

**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: HB2368** by Parker (Relating to copayments under the medical assistance program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2368, As Introduced: a negative impact of (\$2,613,757) 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	(\$1,755,000)
2013	(\$858,757)
2014	(\$1,059,316)
2015	(\$1,096,373)
2016	(\$1,135,357)

**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	(\$1,755,000)	(\$1,755,000)
2013	(\$858,757)	(\$820,854)
2014	(\$1,059,316)	(\$1,009,036)
2015	(\$1,096,373)	(\$1,045,828)
2016	(\$1,135,357)	(\$1,084,544)

**Fiscal Analysis**

SECTION 1 of the bill would require the executive commissioner of the Health and Human Services Commission (HHSC) to adopt provisions requiring recipients of Medicaid to pay copayments in accordance with Section 32.0642, Human Resources Code as added by the bill and to the extent permitted under Title XIX of the Social Security Act. The provisions of Section 32.0642 would be exempted from the requirement that cost-sharing provisions adopted under the Medicaid program ensure that families with higher levels of income pay progressively higher percentages of the cost of medical assistance.

SECTION 2 of the bill would eliminate copayments from the list of possible cost-sharing provisions that can be required in certain circumstances of Medicaid recipients who choose a high-cost medical service provided through a hospital emergency room.

SECTION 3 of the bill would add Section 32.0642 to the Human Resources Code, requiring Medicaid recipients to pay copayments of not more than \$5 for each hospital outpatient visit and each medical visit with a physician, up to five percent of the first \$300 of the Medicaid reimbursement rate for an emergency room service, and 2.5 percent of the Medicaid reimbursement rate (not to exceed \$7.50) for a prescription drug. Subject to federal law, copayments would also be required for certain other specified services. Copayments for other Medicaid services not specified would only be allowed if specifically provided for in other law. Copayments could not be required of children under 21 years of age; of pregnant women for services related to the pregnancy or other medical conditions that could complicate the pregnancy; of persons who are inpatient in a hospital, long-term-care facility, or other medical institution if the person is required to spend all of their income (other than a minimal amount for personal needs) for medical care costs; of persons who require emergency services in certain specified circumstances; for family planning services; and of persons enrolled in Medicaid managed care. Providers would be prohibited from imposing more than one copayment for a single encounter. HHSC would be required to develop a mechanism by which Medicaid providers can identify recipients from whom a copayment may not be required. Medicaid providers would not be required to bill for or collect a copayment; if the provider chooses not to bill for or collect a copayment, HHSC would be required to deduct the applicable copayment amount from the reimbursement payment made to the provider.

### **Methodology**

The net cost of the bill is estimated to be \$3.5 million in All Funds, including \$1.8 million in General Revenue Funds, in fiscal year 2012; \$1.7 million in All Funds, including \$0.9 million in General Revenue Funds, in fiscal year 2013; \$2.1 million in All Funds, including \$1.1 million in General Revenue Funds, in fiscal years 2014 and 2015; and \$2.2 million in All Funds, including \$1.1 million in General Revenue Funds in fiscal year 2016.

It is assumed that copayments would be implemented December 1, 2012 due to the time needed to make extensive system changes. HHSC estimates automation costs to implement copayments in the Medicaid program of \$3.5 million in fiscal year 2012 and ongoing operations costs of \$1.9 million in fiscal year 2013, \$2.4 million in fiscal year 2014, \$2.5 million in fiscal year 2015, and \$2.6 million in fiscal year 2016.

Because the bill exempts most Medicaid clients from the required copayments, HHSC estimates savings to the Medicaid program from collection of copayments would be small. The commission estimates approximately 3,200 clients could be required to pay copayments each month for a savings of approximately \$0.3 million in fiscal year 2013 and subsequent fiscal years.

### **Technology**

One-time automation costs to implement copayments in the Medicaid program are estimated to be \$3.5 million in fiscal year 2012. Ongoing operations costs are estimated to be \$1.9 million in fiscal year 2013, \$2.4 million in fiscal year 2014, \$2.5 million in fiscal year 2015, and \$2.6 million in fiscal year 2016.

### **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, LR, MB, NB