

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 30, 2017**

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

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

**IN RE: HB3457** by Davis, Yvonne (Relating to the establishment of a pilot program to provide services to certain persons with Alzheimer's disease and related dementia enrolled in the Medicaid managed care program.), **As Introduced**

Fiscal implications of the bill cannot be determined at this time but a fiscal impact would be anticipated in fiscal years 2018 and 2019. Insufficient information is available to estimate the impact to provider reimbursement rates and managed care capitation rates associated with the provisions of the bill.

The bill would require the Health and Human Services Commission (HHSC), with input from certain stakeholders, to develop and implement a pilot program to improve the quality of life and prevent premature institutionalization of Alzheimer's and related dementia patients, receiving day activity health services (DAHS) through Medicaid managed care. The pilot program would be required to be based on evidence-based, patient-centered practices and ensure certain quality of care outcomes. HHSC would be required to submit a report to the legislature related to the progress of the pilot program by December 1, 2018. Statutory authority related to the pilot project would expire September 1, 2019.

According to HHSC, the pilot program would likely be limited to patients enrolled in the STAR+PLUS Medicaid managed care program. Additionally, HHSC assumes that providing additional services to DAHS recipients with Alzheimer's or related dementia patients will impact reimbursement rates to providers, which would likely necessitate increases to STAR+PLUS capitation rates. However, without knowing the pilot program's parameters, the fiscal impact for implementing the provisions of the bill cannot be estimated. The cost would be dependent on the number of persons enrolled and services provided.

Any costs associated with adoption of rules and reporting can be absorbed within the available resources of the agency.

**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, RGU, TBo