

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

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

**April 8, 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:** **SB2138** by Hinojosa (Relating to authority of the Health and Human Services Commission to retain portion of appropriated funds to pay for implementation of certain health care programs under the Medicaid program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB2138, As Introduced: an impact of \$0 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	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>Federal Funds</i> 555	Probable Savings/(Cost) from <i>Approp Receipts- Match For Medicaid</i> 8062	Probable Revenue Gain from <i>Federal Funds</i> 555	Probable Revenue Gain from <i>Approp Receipts- Match For Medicaid</i> 8062
2020	(\$1,288,526)	(\$1,290,703)	\$26,500,000	\$26,500,000
2021	(\$1,051,292)	(\$1,053,319)	\$26,500,000	\$26,500,000
2022	(\$1,051,292)	(\$1,053,319)	\$26,500,000	\$26,500,000
2023	(\$1,051,292)	(\$1,053,319)	\$26,500,000	\$26,500,000
2024	(\$1,051,292)	(\$1,053,319)	\$26,500,000	\$26,500,000

<b>Fiscal Year</b>	<b>Change in Number of State Employees from FY 2019</b>
2020	10.1
2021	10.1
2022	10.1
2023	10.1
2024	10.1

## **Fiscal Analysis**

The bill would amend Chapter 531 of the Government Code to authorize the Health and Human Services Commission (HHSC) to retain up to one percent of funds received to operate certain health care programs under the Medicaid program to pay for implementation of those programs.

## **Methodology**

This analysis assumes that implementing the provisions of the bill would cost \$2.6 million in All Funds in fiscal year 2020 and \$2.1 million in All Funds in every year thereafter. HHSC estimates that it would need 10.1 Full-Time Equivalent positions (FTEs) to administer and oversee certain health care programs under the Medicaid program in each fiscal year. HHSC anticipates salary and employee benefit costs of \$1.1 million in each fiscal year. The agency estimates additional operating expenses of \$1.1 million in fiscal year 2020 and \$1.0 million in every year thereafter. This analysis assumes one-time information technology costs of \$0.4 million in fiscal year 2020.

HHSC indicates that approximately \$5.3 billion would be available in fiscal year 2020 to operate certain health care programs under the Medicaid program. This analysis assumes that the agency would retain one percent of this amount, resulting in a revenue gain of \$53.0 million in All Funds in each fiscal year. However, HHSC indicates that it would not need to retain the entire one percent as provided by the bill to administer and oversee those programs.

## **Technology**

This analysis assumes one-time information technology costs of \$0.4 million in fiscal year 2020 to develop a database of hospital financial and payment information. HHSC indicates it would use the database to run reports, track trends, and comply with audits related to certain health care programs under the Medicaid program.

## **Local Government Impact**

To the extent that HHSC retains funds to pay for implementation of certain health care programs under the Medicaid program as provided by the bill, units of local government may see a loss in revenue related to such program funding.

**Source Agencies:** 529 Health and Human Services Commission

**LBB Staff:** WP, AKi, ER, ADe, AF