

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 27, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3445 by Laubenberg (Relating to implementing certain incentives and cost-sharing requirements under the Medicaid program.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time although a significant cost is expected. There would be significant administrative costs but the number of emergency room visits that might ultimately be affected by the provisions of the bill and the impact on the cost of those visits cannot be estimated.

The bill would require the Health and Human Services Commission (HHSC), if determined feasible and cost-effective, to develop and implement incentives to encourage Medicaid recipients to engage in health behaviors. It is assumed that these incentives would only be implemented if HHSC were able to do so without incurring increased costs. According to HHSC, most incentives would likely result in an increased cost to Medicaid managed care organizations that would have to be recognized in the capitation payments. It is unlikely any savings could be assumed to offset those costs.

The bill would also require HHSC to adopt provisions requiring Medicaid recipients who choose to receive a nonemergency medical service through a hospital emergency room to pay a copayment or premium payment in certain circumstances. According to HHSC, there would be administrative costs to implement these requirements including system modifications and costs related to reimbursing recipients who have made a payment in excess of amounts allowed under federal law. It is unlikely the provisions of the bill would result in any client services savings and could result in increased costs through duplication of services. The level of any client services cost cannot be estimated. The hospitals would likely still be reimbursed at the same, or near the same, level for providing screening services as they would for providing treatment. Diverting recipients to a second provider would result in a second reimbursement for the same condition, which would increase overall costs. The bill does not include a requirement that hospitals take the steps laid out in the bill that would result in diverting recipients to another location for treatment or paying a co-payment; if the facilities did not take those steps, there would be no impact to client services.

Local Government Impact

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