

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 6, 2011**

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

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

**IN RE: HB3127** by Naishtat (Relating to a Medicaid hospital level of care waiver program for certain medically fragile individuals.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3127, As Introduced: a negative impact of (\$855,107) 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)<br>Impact to General Revenue Related<br>Funds |
|-------------|--|
| 2012        | (\$656,911)  |
| 2013        | (\$198,196)  |
| 2014        | (\$1,374,722)  |
| 2015        | (\$2,512,821)  |
| 2016        | (\$3,614,207)  |

**All Funds, Five-Year Impact:**

| Fiscal Year | Probable Savings/(Cost)<br>from<br><i>GR Match For Medicaid</i><br>758 | Probable Savings/(Cost)<br>from<br><i>Federal Funds</i><br>555 | Change in Number of State<br>Employees from FY 2011 |
|-------------|--|--|---|
| 2012        | (\$656,911)  | (\$656,911)  | 1.0   |
| 2013        | (\$198,196)  | (\$1,462,593)  | 1.0   |
| 2014        | (\$1,374,722)  | (\$3,042,547)  | 1.0   |
| 2015        | (\$2,512,821)  | (\$4,574,788)  | 1.0   |
| 2016        | (\$3,614,207)  | (\$6,057,602)  | 1.0   |

**Fiscal Analysis**

The bill would amend Subchapter B, Chapter 32, Human Resources Code by adding Section 32.0521, requiring the Department of Aging and Disability Services (DADS) (assumed to be DADS but in Chapter 32, "department" can also mean the Health and Human Services Commission (HHSC)) to request a 1915(c) waiver to provide services outside of regular Medicaid to medically fragile individuals who are at least 21 years old and who require a hospital level of care under Medicaid. Services in the waiver program must include case management, attendant care, rehabilitation, respite and companion care services, private duty nursing, medical equipment and supplies, home health care services, and in-home support services. To ensure services are cost neutral and not duplicative, the DADS must coordinate services with other federal waiver programs.

The bill would take effect September 1, 2011.

## Methodology

DADS collected information on individuals who were within 18 months of aging out of the HHSC Comprehensive Care Program (CCP) and who were receiving 70 or more hours of nursing per week. The data showed 50 individuals with an average annual service cost of \$202,828. DADS also collected information on the average waiver costs for individuals who aged out of the CCP program and were receiving at least 70 hours of nursing per week prior to aging out. The average annual waiver cost for this group was \$116,688. DADS then estimated incremental service cost for the waiver to be \$86,140 (\$202,828 less \$116,688).

To estimate the number of individuals, DADS calculated a monthly enrollment rate based upon the 50 individuals who were within 18 months of aging out. The 50 individuals divided by 18 months equates to an average of 2.8 enrollments per month. In addition, DADS collected information on the attrition rate for individuals who aged out of CCP into a waiver. The annual attrition rate for this population was 3.4% (or a monthly attrition rate of .29%).

DADS indicated that in addition to the individuals above, the hospital level of care waiver was estimated to serve 10 of the 11 individuals who are currently receiving \$899,365 of 100% GR-funded waiver services annually through DADS' Rider 36 provisions (81st Legislature). The new waiver would enable the department to obtain Federal matching funds on these expenditures. DADS stated the offset was included in the method-of-finance assumption in the cost estimate.

For administrative costs DADS included one Program Specialist VII for development of automation changes as well as staff resources needed to develop the Federal waiver application and develop rules and procedures for the waiver. DADS estimated the first year of waiver operations would be in FY 2013.

HHSC indicated existing eligibility staff would need to be trained on new waiver criteria. The total all funds cost associated with material development and travel was estimated to be \$4,557 in FY 2012.

## Technology

DADS estimated one-time automation costs in FY 2012 of \$377,400 in All Funds for system changes to Service Authorization System Online, Provider System, Community Services Interest List system, Service Code Automation table system and Quality Assurance and Improvement. DADS estimated Data Consolidation Services costs to be \$3,084 and estimated automation costs at Texas Medicaid & Healthcare Partnership (TMHP) [Medicaid claims adjudicator] to be \$690,000. Total Automation costs for DADS, \$1,070,484 in All Funds.

HHSC indicated that there would be one-time automation costs of \$127,500 in All Funds in FY 2012 to make modifications to the Texas Integrated Eligibility Redesign System.

## Local Government Impact

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Health and Human Services Commission, 539 Aging and Disability Services, Department of

**LBB Staff:** JOB, CL, ML, MB, NB