

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION
Revision 1

March 29, 2011

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

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

IN RE: HB1983 by Kolkhorst (Relating to certain labor inductions performed on recipients under the Medicaid program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1983, As Introduced: a positive impact of \$373,544 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	\$146,433
2013	\$227,111
2014	\$227,484
2015	\$227,484
2016	\$227,484

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>Federal Funds</i> 555	Probable Savings from <i>General Revenue Fund</i> 1	Probable Savings from <i>Federal Funds</i> 555
2012	(\$75,500)	(\$104,000)	\$221,933	\$311,817
2013	\$0	\$0	\$227,111	\$306,639
2014	\$0	\$0	\$227,484	\$306,266
2015	\$0	\$0	\$227,484	\$306,266
2016	\$0	\$0	\$227,484	\$306,266

Fiscal Analysis

SECTION 1 of the bill would prohibit the Health and Human Services Commission (HHSC) from reimbursing providers under the Medicaid program for non-medically indicated labor induction performed at a hospital prior to the 39th week of gestation.

SECTION 2 of the bill would require HHSC to conduct a study to assess the effects of the reimbursement prohibition; a written report would be required to be submitted to certain legislative committees no later than December 1, 2012.

Methodology

The net savings of the bill is estimated to be \$0.4 million in All Funds, including \$0.1 million in General Revenue Funds, in fiscal year 2012; savings in fiscal year 2013 and subsequent years is estimated to be \$0.5 million in All Funds, including \$0.2 million in General Revenue Funds.

SECTION 1 of the bill would require changes to the Medicaid claims payment system estimated to cost \$57,000 in All Funds, including \$14,250 in General Revenue Funds, in fiscal year 2012. Prohibiting reimbursement for elective induction prior to 39 weeks gestation is assumed to delay earlier births and reduce birth complications and utilization of neonatal intensive care units. Savings are estimated to be \$0.5 million in All Funds, including \$0.2 million in General Revenue Funds, in fiscal year 2012 and subsequent years.

The study required by SECTION 2 of the bill is estimated to cost \$122,500 in All Funds, including \$75,500 in General Revenue Funds, in fiscal year 2012.

Technology

One-time costs for modifications to the Medicaid claims payment system are estimated to be \$57,000 in All Funds in fiscal year 2012.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JOB, CL, MB, LR, SD, NB