

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 23, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB1927** by Kolkhorst (Relating to requiring the Health and Human Services Commission to evaluate and implement changes to the Medicaid and child health plan programs to make the programs more cost-effective, increase competition among providers, and improve health outcomes for recipients.), **Committee Report 1st House, Substituted**

Certain components of the bill are assumed to have no significant fiscal impact to the state, while others may result in significant savings to the state. Due to uncertainties regarding the amount of recoveries that would be shared, the positive fiscal impact to the state cannot be determined.

The bill would require the Health and Human Services Commission (HHSC) to make certain Medicaid data, related to health care quality and health outcomes, available to the public, to the extent permitted by federal law. HHSC would be permitted to collaborate with an institution of higher education or another state agency, to make the data available. The bill would require managed care organizations to return one-half of money collected due to payment recovery efforts to HHSC's office of inspector general (OIG) for deposit into the General Revenue Fund. If the OIG recovers payments identified by the MCO as fraud or abuse, the MCO would be entitled to one-half of the recovery, after the federal share is deducted. If the OIG discovers fraud, waste, or abuse in the performance of its duties, all payments recovered would be deposited in the General Revenue Fund. The bill would require HHSC to develop and analyze options for establishing rate ranges for MCOs to bid on during the competitive procurement process. HHSC would be required to conduct this analysis by December 1, 2018. HHSC would be required to assess the feasibility and cost-effectiveness of allowing Medicaid MCOs to contract statewide instead of on a regional basis, no later than December 1, 2018. HHSC would be required to study or evaluate (1) issues related to utilization of consumer directed services for certain Medicaid enrollees and the feasibility of creating a Medicaid community attendant registry; (2) issues related to the 30-day limitation on reimbursement for inpatient hospital care provided to STAR+PLUS enrollees; and (3) certain factors related to providing dental services to Medicaid adults with disabilities. HHSC would be required to submit reports related to these studies to certain entities no later than December 1, 2018.

Currently, MCOs may retain most funds collected from providers through payment recovery efforts. It is assumed that sharing certain recoveries with the state would result in a positive fiscal impact to the state. However, the positive fiscal impact cannot be determined due to uncertainties regarding the amount of recoveries that would be shared.

According to HHSC, the costs associated with making certain data available to the public, analyzing options for establishing rate ranges for MCOs to bid on, and assessing the feasibility

and cost-effectiveness of allowing MCOs to contract statewide could be absorbed within existing resources. It is assumed that the costs associated with conducting the required studies can be absorbed within HHSC's existing resources.

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