

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 25, 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: HB1080 by White (Relating to prior authorization procedures for physical therapy services in Medicaid and the child health plan program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1080, As Introduced: a negative impact of (\$3,089,924) 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	(\$340,000)
2021	(\$2,749,924)
2022	(\$2,749,924)
2023	(\$2,749,924)
2024	(\$2,749,924)

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
2020	(\$340,000)	(\$340,000)
2021	(\$2,749,924)	(\$2,749,924)
2022	(\$2,749,924)	(\$2,749,924)
2023	(\$2,749,924)	(\$2,749,924)
2024	(\$2,749,924)	(\$2,749,924)

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to standardize prior authorization request procedures for physical therapy services in Medicaid and the Children's Health Insurance Program (CHIP). This standardization would include requiring providers to submit prior authorization requests to the Medicaid claims administrator, using a standard form developed by HHSC, who would make a determination regarding the prior authorization and inform the appropriate managed care organization.

The bill would take effect immediately with a two-thirds vote of all members elected to each house; otherwise, the bill would be effective September 1, 2019.

Methodology

According to HHSC, the contract with the claims administrator would need to be amended to account for the increase in prior authorizations they would process. According to HHSC, there would be a one-time cost in fiscal year 2020 of \$680,000 in All Funds, including \$340,000 in General Revenue, for system modifications and ongoing costs of \$5.5 million in All Funds, including \$2.7 million in General Revenue, in fiscal year 2021 and subsequent years associated with the increased volume of prior authorizations.

The effect on utilization of therapy services is not known and the associated fiscal impact cannot be determined.

Technology

According to HHSC there would be a one-time cost in fiscal year 2020 of \$680,000 in All Funds for system modifications.

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