LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 18, 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: **HB1111** by Davis, Sarah (Relating to maternal and newborn health care.), **Committee Report 2nd House, Substituted**

The fiscal implications of the provisions of the bill cannot be determined at this time because potential changes to utilization and provider reimbursement and savings related to improved outcomes are unknown. The fiscal implications related to the Newborn Screening Preservation Account cannot be determined because they depend on appropriations decisions and the adoption of new rules.

The Department of State Health Services (DSHS) and the executive commissioner of the Health and Human Services Commission (HHSC) are not required to establish a high-risk maternal care coordination services pilot program, unless a specific appropriation for its implementation is provided in a general appropriations act of the 86th Legislature.

Fiscal Analysis

The bill would amend Chapter 531 of the Government Code to require HHSC to conduct a study by September 1, 2020 on the costs and benefits of permitting Medicaid reimbursement for telehealth and telemedicine services for prenatal and postpartum care.

The bill would require HHSC to develop a pilot program to establish pregnancy medical homes with maternity management teams for women who receive coverage through the Medicaid managed care model. HHSC would be required to provide a report on the pilot program by January 1, 2021.

The bill would amend Chapter 33 of the Health and Safety Code to require the executive commissioner of HHSC to adopt rules for newborn screening fees and ensure that amounts charged are sufficient to cover the cost of performing the screening.

The bill would establish the Newborn Screening Preservation Account as a dedicated account in general revenue to be administered by the Department of State Health Services (DSHS). The bill would require DSHS to transfer unexpended and unencumbered funds from Medicaid reimbursements collected by the agency for newborn screening services to the new account. The account would also be composed of grants, gifts, donations, legislative appropriations, and interest earned on the investment of money in the account. Money in the account could only be appropriated to DSHS and only for the purposes of carrying out the newborn screening program, performing additional newborn screening tests, or for certain capital expenditures.

The bill would amend Chapter 34 of the Health and Safety Code to require HHSC to submit a report summarizing actions taken to address maternal morbidity and reduce maternal mortality rates on December 1 of each even numbered year. HHSC, in collaboration with the Maternal Mortality and Morbidity Task Force, would also be required to perform program evaluations on various programs and policy options related to maternal health services.

HHSC, in consultation with the task force, would be required to develop a program to deliver prenatal and postpartum care through telehealth or telemedicine services. HHSC would be required to submit a report on the program by January 1, 2021. The bill would also require HHSC to apply for grants under the federal Preventing Maternal Deaths Act of 2018 (Pub. L. No. 115-344).

The bill would add syphilis to the diagnostic testing required during delivery.

The bill would require HHSC, in consultation with DSHS to adopt additional rules relating to level of care designations for hospitals that provide neonatal and maternal care. The bill would repeal the provision abolishing the Perinatal Advisory Council on September 1, 2025, and require the Sunset Advisory Commission to review the Perinatal Advisory Council during the period in which DSHS is reviewed. The bill would require DSHS, in consultation with the Perinatal Advisory Council, to conduct a strategic review of the practical implementation of current rules relating to hospital level of care designations for neonatal and maternal care. Based on the review, DSHS would be required to recommend a modification of these rules as appropriate. The bill would also require DSHS to submit two reports to the Legislature relating to its review of neonatal and maternal care rules.

The bill would require DSHS to develop and implement a high-risk maternal care coordination services pilot program in one or more geographic areas of the state. DSHS would be required to submit a report evaluating the effective of the pilot program and whether it should be continued, expanded, or terminated by December 1 of each even numbered year.

DSHS and the executive commissioner of HHSC are not required to establish a high-risk maternal care coordination services pilot program, unless a specific appropriation for its implementation is provided in a general appropriations act of the 86th Legislature.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either within or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

The bill would take effect immediately upon receiving a two-thirds majority vote in each house. Otherwise, the bill would take effect September 1, 2019.

Methodology

According to HHSC, the implementation of the pregnancy medical homes pilot program and a maternal telemedicine program would result in a significant fiscal impact to HHSC, but the agency cannot provide a cost estimate at this time. Costs related to provider reimbursement are unknown and could be offset by savings from improved outcomes.

