

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 30, 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: **HB1647** by Deshotel (Relating to the development of a dental services benefit under Medicaid for adult recipients with disabilities and a pilot program to provide those services.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1647, Committee Report 1st House, Substituted: a negative impact of (\$10,212,208) 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	(\$948,283)
2021	(\$9,263,925)
2022	(\$6,343,178)
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GR Match For Medicaid 758</i>	Probable (Cost) from <i>Federal Funds 555</i>	Probable Revenue Gain/(Loss) from <i>General Revenue Fund 1</i>	Probable Revenue Gain/(Loss) from <i>Foundation School Fund 193</i>
2020	(\$948,283)	(\$1,095,417)	\$0	\$0
2021	(\$9,562,821)	(\$14,887,822)	\$224,172	\$74,724
2022	(\$7,008,261)	(\$10,910,652)	\$498,812	\$166,271
2023	\$0	\$0	\$0	\$0
2024	\$0	\$0	\$0	\$0

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to develop a dental services benefit for certain disabled adult Medicaid recipients. The bill would authorize HHSC to establish and operate a pilot program to provide the dental services benefit in one or more geographic areas of the state. The bill would require the pilot program to conclude not later than September 1, 2022.

Methodology

HHSC indicates that it is unknown if HHSC could develop a Medicaid dental services benefit for adults with disabilities that is cost-effective and achieves cost savings and assumes that a pilot would only be implemented if a Medicaid dental services benefit is designed that achieves an overall cost savings. According to HHSC, the estimated costs to provide Medicaid coverage for dental services for adults with disabilities exceed estimated savings from emergency room visits and reductions in hospitalizations. The costs indicated above could vary significantly depending on the number of individuals served in a pilot program, as well as the level of cost savings associated with any dental services benefit developed by HHSC. There would be no cost if HHSC does not implement the pilot program.

This analysis assumes that 10.0 percent of the estimated average disability-related adult caseload would participate in the pilot program, resulting in an estimated caseload of 63,027 in fiscal year 2021 and increasing to 63,825 in fiscal year 2022. The increased average monthly cost per recipient is estimated to be \$36.43 in fiscal year 2021, decreasing to \$27.29 in fiscal year 2022. The higher costs in the first year are due to assumed pent-up demand. The estimated increased cost to client services would be \$24.5 million in All Funds, including \$9.6 million in General Revenue, in fiscal year 2021 decreasing to \$17.9 million in All Funds, including \$7.0 million in General Revenue in fiscal year 2022.

The 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 \$0.3 million in fiscal year 2021 and \$0.7 million in fiscal year 2022. 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.

This analysis assumes that system changes and modification of rules would occur in fiscal year 2020 at a cost of \$2.0 million in All Funds, including \$0.9 million in General Revenue. It is assumed that costs associated with reporting requirements could be absorbed utilizing existing agency resources.

Technology

Total technology costs are assumed to be \$2,043,700 cost in fiscal year 2020 in All Funds, including \$948,283 in General Revenue Funds, and \$16,000 in fiscal year 2021 through fiscal year 2023 for modifications to the Texas Integrated Eligibility Redesign System (TIERS) and claims system.

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, EP, MDI, LR, KT