LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 15, 2009

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

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

IN RE: **SB2360** by Ellis (Relating to reducing state school commitments and increasing community services for persons with mental retardation.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2360, As Introduced: a negative impact of ($9,900,000) 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	($9,900,000)
2011	$0
2012	$0
2013	$0
2014	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Fund* 1
2010	($9,900,000)
2011	$0
2012	$0
2013	$0
2014	$0

Fiscal Analysis

The bill would require the Executive Commissioner of the Health and Human Services Commission (HHSC) to adopt rules by January 1, 2010 regarding the responsibility of local mental retardation authorities (MRAs) over case management services for individuals receiving services under the Home and Community-Based Services (HCS) waiver program.

The bill would require that on or before September 1, 2013, the total census of residents in state schools and the Intermediate Care Facility for Persons with Mental Retardation (ICF-MR) component of the Rio Grande State Center may not exceed 3,000 residents, and each school's census may not exceed 350 residents, excluding alleged offender residents as defined in the bill. The bill would require the Department of Aging and Disability Services (DADS) to reduce the total state school census by at least 500 residents on or before September 1, 2011 and to identify and transition at least

1,500 residents to a Section 1915(c) waiver program not later than September 1, 2013.

The bill would require HHSC and DADS to jointly study and produce a report on the feasibility of providing medical assistance for long-term services and supports through the Medicaid managed care program under Chapter 533, Government Code, to persons with mental retardation who are eligible for assistance.

Methodology

This analysis assumes the costs of rulemaking at HHSC can be absorbed within current resources.

DADS indicates a cost of $9,900,000 in General Revenue Funds would be incurred in fiscal year 2010 to enable the local MRAs to hire staff in preparation of assuming the case management function for individuals receiving services under the HCS waiver program. In fiscal year 2011 and additional years, DADS assumes ongoing costs of case management would be shifted from HCS providers to the MRAs at no net cost to the state.

DADS assumes savings due to reduced staffing costs from reducing the state school population by 500 clients by fiscal year 2011 and by 1,500 clients by fiscal year 2013 would be redirected to services for individuals in the HCS waiver program. To the extent that serving former state school residents in the HCS program is more cost effective than serving them in the state schools, there could be net savings, but these savings cannot be estimated.

Because the bill does not require the closure of any state school, this analysis assumes fixed costs related to the operation of the schools and ongoing maintenance costs would continue to exist, causing the cost per client remaining in the state schools to increase. In addition, DADS indicates that agency overhead costs would not be eliminated and would shift to other state agencies or divisions within DADS, and would not represent a savings.

This analysis assumes HHSC and DADS can absorb the costs of conducting a study regarding medical assistance for long-term care services and supports through the Medicaid managed care program within existing resources.

Local Government Impact

DADS indicates that local MRAs will incur transition costs of approximately $9,900,000 in fiscal year 2010 to assume the case management function, and ongoing costs associated with provision of case management services. This analysis assumes the MRAs would receive reimbursement for provision of these services.

Source Agencies: 539 Aging and Disability Services, Department of

LBB Staff: JOB, CL, JI, LL, TP