

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 23, 2013

TO: Honorable Richard Peña Raymond, Chair, House Committee on Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2070 by Cortez (Relating to the period of continuous eligibility for the medical assistance program for certain persons.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2070, As Introduced: a negative impact of (\$37,595,440) through the biennium ending August 31, 2015.

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
2014	\$0
2015	(\$37,595,440)
2016	(\$76,704,630)
2017	(\$76,704,630)
2018	(\$76,704,630)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GR Match For Medicaid</i> 758	Probable (Cost) from <i>Federal Funds</i> 555	Change in Number of State Employees from FY 2013
2014	\$0	\$0	0.0
2015	(\$37,595,440)	(\$52,951,915)	(94.0)
2016	(\$76,704,630)	(\$107,266,915)	(126.0)
2017	(\$76,704,630)	(\$107,266,915)	(126.0)
2018	(\$76,704,630)	(\$107,266,915)	(126.0)

Fiscal Analysis

The bill would require 12 months continuous eligibility for children and persons aged 65 and older enrolled in Medicaid.

Methodology

The federal Patient Protection and Affordable Care Act (PPACA) establishes a 12-month renewal period for children and certain adults enrolled in Medicaid effective January 1, 2014. The period of eligibility may still be less than 12 months if the state becomes aware of ineligibility through means other than requiring a person to renew eligibility (for example, self report or other third-party income information). This estimate assumes that the provisions of the bill related to 12 months continuous eligibility for children would prevent the state from terminating coverage based on this kind of information. According to the Health and Human Services Commission (HHSC), due to the current schedule of required modifications to meet mandatory PPACA requirements, the necessary modifications to implement the provisions of the bill could not be completed until September 1, 2014. It is assumed that effective on that date newly enrolled and renewing children would receive 12 months of continuous eligibility. Due to existing six months continuous eligibility, there would be no increased enrollment as a result of the bill until March 2015. If it were implemented such that it applied to children already enrolled on September 1, 2014 the cost in fiscal year 2015 would be significantly higher. The increase to average monthly children's caseloads is estimated to be 41,725 in fiscal year 2015 and 83,448 in fiscal year 2016 and subsequent fiscal years; average monthly cost is estimated to be \$187.01. The estimated increase to client services would be \$93.6 million in All Funds, including \$39.1 million in General Revenue Funds, in fiscal year 2015 and \$187.3 million in All Funds, including \$78.4 million in General Revenue Funds, in fiscal year 2016 and beyond.

There would be a net reduction to administrative expenditures related to 12 months continuous eligibility for children, primarily associated with a reduced need for eligibility determination staff related to less frequent renewals for children. The net reduction to full-time equivalents is estimated to be 94.0 in fiscal year 2015 and 126.0 in fiscal year 2016 and beyond. The net savings for administrative costs is estimated to be \$3.2 million in All Funds, including \$1.6 million in General Revenue Funds, in fiscal year 2015 and \$3.3 million in All Funds, including \$1.6 million in General Revenue Funds, beginning in fiscal year 2016.

Federal law does not currently include a state option for continuous eligibility for adults. It is likely that a federal waiver would be required in order to implement 12 months continuous eligibility for persons aged 65 and over. Current policy requires that eligibility be redetermined at least once every 12 months. According to HHSC, the majority of Medicaid enrollees aged 65 and over remain in the program for more than four years. Given this information, HHSC does not anticipate the impact of 12 months continuous eligibility for this population to be significant, if federal approval were obtained.

Technology

There would be a one-time cost in fiscal year 2015 of \$75,650 in All Funds, including \$37,825 in General Revenue Funds, for modifications to the Texas Integrated Eligibility Redesign System (TIERS).

Local Government Impact

There could be a significant fiscal impact to units of local government to the extent that they are reimbursed by the Medicaid program and would experience a change in that reimbursement under the provisions of the bill.

Source Agencies: 529 Health and Human Services Commission

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