

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 9, 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: **SB2086** by Hinojosa (Relating to a single Internet portal or equivalent electronic system through which Medicaid providers may submit and receive information.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2086, Committee Report 1st House, Substituted: a negative impact of (\$5,451,549) 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	(\$2,783,857)
2021	(\$2,667,692)
2022	(\$758,742)
2023	(\$758,742)
2024	(\$758,742)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GR Match For Medicaid</i> 758	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Federal Funds</i> 555
2020	(\$2,776,354)	(\$7,503)	(\$8,561,883)
2021	(\$2,660,768)	(\$6,924)	(\$8,429,840)
2022	(\$755,354)	(\$3,388)	(\$2,266,062)
2023	(\$755,354)	(\$3,388)	(\$2,266,062)
2024	(\$755,354)	(\$3,388)	(\$2,266,062)

Fiscal Year	Change in Number of State Employees from FY 2019
2020	5.4
2021	5.4
2022	0.3
2023	0.3
2024	0.3

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to use existing resources to consolidate certain electronic or internet portals. The bill would require HHSC to ensure that each managed care organization and provider can access the portal and would require HHSC to, by rule, require that managed care organizations allow providers to use the consolidated portal. The bill would prohibit HHSC from contracting with the entity serving as the state's Medicaid claims administrator.

Methodology

This analysis assumes that costs related to implementing the provisions of the bill would begin on September 1, 2019 in order to procure and implement the Internet portal required by the bill not later than January 1, 2021. Based on estimates provided by HHSC, this analysis assumes that HHSC would require 5.4 FTEs in each fiscal year of the 2020-21 biennium, including 5.0 staff augmentation contractor FTEs that will no longer be required beginning in fiscal year 2022. This analysis assumes the total FTE costs, including salaries, hourly wages for contracted staff, and other FTE-related costs will total \$1.1 million in All Funds, including \$0.4 million in General Revenue in each fiscal year of the 2020-21 biennium, and will decrease to \$24,804 in All Funds, including \$8,742 in General Revenue in fiscal years 2023 and 2024.

HHSC indicates that provisions of the bill would require HHSC to procure a new contractor to build the portal, since the bill prohibits utilization of the existing claims administrator. Based on estimates provided by HHSC, this analysis assumes costs of \$10.2 million in All Funds, including \$2.4 million in General Revenue, in each fiscal year of the 2020-21 biennium for development and implementation of the consolidated portal. Ongoing maintenance costs are estimated to be \$3.0 million in All Funds, including \$0.8 million in General Revenue, in each fiscal year beginning in fiscal year 2022.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house. Otherwise, it would take effect September 1, 2019.

Technology

Technology costs are anticipated to total \$11.2 million in All Funds in fiscal year 2020, \$11.0 million in All Funds in fiscal year 2021, due primarily to implementation of a new single Internet portal or equivalent electronic system decreasing to \$1,242 in each fiscal year beginning in fiscal year 2022 for ongoing FTE-related technology costs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: WP, AKi, EP, MDI, LR