

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 2, 2017

TO: Honorable Charles Schwertner, Chair, Senate Committee on Health & Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1174 by Hinojosa (Relating to the provision of prosthetic devices for certain recipients under Medicaid.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1174, As Introduced: a negative impact of (\$5,788,148) 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	(\$2,949,321)
2019	(\$2,838,827)
2020	(\$2,885,260)
2021	(\$2,926,161)
2022	(\$2,975,242)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GR Match For Medicaid</i> 758	Probable (Cost) from <i>Federal Funds</i> 555
2018	(\$2,949,321)	(\$3,839,435)
2019	(\$2,838,827)	(\$3,810,896)
2020	(\$2,885,260)	(\$3,879,624)
2021	(\$2,926,161)	(\$3,934,690)
2022	(\$2,975,242)	(\$4,000,769)

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to provide coverage for prosthetic devices for certain Medicaid recipients, regardless of their age.

Methodology

HHSC assumes 70.0 percent of Medicaid recipients diagnosed with non-excluded limb or appendage amputation will receive the prosthetic benefit. Based on this assumption, HHSC estimates the monthly caseload for recipients receiving the benefit in Medicaid to be 340 in fiscal year 2018 and 345 in fiscal year 2019 with increases in each subsequent year, reaching 362 by fiscal year 2022. HHSC estimates an average monthly cost per recipient receiving these services to be \$1,599.45 for fiscal years 2018 through 2022. The estimated increased cost to client services would be \$6.5 million in All Funds, including \$2.8 million in General Revenue, in fiscal year 2018 and \$6.6 million in All Funds, including \$2.8 million in General Revenue, in fiscal year 2019. The estimated client services cost would continue increasing in subsequent fiscal years, reaching \$6.9 million in All Funds, including \$3.0 million in General Revenue, by fiscal year 2022.

According to HHSC, there would be a one-time cost in fiscal year 2018 of \$263,000 in All Funds, including \$131,500 in General Revenue Funds, as well as ongoing costs in fiscal years 2019 through 2022 of \$28,000 in All Funds, including \$14,000 in General Revenue Funds, for modifications to the Medicaid Management Information System (MMIS).

Technology

According to HHSC, there would be a one-time cost in fiscal year 2018 of \$263,000 in All Funds, including \$131,500 in General Revenue Funds, as well as ongoing costs in fiscal years 2019 through 2022 of \$28,000 in All Funds, including \$14,000 in General Revenue Funds, for modifications to the Medicaid Management Information System (MMIS).

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