

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 27, 2017

TO: Honorable Four Price, Chair, House Committee on Public Health

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2135** by Coleman (Relating to coverage for certain services relating to postpartum depression under the medical assistance and CHIP perinatal programs.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2135, Committee Report 1st House, Substituted: a negative impact of (\$76,468,422) through the biennium ending August 31, 2019.

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
2018	(\$201,538)
2019	(\$76,266,884)
2020	(\$125,294,114)
2021	(\$138,808,639)
2022	(\$149,145,592)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GR Match For Medicaid 758	Probable (Cost) from Federal Funds 555	Probable (Cost) from General Revenue Fund 1	Probable Revenue Gain from General Revenue Fund 1
2018	(\$201,538)	(\$396,462)	\$0	\$0
2019	(\$77,166,231)	(\$103,720,386)	(\$1,210,997)	\$1,582,758
2020	(\$130,556,753)	(\$175,770,682)	(\$2,992,342)	\$6,191,236
2021	(\$139,746,822)	(\$188,143,422)	(\$4,798,767)	\$4,302,713
2022	(\$149,729,354)	(\$201,583,068)	(\$5,394,343)	\$4,483,579

Fiscal Year	Probable Revenue Gain from Foundation School Fund 193
2018	\$0
2019	\$527,586
2020	\$2,063,745
2021	\$1,434,237
2022	\$1,494,526

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to provide 12-months of coverage after a woman gives birth for postpartum depression screening and treatment through Medicaid and the Children's Health Insurance Program (CHIP) Perinatal program. Additionally, HHSC would be required to provide Medicaid coverage to women giving birth through Medicaid for at least 12 months postpartum.

Methodology

The total net cost of the bill, including offsets for increased revenue, is estimated to be \$0.6 million in All Funds in fiscal year 2018, \$180.8 million in All Funds in fiscal year 2019, \$301.1 million in All Funds in fiscal year 2020, \$327.0 million in All Funds in fiscal year 2021, and \$350.7 million in All Funds in fiscal year 2022.

According to HHSC, there would be one-time costs for modifications to the Texas Integrated Eligibility Redesign System (TIERS) and the Medicaid Management Information System of \$0.6 million in All Funds, including \$0.2 million in General Revenue Funds, in fiscal year 2018.

Client services are assumed to begin on September 1, 2018 due to the time necessary to develop policy, adopt rules, and make system changes.

According to HHSC, approximately 56,752 women would be eligible to receive postpartum depression coverage through the CHIP Perinatal program in fiscal year 2019, increasing each year to 57,952 by fiscal year 2022. An estimated 25 percent of eligible women would be screened in fiscal year 2019, 50 percent in fiscal year 2020, and 75 percent in subsequent fiscal years. Each woman would receive two screenings at a cost of \$10.28 per screening and postpartum depression treatment, consisting of therapy and prescription drugs, at an estimated cost of \$96.12 per month. It is assumed that all postpartum depression screening and treatment costs under the CHIP Perinatal program would be fully funded through General Revenue Funds as federal matching funds are unlikely to be available to provide continued coverage to non-citizens. The total estimated increase to CHIP Perinatal client services would be \$1.2 million in General Revenue Funds in fiscal year 2019, \$3.0 million in General Revenue Funds in fiscal year 2020, \$4.8 million in General Revenue Funds in fiscal year 2021, and \$5.4 million in General Revenue Funds in fiscal year 2022. If HHSC were to obtain a federal waiver, increased client services costs could be partially funded with federal funds. It is assumed that these services would not be offered through managed care; however, if they were, there would likely be increased administrative costs through the capitation rates as well as an increase to premium tax revenue.

It is assumed that extended Medicaid eligibility would be available to women giving birth on or after September 1, 2018 resulting in a lower caseload in fiscal year 2019 due to ramp up. According to HHSC, the anticipated increase in average monthly recipients months would be

66,996 in fiscal year 2019; 106,765 in fiscal year 2020; 106,373 in fiscal year 2021; and 106,996 in fiscal year 2022. According to HHSC, the acuity of the eligible women would most closely resemble that of the Temporary Assistance for Needy Families (TANF) Adult Medicaid risk group, but would likely have much less pent up demand than TANF Adults due to eligibility throughout their pregnancy and two months postpartum. Therefore, HHSC estimates the monthly cost per eligible women to be \$225.00 in fiscal year 2019 increasing each fiscal year to \$266.06 by fiscal year 2022. These average monthly costs do not include amounts associated with reimbursing managed care organizations for the Health Insurance Provider Fee pursuant to the federal Affordable Care Act. The total estimated increased cost to client services would be \$180.9 million in All Funds, including \$77.2 million in General Revenue funds, in fiscal year 2019; \$306.3 million in All Funds, including \$130.6 million in General Revenue Funds, in fiscal year 2020; \$327.9 million in All Funds, including \$139.7 million in General Revenue Funds in fiscal year 2021; and \$351.3 million in All Funds, including \$149.7 million in General Revenue Funds, in fiscal year 2022. These total annual amounts include the estimated cost associated with the Health Insurance Provider Fee.

The additional Medicaid capitation payments are assumed to result in an increase to insurance premium tax revenue, estimated as 1.75 percent of the additional expenditures. Revenue is adjusted for assumed timing of payments and prepayments resulting in assumed increased collections of \$2.1 million in fiscal year 2019, \$8.3 million in fiscal year 2020, \$5.7 million in fiscal year 2021, and \$6.0 million in fiscal year 2022. Pursuant to Section 227.001(b), Insurance Code, 25 percent of the revenue is assumed to be deposited to the credit of the Foundation School Fund.

Technology

According to HHSC, there would be one-time costs for modifications to the Texas Integrated Eligibility Redesign System (TIERS) and the Medicaid Management Information System of \$0.6 million in All Funds, including \$0.2 million in General Revenue Funds, in fiscal year 2018.

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, KCA, LR, TBo, RGU