

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

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 8, 2019**

**TO:** Honorable James B. Frank, Chair, House Committee on Human Services

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
 Legislative Budget Board

**IN RE: HB12** by Davis, Sarah (Relating to early childhood intervention and rehabilitative and habilitative services.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB12, As Introduced: a negative impact of (\$2,733,074) through the biennium ending August 31, 2021.

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
2020	(\$2,099,841)
2021	(\$633,233)
2022	(\$633,233)
2023	(\$633,233)
2024	(\$56,559)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from GR Match For Medicaid 758	Probable Savings/(Cost) from Federal Funds 555	Probable Savings/(Cost) from School Employees UGIP Trust Fund 855
2020	(\$1,144,484)	(\$955,357)	(\$955,357)	(\$22,743,000)
2021	(\$381,674)	(\$251,559)	(\$251,559)	(\$22,743,000)
2022	(\$381,674)	(\$251,559)	(\$251,559)	(\$22,743,000)
2023	(\$381,674)	(\$251,559)	(\$251,559)	(\$22,743,000)
2024	\$0	(\$56,559)	(\$56,559)	(\$22,743,000)

<b>Fiscal Year</b>	<b>Change in Number of State Employees from FY 2019</b>
2020	3.0
2021	3.0
2022	3.0
2023	3.0
2024	1.0

## **Fiscal Analysis**

### ***Early Childhood Intervention Program***

The bill would prohibit Medicaid managed care organizations (MCOs) that contract with the Health and Human Services Commission (HHSC) to provide health care services under the STAR Health and STAR Kids programs from requiring prior authorization for early childhood intervention (ECI) services. The bill would require HHSC, by contract, to require the MCOs to proactively review and monitor access and utilization of ECI services and submit quarterly reports to HHSC that verify the MCO did not include a prior authorization request for ECI services.

The bill would require HHSC to designate an ombudsman for providers of ECI services.

The bill would require HHSC to seek direction from the Centers for Medicare and Medicaid Services on the reimbursement methodology that may be used for the provision of ECI case management services. The provision would expire September 1, 2021.

The bill would require HHSC to apply for federal funding to establish a workforce development grant program for ECI providers.

The bill would require HHSC to seek guidance from applicable federal partners regarding the feasibility of providing ECI Services under Medicaid to children who are otherwise ineligible to receive services under the Medicaid program. After receipt of guidance, HHSC would be required to submit a report on how best to provide coverage for ECI services for these children.

The bill would require HHSC to conduct a financial evaluation of ECI services and submit a report on the evaluation no later than September 1, 2020.

The bill would require HHSC to issue guidance to health benefit plan issuers clarifying how providers of ECI services must file claims.

### ***Tele-Connective Pilot Program***

The bill would require HHSC to develop and implement a tele-connective pilot program to provide ECI services through telehealth and telemedicine in schools and school districts. In regard to the pilot program, the bill would require HHSC to:

- coordinate with the Texas Education Agency (TEA) to select school districts in which to implement the pilot program. TEA would also be required to develop a training on the pilot program for school district employees;
- conduct an evaluation of the pilot program no later than September 1, 2020;

- seek federal funding to support the pilot program; and
- submit a report on the program by January 1, 2021.

The requirement for HHSC to conduct an evaluation of the pilot program would expire on January 1, 2021. The remainder of the provision would expire on September 1, 2023.

### ***Insurance Coverage of Rehabilitative and Habilitative Therapies and Related Services***

The bill would amend Insurance Code, Chapter 1367, Subchapter E, related to insurance coverage of children with developmental delays. Specifically, the bill would:

- add specialized skills training and case management provided by a person certified as an early intervention specialist to the definition of rehabilitative and habilitative therapies and change the description of services to rehabilitate and habilitative therapies and related services;
- add additional types of health benefit plans to the list of health benefit plans subject to the subchapter;
- exempt certain qualified health plans from providing coverage;
- require health benefit plans to provide coverage of services and not allow coverage to be rejected; and
- allow a child's Individual Family Service Plan to satisfy prior authorization requirements or another requirement health benefit plans may have for rehabilitative and habilitative therapies and related services.

The bill would take effect September 1, 2019.

