

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 1, 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: **SB1207** by Perry (Relating to the coordination of private health benefits with Medicaid benefits.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1207, As Introduced: a negative impact of (\$1,909,098) 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	(\$1,036,521)
2021	(\$872,577)
2022	(\$872,577)
2023	(\$872,577)
2024	(\$872,577)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from GR Match For Medicaid 758	Probable Savings/(Cost) from GR Match For Title XXI 8010	Probable Savings/(Cost) from GR Match for Food Stamp Admin 8014
2020	(\$68,161)	(\$855,381)	(\$1,392)	(\$111,587)
2021	(\$18,998)	(\$851,640)	(\$47)	(\$1,892)
2022	(\$18,998)	(\$851,640)	(\$47)	(\$1,892)
2023	(\$18,998)	(\$851,640)	(\$47)	(\$1,892)
2024	(\$18,998)	(\$851,640)	(\$47)	(\$1,892)

Fiscal Year	Probable Savings/(Cost) from Federal Funds 555	Change in Number of State Employees from FY 2019
2020	(\$1,181,279)	1.3
2021	(\$855,218)	1.3
2022	(\$855,218)	1.3
2023	(\$855,218)	1.3
2024	(\$855,218)	1.3

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to develop and maintain a list of services that are not traditionally covered by primary health benefit plans (PHBP) and that a Medicaid managed care organization (MCO) may approve without coordinating with the issuer of the PHBP and that could be resolved through third party liability resolution. The bill would require HHSC to provide certain information on a recipient's third party insurance, including benefits, limits, copayments, and coinsurance. The bill would require HHSC to develop and implement a process to allow a provider who primarily provides services to a recipient through PHBP coverage to receive Medicaid reimbursement for services ordered, referred, prescribed, or delivered regardless of whether the provider is enrolled as a Medicaid provider. The bill would require HHSC to use the provider's national provider identifier number and would prohibit HHSC from requiring a state provider identified number. The bill would require HHSC to develop and implement a process to allow a recipient with complex medical needs who has established a relationship with a specialty provider outside of the recipient's MCO's service delivery area to continue to receive care from the provider if the provider will enter into a single-case agreement. The bill would require HHSC to develop and implement processes to reimburse a recipient with PHBP coverage who pays a copayment, coinsurance, or other cost-sharing amount out of pocket because the issuer refused to enroll in Medicaid, enter into a single-case agreement, or bill the recipient's MCO, and to capture encounter data for Medicaid wrap-around benefits provided by the MCO. The bill would take effect September 1, 2019.

Methodology

To implement the provisions of the bill, this analysis assumes an increase of 1.3 FTEs in each fiscal year, including 1.0 Contract Specialist IV and 0.3 Research Specialist V related to ongoing contract monitoring of Claims Administrator third party recovery operations and to collect and analyze data. HHSC estimates that necessary system modifications to the Texas Integrated Eligibility Redesign System (TIERS) would have a one-time cost of \$532,000 in All Funds and system modifications to the Claims Administrator would have a one-time cost of \$1,545,000 in fiscal year 2020 and ongoing operational costs of \$1,590,000 beginning in fiscal year 2021. This analysis assumes the cost of the additional FTEs, including salary and benefits, would be \$149,600 in fiscal year 2020 and \$137,796 in fiscal year 2021.

HHSC indicates that if MCOs incur additional costs as a result of changes made to third party recoveries in Medicaid by the provisions of the bill, then capitation rates may need to be adjusted. The fiscal impact of changes to capitation rates cannot be determined at this time.

HHSC also indicates that there would be increased costs for changes to the provider enrollment and management system in the state Medicaid Management Information System (MMIS). Based on LBB analysis of average implementation costs for change order requests to the MMIS, LBB estimates that implementation costs for changes relating to the provisions of the bill could have a

negative impact of up to \$2.4 million in All Funds (\$1.2 million in General Revenue). However, costs for changes related to the PMES could vary significantly based on the exact changes required.

According to HHSC, the Department of Family and Protective Services (DFPS) and the Department of State Health Services (DSHS) would have a cost associated with the Public Assistance Cost Allocation Plan. It is assumed these costs could be absorbed within DFPS's and DSHS's existing agency resources.

Technology

FTE-related technology costs are estimated to be \$7,761 in fiscal year 2020 and \$6,457 in fiscal year 2021. System modifications related to the Medicaid claims administrator are estimated to be \$1,545,000 in fiscal year 2020. System modifications to TIERS are estimated to be a one-time cost of \$523,000 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