

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

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

**May 4, 2015**

**TO:** Honorable Myra Crownover, Chair, House Committee on Public Health

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

**IN RE: HB3195** by Bernal (Relating to the establishment of a health care pilot program for low-income individuals.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3195, As Introduced: a negative impact of (\$23,647,734) 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	(\$11,824,367)
2017	(\$11,823,367)
2018	(\$11,823,367)
2019	(\$11,823,367)
2020	\$0

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund</b> <b>1</b>	<b>Change in Number of State Employees from FY 2015</b>
2016	(\$11,824,367)	1.0
2017	(\$11,823,367)	1.0
2018	(\$11,823,367)	1.0
2019	(\$11,823,367)	1.0
2020	\$0	0.0

**Fiscal Analysis**

The bill directs the Texas Department of Insurance (TDI) to establish a health care pilot program for health benefits coverage for certain low-income individuals residing in ten areas designated by TDI. TDI may establish an application process to allow an area to apply for inclusion in the pilot program. The Commissioner of Insurance shall develop the health benefits coverage under

the pilot program, including the benefits offered under the pilot program and the method for providing those benefits. The bill further directs TDI to contract with an independent third party to complete a one-time report that evaluates the pilot program.

The bill takes effect September 1, 2015, but directs TDI to establish the indigent health care pilot program no later than January 1, 2016.

### **Methodology**

Based on information provided by TDI, an estimated \$47 million in funding is currently available in the Premium Stabilization Fund. TDI assumes that the pilot program would operate for four years with \$11,750,000 available per year to provide coverage and perform related auditing functions. Based on the monthly cost of Medicaid managed care premiums (\$3,960 per year) as reported by health maintenance organizations to TDI each year, TDI estimates that approximately 3,000 individuals could receive subsidized coverage under the pilot program. Additionally, using the Healthy Texas Program as a basis for estimating the cost of the pilot program, TDI estimates that they would hire one full-time Program Specialist III to serve as the program coordinator for the pilot program beginning September 1, 2015 at a cost of \$73,367 (including fringe benefits).

Although the bill directs TDI to fund the pilot program with available funds transferred to TDI from the Healthy Texas Small Employer Premium Stabilization Fund under SB 1367, 83rd Legislature, TDI currently does not have the appropriation authority necessary to expend the funds. Additionally, Premium Stabilization Funds can only be used for very specific purposes allowed under Section 1508.251 of the Texas Insurance Code, which does not include the uses intended by the bill. As such, this analysis assumes a yearly appropriation of \$11,823,367 in General Revenue Funds to implement the provisions of the bill.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

### **Technology**

Based on information provided by the TDI, the bill would have a one-time technology cost of \$1,000.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 454 Department of Insurance

**LBB Staff:** UP, NB, NV, ER, NHe