

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 13, 2015

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1873** by Naishtat (Relating to a pilot project to evaluate the use of self-directed mental health services in the integrated Medicaid managed care system.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1873, As Introduced: a negative impact of (\$1,247,444) through the biennium ending August 31, 2017.

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
2016	(\$645,842)
2017	(\$601,602)
2018	(\$598,701)
2019	(\$596,751)
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable (Cost) from Federal Funds 555	Change in Number of State Employees from FY 2015
2016	(\$645,842)	(\$645,843)	1.0
2017	(\$601,602)	(\$601,603)	1.0
2018	(\$598,701)	(\$598,702)	1.0
2019	(\$596,751)	(\$596,752)	1.0
2020	\$0	\$0	0.0

Fiscal Analysis

This bill would amend the Health and Safety Code to require the Health and Human Services Commission (HHSC) and the Department of State Health Services (DSHS) to develop and implement a voluntary four-year self-directed mental health services pilot project in the integrated Medicaid managed care system for individuals age 18 or over who are receiving Medicaid

rehabilitative services through a local mental health authority (LMHA). The bill would require HHSC and DSHS to select the pilot project site based on a competitive application process among LMHAs.

The bill would also require HHSC and DSHS to seek private funding and support to assist with the evaluation process and to adopt rules necessary to implement the pilot project.

The bill would require that the pilot project provides person-centered planning services, guidelines for nontraditional goods and services to be purchased related to the pilot project, the optional use of a life coach, the optional use of a certified peer specialist, the designation of a fiscal intermediary to provide financial management and billing support for the project, and that the pilot project has a plan for budget neutrality by the end of the second year. The bill would require that HHSC and DSHS collect information relating to the pilot project, including information relating to recovery-focused outcome metrics and to the costs of the project.

The bill would take effect immediately if a two-thirds majority vote in both houses of the Legislature is received. Otherwise, the bill would take effect on September 1, 2015.

### **Methodology**

While the project is required to develop a plan for budget neutrality, this analysis does not assume the implementation of this plan. HHSC would be required to prepare a waiver and obtain federal approval prior to commencing the pilot project. It is assumed that there would be a 50 percent federal match for all costs. HHSC assumes the program will be implemented outside the Medicaid managed care capitation rate.

Based on the analysis provided by HHSC, it is assumed that it will cost \$703,300 in fiscal year 2016 and \$683,800 in fiscal year 2017 to provide person-centered planning and client services to 180 clients. The contract for financial management and billing support for the project is estimated to cost \$40,000 annually. Based on the analysis provided by HHSC, it is assumed that the agencies will outsource the evaluation of the project, including the required analysis of the project's effectiveness, at a cost of \$421,851 in fiscal year 2016 and \$365,054 in fiscal year 2017.

It is assumed that DSHS will have primary responsibility for management of the pilot program. The administration of the program will cost \$126,534 in fiscal year 2016 and \$114,351 in fiscal year 2017, and will require one FTE annually.

### **Technology**

Technology costs include \$5,232 in fiscal year 2016 and \$725 in fiscal year 2017 for computer software and hardware.

### **Local Government Impact**

Participants may choose to obtain non-traditional services in lieu of services traditionally provided by LMHAs (acting as Community Mental Health Centers) which could impact revenue for these providers. No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Health and Human Services Commission

**LBB Staff:** UP, NB, WP, LR, CH, SS