

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 5, 2011

TO: Honorable Lois W. Kolkhorst, Chair, House Committee on Public Health

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

IN RE: HB13 by Kolkhorst (Relating to the Medicaid program and alternate methods of providing health services to low-income persons in this state.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB13, As Introduced: a positive impact of \$83,738,684 through the biennium ending August 31, 2013.

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
2012	\$39,575,868
2013	\$44,162,816
2014	\$15,938,115
2015	\$0
2016	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Federal Funds 555
2012	\$39,575,868	\$24,880,668
2013	\$44,162,816	\$25,956,988
2014	\$15,938,115	\$9,321,926
2015	\$0	\$0
2016	\$0	\$0

Fiscal Analysis

Savings shown above are attributable only to Section Two of the bill. Section One of the bill is anticipated to result in costs and savings, but there is not sufficient information available at this time to estimate those fiscal implications.

Section One of the bill adds a new chapter to the Government Code. The chapter authorizes the Health and Human Services Commission (HHSC) Executive Commissioner to seek a waiver from the federal government to operate a global Medicaid demonstration project and to adopt necessary implementation rules. The bill specifies that the goals of the project are to: maintain health benefits through Medicaid managed care for certain recipients; partially subsidize the purchase of private health benefit plans for certain recipients; facilitate the use of certain health plans through the use of a Lone Star Health electronic benefits card; and account for changes in federal law resulting from the

amended Patient Protection and Affordable Care Act (PPACA). The bill further specifies that the goal of the project is to maximize the project's flexibility by seeking a waiver of certain federal Medicaid-related mandates.

The bill establishes minimum requirements and standards for the private health benefit plan subsidy and the Lone Star Health card and its related account. The bill requires that the HHSC establish, in conjunction with the Texas Department of Insurance (TDI), a consumer assistance program to be used by subsidy recipients or Lone Star Health cardholders, and maintain an insurance purchasing portal on TDI's website to assist eligible insurance purchasers.

Upon establishment of the demonstration project, the bill requires HHSC to establish the Office of Individual Empowerment and Employment Opportunities (OIEEO). The purpose of the OIEEO program is to increase the employment rate and access to private health insurance of certain Medicaid recipients by providing job training and education opportunities. The bill specifies that no more than five percent of federal Medicaid funds may be expended for these purposes, and authorizes HHSC to coordinate with the Texas Workforce Commission (TWC) to administer the OIEEO program.

The bill authorizes HHSC to modify any process or methodology to the extent necessary to comply with federal law or the terms of the waiver, and requires that any process or methodology modification be in compliance with the federal law and the terms of the waiver.

Section Two of the bill amends the Government Code and the Human Resources Code to implement a recommendation in the report "Continue and Expand the Texas Medicaid Women's Health Program to Maximize Federal Funds and State Savings" in the Legislative Budget Board's *Government Effectiveness and Efficiency Report*, submitted to the Eighty-second Texas Legislature, 2011. Section Two of the bill requires the continued operation of of the Medicaid Women's Health Program through September 1, 2019.

Methodology

Section One of the bill relating to the Medicaid demonstration project waiver is anticipated to result in a net savings, but there is not sufficient information available at this time to estimate its fiscal implications. Section One is assumed to have costs to HHSC resulting from information technology requirements, staff hiring and training, contract procurement, and community outreach. However, it is assumed that any costs resulting from Section One would be surpassed by overall savings to the extent that the demonstration project successfully allows flexibility in meeting certain federal mandates. Section One allows HHSC to coordinate with TWC in the provision of education and job training. Based on the TWC analysis, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources. It is also assumed that the duties and responsibilities associated with TDI implementing the consumer assistance program and internet portal could be accomplished by utilizing existing resources.

Section Two of the bill relating to the Women's Health Program requires HHSC to prepare a waiver renewal, obtain federal approval, and adopt rules. This estimate assumes all start-up activities can be accomplished by August 31, 2011. Savings shown above are based on HHSC's estimate of continuing the waiver and are net of the cost of providing women's health services. Because the waiver would statutorily expire on September 1, 2011, twelve months of savings are assumed in both fiscal years 2012 and 2013. HHSC assumed that beginning January 1, 2014, women's health services would be available through the expanded coverage provisions of PPACA, and therefore, savings shown from this waiver are only from the first four months of fiscal year 2014. Savings after this time would accrue to the program that replaces the Women's Health Program.

Savings from the continuation of the Women's Health Program are assumed in the Committee Substitute for House Bill 1.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

Source Agencies: 320 Texas Workforce Commission, 454 Department of Insurance, 529 Health and Human Services Commission

LBB Staff: JOB, CL, MB, AM, CH, NV, LR