

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: HB1295 by Shelton (Relating to a pilot project to increase enrollee access to primary care services and simplify enrollment procedures under the child health plan program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1295, As Introduced: a negative impact of (\$2,818,128) 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	(\$1,692,654)
2013	(\$1,125,474)
2014	\$0
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
2012	(\$1,692,654)	(\$4,122,027)
2013	(\$1,125,474)	(\$2,655,161)
2014	\$0	\$0
2015	\$0	\$0
2016	\$0	\$0

Fiscal Analysis

The bill would add Section 62.160 (expiring January 1, 2015) to Health and Safety Code, requiring the Health and Human Services Commission (HHSC) to establish a two-year pilot project in one or more Medicaid service areas designed to increase Children's Health Insurance Program (CHIP) enrollee access to primary care services and simplify enrollment procedures. Provider reimbursement rates for primary care services under the pilot would be required to be comparable to Medicare rates for the same or similar services. An alternative application written on a sixth-grade reading-comprehension level would be required to be used. Enrollment services providers in the pilot area would be required to reduce application processing delays and procedural denials and increase renewal rates. Current CHIP eligibility rules pertaining to 12-months continuous eligibility with income verification at six months for certain enrollees would apply to the pilot project; enrollment in the pilot project would

only be allowed during the first year of the project. The bill would require that the pilot project be established by October 1, 2011. HHSC would be required to submit an initial report on the project by January 1, 2013; a final report would be required within 60 days of the project's termination.

Methodology

HHSC estimates the total cost of implementing the pilot project required by the bill to be \$5.8 million in All Funds, including \$1.7 million in General Revenue Funds in fiscal year 2012 and \$3.8 million in All Funds, including \$1.1 million in General Revenue Funds in fiscal year 2013. For purposes of this estimate, the pilot is assumed to begin on September 1, 2011 although HHSC indicates it may not be possible to implement on this timeline, which would shift costs from fiscal year 2012 into fiscal year 2013 and from fiscal year 2013 into fiscal year 2014.

According to HHSC, the proposed pilot project is estimated to impact approximately 56,708 of currently projected CHIP enrollees in fiscal year 2012, declining to 38,801 in fiscal year 2013 due to limiting enrollment in the pilot to the first year. Provisions of the pilot are assumed to increase enrollment by 2 percent or 1,134 in fiscal year 2012 and 776 in fiscal year 2013. HHSC estimates the base per member per month cost for the CHIP program to be \$143 in fiscal year 2012 and \$148 in fiscal year 2013; the requirement in the bill that primary care services be reimbursed at a rate comparable to Medicare is estimated to increase per member per month costs by \$4.77 in fiscal year 2012 and \$4.93 in fiscal year 2013. The total increased client services cost for serving additional clients and higher per member per month costs for all clients enrolled in the pilot is estimated to be \$5.3 million in All Funds in fiscal year 2012 and \$3.7 million in All Funds in fiscal year 2013. HHSC estimates increased costs related to eligibility determination for the increased caseload, systems modifications, and other implementation costs of \$0.6 million in All Funds, including \$0.2 million in General Revenue Funds in the fiscal 2012-13 biennium. It is assumed that any costs to prepare the required reports can be absorbed within available resources.

Technology

One-time costs for modifications to Texas Integrated Eligibility Redesign Systems (TIERS) related to the pilot project are estimated to be \$102,000 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