## **Methodology**

### ***Early Childhood Intervention Program***

The analysis assumes HHSC would require 1.0 Ombudsman V to serve as an ombudsman for providers of ECI services. Total FTE costs are estimated to be \$119,524 in All Funds, including \$59,762 in General Revenue, in fiscal year 2020 and \$113,118 in All Funds, including \$56,559 in General Revenue, in fiscal years 2021 through 2024.

The analysis assumes HHSC will contract with a third party to conduct the financial evaluation of the ECI program, at a one-time cost of \$300,000 in All Funds, including \$202,605 in General Revenue, in fiscal year 2020.

### ***Tele-Connective Pilot Program***

The analysis assumes development and setup of the tele-connective pilot program would occur during September through December 2019; services would begin on January 1, 2020; and the pilot program would end on August 31, 2023. The analysis assumes the pilot program would be implemented in 120 school districts (approximately 10.0 percent), with two access points per district, for a total of 240 access points. Due to federal requirements for ECI services to occur in the child's natural environment, the analysis assumes families would be in their homes and ECI service providers would be at the school district or other access point. The analysis assumes 1,000

families with children enrolled in ECI who have a developmental delay in one area (10.0 percent) would receive services through the pilot program each year between fiscal years 2020 and 2023. The analysis assumes each participating family would require a tablet, estimated to cost \$400 each, and that tablets would be used throughout the length of the pilot, for a total one-time cost of \$400,000 in All Funds, including \$270,000 in General Revenue, in fiscal year 2020. The analysis also assumes each participating family would require an internet connection, estimated to cost \$600 per year, for a total cost of \$400,000 in All Funds, including \$270,000 in General Revenue, in fiscal year 2020 and \$600,000 in All Funds, including \$405,000 in General Revenue, in fiscal years 2021 through 2023. The analysis assumes each of the 240 access point would have five provider stations, for a total of 1,200 stations. Each station would include a computer, webcam, software, and headphones, at an estimated cost of \$1,380 per station, for a one-time cost of \$1,656,000 in All Funds, including \$1,117,800 in General Revenue, in fiscal year 2020. Total costs for HHSC for the pilot program are estimated to be \$2,456,000 in All Funds, including \$1,657,800 in General Revenue, in fiscal year 2020 and \$600,000 in All Funds, including \$405,000 in General Revenue, in fiscal years 2021 through 2023.

The analysis assumes TEA would require 2.0 Program Specialist V to ensure adequate operation of access points, create the training for school district personnel, and perform oversight and administrative functions. Total FTE costs are estimated to be \$179,674 in General Revenue in fiscal year 2020 and \$171,674 in General Revenue in fiscal years 2021 through 2023.

### ***Insurance Coverage of Rehabilitative and Habilitative Therapies and Related Services***

The Teacher Retirement System (TRS) assumes approximately 2,527 children enrolled in ActiveCare would receive ECI services under the bill. TRS estimates ECI services would cost an average of \$9,000 per child per year, for a total cost of \$22,743,000 per year to the School Employees Uniform Group Insurance Program Trust Fund 855. The bill would not amend the statutorily required state contribution to TRS ActiveCare, therefore, the bill would have no impact to General Revenue Funds. However, additional costs to the health plan may result in the need for higher contribution rates from the state, employers, or members. This analysis assumes the provisions of the bill would have no significant fiscal implementation to the TRS-Care program.

The Employees Retirement System indicates that since the bill only applies to a subset of their benefits programs, the bill would have no significant impact.

According to the Department of Insurance, University of Texas System Administration, and Texas A&M University System Administration, the bill would have no significant fiscal impact.

### **Technology**

Program-related technology costs are estimated to be \$2,456,000 in All Funds, including \$1,657,800 in General Revenue, in fiscal year 2020 and \$600,000 in All Funds, including \$405,000 in General Revenue, in fiscal years 2021 through 2023 for tablets, access point stations, and internet service.

FTE-related technology costs are estimated to be \$1,646 in All Funds, including \$828 in General Revenue, in fiscal year 2020.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 323 Teacher Retirement System, 327 Employees Retirement System, 454 Department of Insurance, 529 Health and Human Services Commission, 701 Texas Education Agency, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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