A specific estimate for fiscal impact of the pregnancy medical homes pilot program cannot be determined at this time. It is unknown to what extent any existing providers meet the criteria laid

out in the bill and to what extent HHSC would need to develop financial incentives, as allowed by the bill, to establish pregnancy medical homes.

A specific estimate for the fiscal impact of the program to deliver prenatal and postpartum care through telehealth or telemedicine services cannot be determined at this time. If the services were adopted by Texas Medicaid, there would be added costs associated with the expanded services, rate hearings would be required for new benefits, policy language would need to be developed specific to the new benefits and services, and policy and provider manuals and claims systems would need to be updated. It is unknown to what degree such a program would result in additional utilization and to what degree existing utilization would shift from in-person to telemedicine.

Currently DSHS collects Medicaid reimbursements for newborn screenings performed for Medicaid clients, which are deposited to Public Health Medicaid Reimbursements (Account No. 709). Funds from Account No. 709 are appropriated to HHSC for Mental Health State Hospitals, Mental Health Community Hospitals, and Non-Full Benefits Payments and to DSHS for Laboratory Services, Texas Primary Care Office, and other IT and administrative services. Under the provisions of the bill, on September 30 of each year, DSHS would be required to transfer to the Newborn Screening Preservation Account any unexpended and unencumbered Medicaid reimbursements DSHS collected for newborn screenings during the preceding state fiscal year.

Appropriations typically expend the full amount from Account No. 709, so no excess funds are expected to be available to transfer to the Newborn Screening Preservation Account for fiscal year 2020. The amounts of any transfers after fiscal year 2020 cannot be determined because they would depend on the adoption of new rules for newborn screening fees by the executive commissioner of HHSC and future appropriations decisions regarding Account No. 709.

Adding syphilis to the diagnostic testing required during delivery would result in a cost to Medicaid client services. According to HHSC, assuming a cost of $4.75 per test, the bill would result in an All Funds cost of $1,107,530 in fiscal year 2020; $1,114,272 in fiscal year 2021; $1,155,850 in fiscal year 2022; $1,169,609 in fiscal year 2023; and $1,183,644 in fiscal year 2024. The All Funds cost would include costs of $435,592 in GR Match for Medicaid Account No. 758 and $671,938 in Federal Funds in fiscal year 2020; $435,792 in GR Match for Medicaid Account No. 758 and $678,480 in Federal Funds in fiscal year 2021; $452,053 in GR Match for Medicaid Account No. 758 and $703,797 in Federal Funds in fiscal year 2022; $457,434 in GR Match for Medicaid Account No. 758 and $712,175 in Federal Funds in fiscal year 2023; and $462,923 in GR Match for Medicaid Account No. 758 and $720,721 in Federal Funds in fiscal year 2024. In addition, there would be a gain to General Revenue from increased premium tax revenue of $12,707 in fiscal year 2020; $31,845 in fiscal year 2021; $19,408 in fiscal year 2022; $19,716 in fiscal year 2023; and $19,952 in fiscal year 2024.

It is assumed that DSHS and the Sunset Advisory Commission could support the strategic review process of the Perinatal Advisory Commission using existing staff. It is assumed that DSHS could conduct the strategic review of the practical implementation of current rules relating to hospital level of care designations for neonatal and maternal care using existing resources.

To develop and implement a high-risk maternal care coordination services pilot program, DSHS would require 8.0 FTEs including 1.0 Program Specialist VI, 3.0 Program Specialist Vs, 1.0 Research Specialist IV, 1.0 Epidemiologist II, 1.0 Epidemiologist III, and 1.0 Nurse IV. In addition to FTEs, the agency would be required to establish a team of experts to create a high-risk screening tool, trainings for professional care coordinators, conduct a public awareness campaign, and implement best practice use of maternal safety bundles. The cost for the FTEs, contracting with experts, and the public awareness campaign would be $3,500,000 of General Revenue per

fiscal year.

HHSC could absorb costs associated with data collection, analysis, and reporting within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission, 537 State Health Services, Department of, 304 Comptroller of Public Accounts

LBB Staff: WP, ND, AKi, JQ, LR