

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 9, 2019**

**TO:** Honorable Senfronia Thompson, Chair, House Committee on Public Health

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

**IN RE: HB2600** by Coleman (Relating to coverage for certain services relating to postpartum depression under the medical assistance and CHIP perinatal programs.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2600, As Introduced: a negative impact of (\$69,161,126) 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	(\$584,562)
2021	(\$68,576,564)
2022	(\$95,551,211)
2023	(\$73,889,550)
2024	(\$80,440,951)

**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 Savings from <i>General Revenue Fund 1</i>	Probable (Cost) from <i>General Revenue Fund 1</i>
2020	(\$584,562)	(\$1,753,688)	\$0	\$0
2021	(\$84,565,756)	(\$136,240,303)	\$14,913,026	(\$1,438,528)
2022	(\$105,970,448)	(\$171,400,758)	\$7,358,511	(\$4,083,394)
2023	(\$73,646,715)	(\$118,747,123)	\$2,953,167	(\$6,591,436)
2024	(\$79,905,294)	(\$128,936,708)	\$3,056,402	(\$7,461,301)

<b>Fiscal Year</b>	<b>Probable Revenue Gain from General Revenue Fund 1</b>	<b>Probable Revenue Gain from Foundation School Fund 193</b>
2020	\$0	\$0
2021	\$1,886,020	\$628,674
2022	\$5,358,090	\$1,786,030
2023	\$2,546,575	\$848,859
2024	\$2,901,931	\$967,311

<b>Fiscal Year</b>	<b>Change in Number of State Employees from FY 2019</b>
2020	0.0
2021	67.6
2022	67.6
2023	67.6
2024	67.6

### **Fiscal Analysis**

The bill would require the Health and Human Services Commission (HHSC) to provide, in Medicaid and the CHIP Perinatal program, screening and treatment for postpartum depression for 12 months after delivery. The bill would also require HHSC to continue to provide Medicaid to women enrolled during a pregnancy for at least 12 months after delivery.

### **Methodology**

According to HHSC, the bill would result in an increase in postpartum depression screenings and treatment under the CHIP Perinatal program. It is assumed it would take one year to implement the new benefit; therefore, it is assumed the new services would begin in fiscal year 2021. The total estimated increase to CHIP Perinatal client services would be \$1.4 million in General Revenue in fiscal year 2021 increasing in each subsequent fiscal year to \$7.5 million in General Revenue by fiscal year 2024. If HHSC were to obtain a federal waiver, increased client services costs could be partially funded with federal funds. It is assumed these services would not be provided through managed care; however, if they were, there would likely be increased administrative costs through the capitation rates as well as an increase to premium tax revenue.

According to HHSC, the bill would result in women enrolled in Medicaid during pregnancy receiving an additional ten months of coverage under the program. The extended coverage is expected to result in savings to the Medicaid program from averted births and savings to the Healthy Texas Women program because women who were auto-enrolled into, and received services from, that program would instead receive those benefits through extended Medicaid coverage. It is assumed that it would take one year to receive all necessary federal approvals and to make required system changes; therefore, it is assumed extended coverage would begin in fiscal year 2021. It is assumed that women enrolled on September 1, 2020 would be eligible to receive extended coverage; costs would be reduced if the provisions of the bill only applied to women enrolling in coverage for pregnant women on or after that date.

According to HHSC, there would be a cost of \$2.3 million in All Funds, including \$0.6 million in General Revenue, in fiscal year 2020 and \$1.0 million in All Funds, including \$0.3 million in

General Revenue, in fiscal year 2021 to implement modifications to the Texas Integrated Eligibility Redesign System (TIERS) and claims administrator. Additionally, according to HHSC 67.6 full-time equivalents would be needed to manage eligibility determinations for the increased caseload because the commission assumes the extended coverage would be implemented as a new enrollment group requiring a new eligibility determination following the initial post-partum coverage period. Staffing costs are estimated to be \$4.3 million in All Funds, including \$2.1 million in General Revenue, in fiscal year 2021 and \$3.8 to \$3.9 million in All Funds, including \$1.9 million in General Revenue, in subsequent years.

The additional average monthly caseload associated with extended coverage is estimated to be 73,713 in fiscal year 2021, increasing to a range of 111,173 to 115,848 in fiscal years 2022 to 2024 when fully ramped up. The average monthly cost per recipient is estimated to be \$249.48 in fiscal year 2021, increasing in each subsequent year to \$289.39 in fiscal year 2024. These costs assumed to include postpartum depression screenings and treatment required by the bill. The total estimated cost of the extended coverage is estimated to be \$220.7 million in All Funds, including \$84.1 million in General Revenue, in fiscal year 2021 increasing in each subsequent year to \$386.5 million in All Funds, including \$147.0 million in General Revenue, by fiscal year 2024.

Estimated savings associated with averted births, including reduced costs for pregnant women and newborns, is \$5.1 million in All Funds, including \$2.0 million in General Revenue, in fiscal year 2021, increasing in each subsequent year to \$181.5 million in All Funds, including \$69.1 million in General Revenue, by fiscal year 2024. Estimated savings to the Healthy Texas Women program is \$14.9 million in fiscal year 2021 and a range of \$3.0 million to \$7.4 million in subsequent years. Healthy Texas Women savings are assumed to be General Revenue; however, if the Healthy Texas Women 1115 Waiver receives federal approval, a portion of the savings would accrue to federal funds.

The net increased cost including client services and administration is estimated to be \$207.3 million in All Funds, including \$71.1 million in General Revenue, in fiscal year 2021, increasing to \$274.1 million in All Funds, including \$171.4 million in General Revenue, in fiscal year 2022, then decreasing in subsequent years to \$196.0 million in All Funds, including \$77.3 million in General Revenue, in fiscal year 2023 and \$213.2 million in All Funds, including \$84.3 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 \$2.5 million in fiscal year 2021, \$7.1 million in fiscal year 2022, \$3.4 million in fiscal year 2023, and \$3.9 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.

## **Technology**

According to HHSC, the cost for modifications to the Texas Integrated Eligibility Redesign System (TIERS) and claims administrator is estimated at \$2.3 million in All Funds, including \$0.6 million in General Revenue, in fiscal year 2020 and \$1.0 million in All Funds, including \$0.3 million in General Revenue, in fiscal year 2021.

**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, SK, LR, KT