish a single point of entry system for certain long-term services. HHSC would be required to establish a tentative eligibility determination for these services. The bill would direct the co-location of Department of Aging and Disability Services (DADS), HHSC, and area agency on aging staff. The bill would also require that HHSC submit a report no later than January 31, 2011 concerning the project to the presiding officers of the standing committee of the senate and house of representatives having primary jurisdiction over health and

human services. The bill would require that at least one site of the pilot be in operation no later than December 31, 2009, subject to availability of funds. The pilot project would expire on September 1, 2013.

SECTION 2: The bill would amend Chapter 531, Government Code by adding Section 531.4551. The new section would require HHSC to conduct an analysis of staffing needs, including the need for additional state employees and contractor staff, with respect to the enhanced eligibility system and the expanded use of the Texas Integrated Eligibility Redesign System (TIERS). The analysis must specify the number of state employees and contractor staff needed to ensure the system remains fully functional without lapses in benefits to recipients; in compliance with state and federal requirements related to timeliness, accuracy and seamless transition between Medicaid and the children's health plan program; and in compliance with performance standards, benchmarks, and maximum caseload specifications.

The bill would take effect immediately if it receives a two-thirds vote in each house; if not, it would take effect September 1, 2009.

Methodology

DADS assumes the pilot projects would be established in Belton, Amarillo and El Paso. Approximately 269 total new program recipients would be anticipated in the Community Attendant Services, Day Activity and Health Services, and Primary Home Care programs. The agency has assumed that the intent is to serve clients in programs that do not have a waiting list. If all programs in the bill were included, the costs would be higher. The cost to serve Medicaid eligible clients is assumed to be \$2.2 million per fiscal year. DADS assumes that when a final eligibility determination is made, 5% of the cases would turn out ineligible for Medicaid and would therefore require state funding of \$0.1 million per fiscal year. It is assumed that the Centers for Medicare and Medicaid Services will approve this pilot demonstration project and provide Federal matching funds at the standard client services FMAP (approximately 59%). If it does not, then General Revenue would be needed to cover the total cost. The cost of providing the Area Agency on Aging staff members would be passed through by DADS as a General Revenue expense. This is estimated to be \$0.2 million in each fiscal year. DADS would require 2 FTEs at a cost of \$0.1 million in each fiscal year for salaries, benefits and employee set-up costs. Information technology costs are estimated to be \$0.5 million in fiscal year 2010 and \$0.1 million in fiscal year 2011, to make changes to the long term care intake system, the consolidated interest list system and for data center service charges.

HHSC assumes that current eligibility determination staff can absorb the pilots' caseload impact, due to the bill's provisions on co-located staff working collaboratively using technology. Automation costs for one-time eligibility system changes would not be significant and ongoing contractor costs for document processing and customer care are assumed to be less than \$0.1 million per fiscal year.

It is assumed that the cost of conducting the staffing analysis can be absorbed within existing resources. If the agency was required to implement the results of the staffing analysis, there would be significant costs. The following figures assume staffing ratios of no more than 500 cases per worker (HHSC assumptions on what the analysis would determine is required). The General Revenue cost estimated by HHSC would be \$19.4 million in fiscal year 2010 (617 FTEs), \$21.8 million in fiscal year 2011 (761 FTEs), \$26 million in fiscal year 2012 (906 FTEs), \$30.1 million in fiscal year 2013 (1,054 FTEs), and \$34.2 million in fiscal year 2014 (1,199 FTEs). These General Revenue expenditures would be matched with equivalent amounts of Federal Funds (50/50 matching rate). The figures include caseload growth in each year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission, 539 Aging and Disability Services, Department of

LBB Staff: JOB, CL, PP, MB