

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 30, 2009**

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

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

**IN RE: SB187** by Deuell (Relating to a Medicaid buy-in program for certain children with disabilities.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB187, As Engrossed: a negative impact of (\$19,154,614) 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	(\$233,611)
2011	(\$18,921,003)
2012	(\$40,219,443)
2013	(\$54,540,026)
2014	(\$59,320,318)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>GR Match For Medicaid</i> 758	Probable (Cost) from <i>Cost Sharing - Medicaid Clients</i> 8075	Probable Revenue Gain from <i>Cost Sharing - Medicaid Clients</i> 8075	Probable (Cost) from <i>Federal Funds</i> 555
2010	(\$233,611)	\$0	\$0	(\$233,611)
2011	(\$18,921,003)	(\$2,359,269)	\$2,359,269	(\$26,668,258)
2012	(\$40,219,443)	(\$4,853,156)	\$4,853,156	(\$57,135,969)
2013	(\$54,540,026)	(\$6,259,775)	\$6,259,775	(\$77,613,828)
2014	(\$59,320,318)	(\$6,445,804)	\$6,445,804	(\$84,453,722)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	3.4
2011	18.6
2012	28.9
2013	36.3
2014	38.4

## **Fiscal Analysis**

This bill would amend Government Code, Section 531.02444 by adding a Medicaid buy-in program for disabled children whose family incomes do not exceed 300 percent of the applicable federal poverty level (FPL). The Health and Human Services Commission would be required to adopt rules for the eligibility requirements and monthly premiums or cost sharing payments according to a sliding scale based on the family's income consistent with the federal Deficit Reduction Act of 2005.

The bill specifies that it would not take effect unless a specific appropriation for this purpose is included in the General Appropriations Act of the 81st Legislature.

The bill would take effect September 1, 2009

## **Methodology**

The Health and Human Services Commission (HHSC) is anticipating that the program would not serve the maximum number of estimated recipients until fiscal year 2013. During fiscal year 2010, HHSC would obtain federal approval, adopt rules, hire and train staff on new policies and conduct outreach. HHSC assumes that current Medicaid and CHIP clients would not be included, since they are receiving health services, but that some children currently receiving services through private insurance would be eligible for and enroll in the buy-in program. HHSC also assumes that most children at or below 200% of the federal poverty level (FPL) already receive some services through the Medically Needy program or would gain eligibility through Medicaid or CHIP; therefore they project lower participation rates for this income group of 10% for uninsured and 3% for insured children. For children between 201% and 300% of FPL, the participation rate assumed is 50% for uninsured and 15% for insured children.

The estimated caseload is projected to be 2,412 in FY 2011, 4,868 in FY 2012, 6,149 in FY 2013, and 6,207 in FY 2014. The average monthly cost is approximately the following: \$1500 in FY 2011, \$1600 in FY 2012, \$1750 in FY 2013, and \$1880 in FY 2014. The clients would contribute to the cost of care at varying levels: below 150% FPL have no cost sharing, 151-200% FPL have cost sharing at 5% of income, and 201-300% FPL have cost sharing at 7.5% of income. The federal share of cost sharing revenue must be returned to the federal government; these revenues and expenditures are not reflected in the table above.

The non-client services costs include salaries and benefits for full-time equivalents (FTEs), estimated to be 3.4 in FY 2010, 18.6 in FY 2011, 28.9 in FY 2012, 36.3 in FY 2013, and 38.4 in FY 2014. The FTEs needed are projected to increase based on program caseload. Professional services include enrollment broker costs and automation costs, as well as outreach costs to inform potential recipients of the program.

## **Technology**

The agency estimates a technology impact of \$766,427 in each year starting in FY 2011 related to automation costs for the new program.

## **Local Government Impact**

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

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

**LBB Staff:** JOB, CL, PP, MB, LR, ML