

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 8, 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: HB2062 by Guerra (Relating to the provision and reimbursement of home telemonitoring services under Medicaid.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2062, As Introduced: a negative impact of (\$18,762,919) 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	(\$11,113,417)
2022	(\$14,616,525)
2023	(\$18,800,379)
2024	(\$19,104,303)

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	(\$11,588,741)	(\$18,804,635)	\$356,493	\$118,831
2022	(\$15,572,662)	(\$25,364,934)	\$717,103	\$239,034
2023	(\$19,712,023)	(\$32,107,176)	\$683,733	\$227,911
2024	(\$20,025,563)	(\$32,617,871)	\$690,945	\$230,315

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC), with regards to Medicaid home telemonitoring, to provide services to certain pediatric clients with complex medical needs and to provide reimbursement for services in the event of an unsuccessful data transmission if the provider attempts to establish a successful transmission. 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 additional services would be provided beginning September 1, 2020. If services were provided sooner there would be an additional cost.

According to HHSC, client services for the additional pediatric population would ramp up over a period of two years with an estimated additional 2,404 average monthly recipients in fiscal year 2021 increasing each fiscal year to 7,537 average monthly recipients in fiscal year 2024 at a monthly cost of \$345.82 per recipient. The total estimated cost for these client services would be \$10.0 million in All Funds, including \$3.8 million in General Revenue, in fiscal year 2021 increasing each fiscal year to \$31.3 million in All Funds, including \$11.9 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 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 in fiscal year 2020, \$0.5 million in fiscal year 2021, \$1.0 million in fiscal year 2022, \$0.9 million in fiscal year 2023, and \$0.9 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.

According to HHSC, the cost of providing reimbursements for unsuccessful data transmissions cannot be determined because data for unsuccessful transmissions is not collected; however, HHSC anticipates that the cost would be minimal.

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, LR, AKi, JGa