

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 7, 2019

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

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

IN RE: HB1063 by Price (Relating to telemedicine medical, telehealth, and home telemonitoring services under Medicaid.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1063, As Engrossed: a negative impact of (\$15,193,142) 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	(\$7,649,502)
2021	(\$7,543,640)
2022	(\$7,734,957)
2023	(\$7,976,452)
2024	(\$8,113,712)

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	(\$8,003,993)	(\$12,309,428)	\$265,868	\$88,623
2021	(\$7,906,289)	(\$12,829,251)	\$271,987	\$90,662
2022	(\$8,117,772)	(\$13,222,322)	\$287,111	\$95,704
2023	(\$8,363,375)	(\$13,622,362)	\$290,192	\$96,731
2024	(\$8,504,977)	(\$13,853,006)	\$293,449	\$97,816

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to include cost savings in its biennial report on the effects of telemedicine medical services and to provide home telemonitoring to certain pediatric clients with complex medical needs. The bill would also repeal the telemonitoring benefit reimbursement sunset date.

Methodology

According to HHSC, there would be a one-time cost of \$138,000 in All Funds, including \$69,000 in General Revenue, in fiscal year 2020 for system modifications for the claims administrator. Due to the time needed to make necessary changes, it is assumed services would be provided to the expanded population beginning September 1, 2020. If services were provided sooner there would be an additional cost.

According to HHSC, client services would ramp up over a period of two years with an estimated additional 77 average monthly recipients in fiscal year 2021 increasing each fiscal year to 240 average monthly recipients in fiscal year 2024 at a monthly cost ranging between \$342.79 and \$345.55 per recipient. The total estimated cost for client services would be \$0.3 million in All Funds, including \$0.1 million in General Revenue, in fiscal year 2021 increasing each fiscal year to \$1.0 million in All Funds, including \$0.4 million in General Revenue, in fiscal year 2024.

Repealing the sunset date associated with Medicaid reimbursement of home telemonitoring services would result in a cost to continue providing those services beyond September 1, 2019. According to HHSC, the total estimated cost for these client services would be \$20.2 million in All Funds, including \$7.9 million in General Revenue, in fiscal year 2020 increasing each fiscal year to \$21.4 million in All Funds, including \$8.1 million in General Revenue, in fiscal year 2024. The House and Senate versions of House Bill 1 (the General Appropriations Bill) provide funding for this purpose.

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 \$0.4 million each fiscal year. 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.

It is assumed HHSC can absorb the cost of including cost savings in the biennial report.

According to HHSC home telemonitoring may reduce medical services utilization resulting in an offsetting savings; however, an exact estimate could not be determined and no savings is included.

Technology

System modifications to the claims administrator are estimated at a one-time cost of \$138,000 in All Funds, including \$69,000 in General Revenue, in fiscal year 2020.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: WP, AKi, LR, JGa