

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 20, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3917 by Klick (Relating to a prohibition of recoupment of payments on certain provider claims made under the Medicaid program.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time because sufficient information is not available to identify which overpayments would no longer be recovered and a complete estimate of increased contractor costs cannot be made. Additionally, the state would still be obligated to reimburse the federal government for their share of unrecovered overpayments using General Revenue Funds or risk the loss of federal funds provided for the Medicaid program.

The bill would prohibit the Health and Human Services Commission (HHSC) from recouping any part of an improper payment made to a provider if the improper payment was made due to an error by the commission or one of its contractors and not due to an error made by the provider. There would be a significant cost to HHSC to implement the provisions of the bill, but a specific total estimate cannot be provided. There would be a one-time cost to modify the Texas Medicaid Management Information System and the Texas Integrated Eligibility Redesign System, which HHSC estimates would be \$5.5 million in All Funds, including \$1.4 million in General Revenue Funds, in fiscal year 2016 and ongoing operation costs of \$0.1 million in All Funds in each subsequent fiscal year. There would be additional significant costs associated with not recouping overpayments from providers, but the amount of these costs cannot be determined because a clear definition of what would constitute an error is not available and it is not known which overpayments could no longer be recovered based on information currently available. There would be a significant increase to Medicaid expenditures from not recouping all overpayments. The Medicaid claims administrator and Medicaid managed care organizations would need to make significant modifications to their existing recoupment process to identify the types of overpayments that could be recovered; the cost of these modifications would likely be reimbursed by the state through increased contractor costs and increased managed care premiums. Additionally, federal law requires states to recover overpayments regardless of the reason the overpayment was made. The federal portion of the overpayment would need to be returned using General Revenue Funds if those amounts could not be recovered from providers or all federal matching funds for the Medicaid program could be jeopardized.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission
LBB Staff: UP, NB, WP, LR, CH