

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 8, 2015**

**TO:** Honorable John Frullo, Chair, House Committee on Insurance

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

**IN RE: HB2959** by Zerwas (Relating to Medicaid interception of certain insurance payments.),  
**As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2959, As Introduced: a negative impact of (\$822,970) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	(\$664,500)
2017	(\$158,470)
2018	(\$158,470)
2019	(\$158,470)
2020	(\$158,470)

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

<b>Fiscal Year</b>	<b>Probable (Cost) from GR Match For Medicaid 758</b>	<b>Probable (Cost) from Federal Funds 555</b>
2016	(\$664,500)	(\$5,980,500)
2017	(\$158,470)	(\$1,426,230)
2018	(\$158,470)	(\$1,426,230)
2019	(\$158,470)	(\$1,426,230)
2020	(\$158,470)	(\$1,426,230)

**Fiscal Analysis**

The bill would require the Health and Human Services Commission (HHSC) to develop and maintain a data match system to compare claimant information held by insurers and self-insurers against Medicaid recipient information, in order to facilitate the collection of certain insurance payments to offset costs incurred by the Medicaid program. Persons who had a claim intercepted

could request a hearing from the State Office of Administrative Hearings (SOAH).

### **Methodology**

According to HHSC, there would be a one-time cost of \$6.6 million in fiscal year 2016 for system changes to the Medicaid Management Information System to develop the data match system and ongoing operations costs of \$1.6 million in fiscal year 2017 and beyond. According to HHSC, these costs are expected to be 90 percent federally funded.

While implementation of the data match system could result in increased collections, a specific estimate cannot be provided. Collections would not be expected to begin until at least fiscal year 2017 due to the time needed to obtain federal approval and make system changes. Any collections would be deposited to Medicaid Subrogation Receipts, which are classified as Other Funds. Historically, Medicaid Subrogation Receipts are available to HHSC to support the Medicaid program and are to be spent prior to expending General Revenue Funds; however, no specific reduction to General Revenue Funds is directed by the availability of additional Medicaid Subrogation Receipts.

SOAH does not expect a significant increase in the number of hearings pursuant to the provisions of the bill. It is assumed that any cost can be absorbed within the available resources of the agency. Additionally, HHSC indicates the potential need for additional legal staff to represent the agency at hearings. It is anticipated HHSC could absorb these costs within existing resources.

### **Technology**

There would be a one-time cost of \$6.6 million in fiscal year 2016 for system changes to the Medicaid Management Information System to develop the data match system and ongoing operations costs of \$1.6 million in fiscal year 2017 and beyond.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 360 State Office of Administrative Hearings, 454 Department of Insurance, 529 Health and Human Services Commission, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

**LBB Staff:** UP, AG, WP, LR, CH, ER