

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 4, 2011

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

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

IN RE: HB1138 by Rodriguez, Eddie (Relating to the expansion of the Women's Health Program demonstration project and implementation of related outreach activities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1138, As Introduced: a positive impact of \$89,133,987 through the biennium ending August 31, 2013.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$39,983,835
2013	\$49,150,152
2014	\$18,198,669
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	Change in Number of State Employees from FY 2011
2012	\$39,983,835	\$23,288,127	11.7
2013	\$49,150,152	\$29,015,173	11.7
2014	\$18,198,669	\$7,630,773	3.9
2015	\$0	\$0	0.0
2016	\$0	\$0	0.0

Fiscal Analysis

This bill would implement recommendations 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.

The bill would direct the Health and Human Services Commission (HHSC) to continue the Medicaid Women's Health Program (WHP) through September 1, 2014. The bill also expands eligibility to include adult women whose income and family size would make them eligible for pregnancy coverage through Medicaid, income eligible adult men, and income eligible teenage clients who have given birth on Medicaid previously.

The bill also requires HHSC to inform pregnant women enrolled in Medicaid about Women's Health Program benefits and, if they wish to enroll, assist them in enrolling prior to the end of their post-

partum coverage.

The bill would take effect August 31, 2011.

Methodology

To continue the Women's Health program, HHSC must prepare a waiver renewal, obtain federal approval, and adopt rules. This estimate assumes all start-up activities can be accomplished by August 31, 2011.

The savings shown above include savings from continuing the waiver and expanding eligibility and are net of the costs of providing services. General Revenue Fund savings from continuing the waiver, based on estimates from HHSC, are \$39.6 million in fiscal year 2012, \$44.2 million in fiscal year 2013, and \$15.9 million in fiscal year 2014. These savings are assumed in House Bill 1 as introduced.

The expansion of eligibility to include populations who would otherwise be eligible for Medicaid pregnancy services results in additional savings not assumed in the introduced bill. This estimate assumes that approximately 140,621 women would be newly eligible for the program, and that approximately 22,822 of them (based on current enrollment rates) would enroll in the program and subsequently seek preventative services. These increased caseloads would require an increase in FTEs. The All Funds cost of the increased eligibility determination staff (including salaries, overhead costs, employee benefits, office supplies and technology costs) is approximately \$1.1 million for the biennium, half of which is paid for with Federal Funds. The cost of providing services to this population during the biennium is approximately \$8.1 million, ninety percent of which is paid for with Federal Funds.

Using an evaluation model developed by the Centers for Medicare and Medicaid Services (CMS) and data provided by HHSC, approximately 1,030 pregnancies and deliveries would be averted or delayed during the 2012-13 biennium among the eligibility expansion population, resulting in a General Revenue Fund net savings of \$5.4 million, with additional savings accruing in fiscal year 2014. LBB assumed the average cost of a Medicaid-funded pregnancy and delivery to be \$16,300, which includes the costs of prenatal, delivery and postpartum care, as well as other Medicaid services provided to pregnant women.

HHSC assumed that beginning January 1, 2014, women's health services would be available through the expanded coverage provisions of the Patient Protection and Affordable Care Act, and therefore savings and costs from this Act are only for the first four months of fiscal year 2014. Savings after this time would accrue to the program that replaces the Women's Health Program.

Technology

This analysis includes a one-time All Funds cost of \$777,750 in fiscal year 2012 system modifications to the Texas Integrated Eligibility Redesign System (TIERS). Half of this cost would be paid for with Federal Funds.

Local Government Impact

Local units of government operating public hospitals and clinics enrolled as Medicaid providers could see increased revenue (in the form of provider payments).

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JOB, BH, CL, JI