

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 10, 2013

TO: Honorable Linda Harper-brown, Chair, House Committee On Government Efficiency & Reform

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB914** by Kolkhorst (Relating to reimbursement rates for certain therapy services provided to Medicaid recipients.), **As Introduced**

Due to the range of potential reimbursement rates, the fiscal implications of the bill could range from a state savings to a state cost and therefore are indeterminate at this time.

The bill would require Medicaid rates for physical, occupational, or speech therapy services to be equal for providers holding the same license and located in the same geographical region regardless of the setting in which the service is provided or whether the provider practices as a sole practitioner or is associated with or employed by another provider. The Health and Human Services Commission (HHSC) and the Department of Aging and Disability Services (DADS) currently use different rates for therapy services provided by Comprehensive Outpatient Rehabilitation Facilities/Outpatient Rehabilitation Facilities (CORFs/ORFs), independent therapists, home health agencies, and long-term services and supports (LTSS) providers in 1915(c) waiver programs. Reimbursement methodologies also differ by provider type with some reimbursed on a per visit basis and others based on a given time period (for example, each 15 minutes of therapy provided). The bill does not specify whether the rates paid would be the lowest or the highest of the current rates (or somewhere between the two) or whether reimbursement methodologies would be standardized. According to HHSC, if all rates paid by that agency were increased to the higher rates for CORFs/ORFs and methodologies were standardized, there would be an estimated cost of \$251.2 million in All Funds, including \$104.4 million in General Revenue Funds, for the fiscal 2014-15 biennium with additional costs for services paid by DADS. If all rates paid by HHSC were decreased to the lower rates for independent therapists, there would be an estimated savings of \$119.6 million in All Funds, including \$49.7 million in General Revenue Funds, for the fiscal 2014-15 biennium; this savings would likely be offset by a cost for services paid by DADS, which reimburses LTSS providers at a lower rate than those used by HHSC. Without knowing which rates would be used, the fiscal impact of the bill cannot be determined.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time. Some therapy providers may be units of local government who would be impacted by any change to reimbursement rates.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: UP, KJo, MB, LR, NB

