

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 4, 2011

TO: Honorable Richard Pena Raymond, Chair, House Committee on Human Services

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

IN RE: HB503 by Walle (Relating to eligibility for children's Medicaid and the child health plan program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB503, As Introduced: a negative impact of (\$34,697,808) 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	(\$11,482,852)
2013	(\$23,214,956)
2014	(\$7,852,823)
2015	\$0
2016	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>Federal Funds</i> 555	Change in Number of State Employees from FY 2011
2012	(\$11,482,852)	(\$10,411,898)	16.0
2013	(\$23,214,956)	(\$19,638,857)	31.8
2014	(\$7,852,823)	(\$6,624,192)	10.6
2015	\$0	\$0	0.0
2016	\$0	\$0	0.0

Fiscal Analysis

The bill would eliminate assets tests in the Children's Health Insurance Program (CHIP) and for children in the Medicaid program. This would apply to eligibility determinations made on or after the effective date of the bill (September 1, 2011), regardless of the date application was made.

Methodology

According to HHSC, obtaining the required federal approvals and performing other tasks related to implementing the provisions of the bill could not be completed by September 1, 2011. For purposes of this estimate, it is assumed that implementation would take six months and the assets tests for CHIP and children in Medicaid would be eliminated for eligibility determinations made on or after March 1, 2012. No costs are assumed beyond January 1, 2014; provisions in the Patient Protection and

Affordable Care Act eliminate assets tests for Medicaid and CHIP on this date so the provisions of the bill would not represent a difference from current law after this point in time.

The net estimated cost of the bill is \$21.9 million in All Funds, including \$11.5 million in General Revenue Funds, in fiscal year 2012; \$42.9 million in All Funds, including \$23.2 million in General Revenue Funds, in fiscal year 2013; and \$14.5 million in All Funds, including \$7.9 million in General Revenue Funds, in fiscal year 2014.

HHSC estimates that eliminating the assets test for children in Medicaid would increase the average monthly caseload by 14,272 in fiscal year 2012; 29,406 in fiscal year 2013; and 29,892 in fiscal year 2014. The estimated average monthly cost per client is \$216.89. Total estimated client services cost to serve the additional clients in Medicaid is \$37.1 million in fiscal year 2012, \$76.5 million in fiscal year 2013, and \$25.9 million in fiscal year 2014.

All clients newly enrolled in Medicaid are assumed to move from the CHIP program; it is assumed that clients currently income-eligible for Medicaid, but failing the assets test are currently eligible for CHIP. The decline in CHIP caseload associated with the move to Medicaid is assumed to be partially offset by an increase in CHIP caseload from clients previously ineligible due to the CHIP assets test. The net impact to CHIP caseload is estimated to be a decline of 10,372 in fiscal year 2012; 21,422 in fiscal year 2013; and 21,769 in fiscal year 2014. The estimated average monthly cost per client is \$137.49. Total estimated client services savings resulting from the reduction in caseload in CHIP is \$17.1 million in fiscal year 2012, \$35.3 million in fiscal year 2013, and \$12.0 million in fiscal year 2014.

The net impact to administrative services is estimated to be costs of \$1.9 million in fiscal year 2012, \$1.7 million in fiscal year 2013, and \$0.5 million in fiscal year 2014. These administrative costs include an increase of 16.0 full-time equivalents (FTEs) in fiscal year 2012, 31.8 FTEs in fiscal year 2013, and 10.6 FTEs in fiscal year 2014 associated with eligibility determinations for the increased Medicaid caseloads. Additional costs would be incurred for revising Medicaid and CHIP program materials, systems modifications to reflect new eligibility rules, and other eligibility-related contractor costs. These costs would be offset by a savings related to eligibility determinations in the CHIP program due to the decline in caseload.

Technology

One-time application and system modifications to Texas Integrated Eligibility Redesign Systems (TIERS) are estimated to cost \$63,750 in fiscal year 2012.

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, LR, MB, NB