

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

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

**May 13, 2019**

**TO:** Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

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

**IN RE: HB4543** by Klick (Relating to implementation of the system redesign for the delivery of Medicaid benefits to persons with intellectual or developmental disabilities.), **As Engrossed**

The fiscal implications of the bill cannot be determined at this time because no information is available on the cost or savings associated with the managed care programs affected by the provisions of the bill. It is assumed any costs associated with reporting requirements could be absorbed with existing agency resources.

The bill would delay the conclusion of pilot programs implemented pursuant to Government Code, Chapter 534, Subchapter C from September 1, 2019 to September 1, 2024. The bill would delay the transition of Texas Home Living waiver participants into a managed care program by five years from September 1, 2019 to September 1, 2024. The bill would delay the transition of other Medicaid waiver participants and individuals receiving services in an intermediate care facility for individuals with intellectual disabilities into a managed care program by five years from September 1, 2020 to September 1, 2025. The bill would require HHSC to continue to submit an annual report on implementation until January 1, 2029.

The fiscal impact of delaying the transition of certain Medicaid participants into managed care cannot be determined. The fiscal impact of moving participants into managed care is unknown at this time and would be dependent on assumptions made by the Health and Human Services Commission during the rate-setting process. There are costs associated with capitation, including new administrative costs and payment of the Health Insurance Provider Fee pursuant to the federal Affordable Care Act. Whether those costs would be offset by medical savings and increased premium tax revenue is unknown at this time. Under the provisions of the bill, any fiscal impact from moving participants into managed care would be delayed. If there were a cost associated with the transition into managed care, there would be a savings in fiscal years 2020 and 2021 from delaying that cost. If there were a savings associated with the transition into managed care, there would be a cost in fiscal years 2020 and 2021 from delaying that savings.

Under the provisions of the bill, pilot programs could operate in fiscal year 2020 through fiscal year 2025. Because the pilot programs have not yet been implemented, any cost or savings associated with them cannot be determined. It is assumed that any costs associated with reporting requirements could be absorbed within existing agency resources.

The bill would take effect immediately upon receiving a two-thirds majority vote in each house. Otherwise, the bill would take effect September 1, 2019.

### **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