

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 18, 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: HB744 by Rose (Relating to the Medicaid eligibility of certain women after a pregnancy.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB744, As Introduced: a negative impact of (\$74,982,320) 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 | (\$252,062) |
| 2021 | (\$74,730,258) |
| 2022 | (\$99,354,981) |
| 2023 | (\$71,661,425) |
| 2024 | (\$78,212,856) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from GR Match For Medicaid 758 | Probable (Cost) from Federal Funds 555 | Probable Revenue Gain from General Revenue Fund 1 | Probable Revenue Gain from Foundation School Fund 193 |
|-------------|--|--|---|---|
| 2020 | (\$252,062) | (\$756,188) | \$0 | \$0 |
| 2021 | (\$77,493,950) | (\$148,755,331) | \$2,072,769 | \$690,923 |
| 2022 | (\$107,700,237) | (\$186,008,448) | \$6,258,942 | \$2,086,314 |
| 2023 | (\$75,811,460) | (\$126,887,313) | \$3,112,526 | \$1,037,509 |
| 2024 | (\$82,701,664) | (\$138,273,343) | \$3,366,606 | \$1,122,202 |

| Fiscal Year | Change in Number of State Employees from FY 2019 |
|--------------------|---|
| 2020 | 0.0 |
| 2021 | 75.2 |
| 2022 | 75.2 |
| 2023 | 75.2 |
| 2024 | 75.2 |

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to continue to provide Medicaid to women enrolled during a pregnancy for at least 12 months after delivery or miscarriage.

Methodology

According to HHSC, the bill would result in women enrolled in Medicaid during pregnancy receiving an additional ten months of coverage under the program. The extended coverage is expected to result in savings to the Medicaid program from averted births and savings to the Healthy Texas Women program because women who were auto-enrolled into, and received services from, that program would instead receive those benefits through extended Medicaid coverage. It is assumed that it would take one year to receive all necessary federal approvals and to make required system changes; therefore, it is assumed extended coverage would begin in fiscal year 2021. It is assumed that women enrolled on September 1, 2020 would be eligible to receive extended coverage; costs would be reduced if the provisions of the bill only applied to women enrolling in coverage for pregnant women on or after that date.

According to HHSC, there would be a cost of \$1.0 million in All Funds, including \$0.3 million in General Revenue, in each of fiscal years 2020 and 2021 to implement modifications to the Texas Integrated Eligibility Redesign System (TIERS). Additionally, according to HHSC 75.2 full-time equivalents would be needed to manage eligibility determinations for the increased caseload because the commission assumes the extended coverage would be implemented as a new enrollment group requiring a new eligibility determination following the initial post-partum coverage period. Staffing costs are estimated to be \$4.9 million in All Funds, including \$2.5 million in General Revenue, in fiscal year 2021 and \$4.5 million in All Funds, including \$2.2 million in General Revenue, in subsequent years.

The additional average monthly caseload associated with extended coverage is estimated to be 80,465 in fiscal year 2021, increasing to a range of 120,379 to 126,123 in fiscal years 2022 to 2024 when fully ramped up. The average monthly cost per recipient is estimated to be \$249.48 in fiscal year 2021, increasing in each subsequent year to \$289.39 in fiscal year 2024. The total estimated cost of the extended coverage is estimated to be \$240.9 million in All Funds, including \$91.9 million in General Revenue, in fiscal year 2021 increasing in each subsequent year to \$418.2 million in All Funds, including \$159.1 million in General Revenue, by fiscal year 2024.

Estimated savings associated with averted births, including reduced costs for pregnant women and newborns, is \$5.7 million in All Funds, including \$2.2 million in General Revenue, in fiscal year 2021, increasing in each subsequent year to \$198.6 million in All Funds, including \$75.6 million in General Revenue, by fiscal year 2024. Estimated savings to the Healthy Texas Women program is \$14.9 million in fiscal year 2021 and a range of \$3.0 million to \$7.4 million in subsequent years.

Healthy Texas Women savings are assumed to be General Revenue; however, if the Healthy Texas Women 1115 Waiver receives federal approval, a portion of the savings would accrue to federal funds.

The net increased cost including client services and administration is estimated to be \$226.2 million in All Funds, including \$77.5 million in General Revenue, in fiscal year 2021, increasing to \$293.7 million in All Funds, including \$107.7 million in General Revenue, in fiscal year 2022, then decreasing in subsequent years to \$202.7 million in All Funds, including \$75.8 million in General Revenue, in fiscal year 2023 and \$221.0 million in All Funds, including \$82.7 million in General Revenue, in fiscal year 2024.

The net increases in client services payments through managed care are assumed to result in an increase to insurance premium tax revenue, estimated as 1.75 percent of the increased managed care expenditures. Revenue is adjusted for assumed timing of payments and prepayments resulting in assumed increased collections of \$2.8 million in fiscal year 2021, \$8.3 million in fiscal year 2022, \$4.2 million in fiscal year 2023, and \$4.5 million in fiscal year 2024. 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, the cost for modifications to the Texas Integrated Eligibility Redesign System (TIERS) is estimated at \$1.0 million in All Funds, including \$0.3 million in General Revenue, in each of fiscal years 2020 and 2021.

Local Government Impact

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

Source Agencies: 529 Health and Human Services Commission

LBB Staff: WP, AKi, LR, KT