

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: **HB4400** by Johnson, Julie (Relating to the establishment of a pilot program to create additional housing for certain individuals with an intellectual or developmental disability through a Medicaid waiver program.), **As Introduced**

The fiscal implications of the bill relating to establishing a pilot program to create additional housing for certain individuals in the Home and Community-based Services Medicaid waiver program cannot be determined at this time.

The bill would require the Health and Human Services Commission (HHSC) to use proceeds from general obligation bonds issued by the Texas Public Finance Authority (TPFA) to establish and conduct a pilot program for a period of 10 years that provides funding to a community non-profit corporation to create additional housing for not less than 100 individuals with an intellectual or developmental disability through the Home and Community-based Services (HCS) Medicaid waiver program. The bill would require HHSC to set a goal to reduce the number of individuals residing in and receiving services in a state supported living center, to an extent necessary to offset the costs of the pilot program. The bill would take effect on January 1, 2020, only if the constitutional amendment, HJR 141, is approved by the voters.

Due to insufficient information provided by HHSC, the cost to create housing for at least 100 individuals in the HCS waiver program cannot be determined at this time. There may be some offsetting savings associated with reducing the number of individuals receiving services in a SSLC; however, savings cannot be estimated at this time as costs per individual vary with acuity and the size of the reduction in the SSLC population is unknown.

According to analysis provided by the Texas Public Finance Authority which assumes the issuance of one \$10 million fixed rate bond on January 1, 2020, with a 6 percent interest rate for tax exempt debt, and issued with level principal payment for a twenty year term, the agency anticipates debt service in the amount of \$150,000 in FY 2020 and \$1,085,000 in FY 2021. Debt service estimates for the next five years are as follows: \$1,055,000 in FY 2022; \$1,025,000 in FY 2023; \$995,000 in FY 2024 and \$965,000 in FY 2025.

This analysis assumes that additional housing options for individuals enrolled in the HCS waiver would not add additional residential or other services to the HCS waiver, and the client service cost impact would be minimal.

According to HHSC, 3.0 full-time equivalents would be required to write policies and procedures, provide for contract management and oversight, collecting and maintaining data, and to ensure

compliance with contracts, grants, laws, regulations, and policies. The total FTE-related cost is estimated to be \$394,125 in All Funds, including \$354,604 million in General Revenue Funds in fiscal year 2020, and \$371,739 in All Funds, including \$334,451 in General Revenue Funds, in each fiscal year from fiscal year 2021 to fiscal year 2024. Those amounts include \$18,089 in fiscal year 2020 and \$15,050 in fiscal year 2021 to fiscal year 2024 for FTE-related technology costs.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 347 Public Finance Authority, 352 Bond Review Board, 529 Health and Human Services Commission

LBB Staff: WP, AKi, EP, MDI