

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 22, 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: HB3549 by Rose (Relating to a prohibition on certain inpatient hospital care limitations under the STAR+PLUS Medicaid managed care program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3549, As Introduced: a negative impact of (\$85,679,954) 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	(\$42,470,425)
2021	(\$43,209,529)
2022	(\$47,859,826)
2023	(\$50,188,115)
2024	(\$53,653,988)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GR Match For Medicaid 758	Probable Savings/(Cost) from Federal Funds 555	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Foundation School Fund 193
2020	(\$43,762,662)	(\$67,399,527)	\$969,178	\$323,059
2021	(\$46,644,691)	(\$71,377,873)	\$2,576,371	\$858,791
2022	(\$50,098,161)	(\$76,218,183)	\$1,678,751	\$559,584
2023	(\$52,574,767)	(\$81,207,421)	\$1,789,989	\$596,663
2024	(\$56,146,084)	(\$86,710,707)	\$1,869,072	\$623,024

Fiscal Analysis

The bill would prohibit the Health and Human Services Commission (HHSC) and a managed care organization that contracts with HHSC to provide health care services under the STAR+PLUS Medicaid managed care program from imposing a 30-day spell of illness limitation or other requirement that limits the duration of time a recipient may receive inpatient hospital care. The bill would take effect September 1, 2019.

Methodology

HHSC estimates the costs to remove the spell of illness limitation under STAR+PLUS to be \$110.8 million in All Funds, including \$67.2 million in General Revenue Funds, in fiscal year 2020 increasing to \$145.7 million in All Funds, including \$88.0 million in General Revenue Funds, by fiscal year 2024 for increased Medicaid client services costs including costs related to the Health Insurance Providers Fee based on current STAR+PLUS enrollment and cost trends.

Client services costs are assumed to result in an increase to insurance premium tax revenue, estimated to be 1.75 percent of the increased managed care expenditures. Revenue is adjusted for assumed timing of payments and prepayments resulting in an estimated increase of \$1.3 million in fiscal year 2020, \$3.4 million in fiscal year 2021, and between \$2.2 million and \$2.5 million in each fiscal until fiscal year 2024.

According to HHSC, system modifications related to the Medicaid claims administrator and certain auxiliary technology services necessary to implement the provisions of the bill are estimated to cost \$0.4 million in All Funds, including \$0.2 million in General Revenue Funds, in fiscal year 2020.

Technology

Total technology costs for system modifications to the Medicaid claims administrator processing system and auxiliary technology services are estimated at a one time cost of \$0.4 million in All Funds in fiscal year 2020.

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