

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 17, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB133 by Rose (Relating to the Medicaid eligibility of certain women after a pregnancy.), As Engrossed

Estimated Two-year Net Impact to General Revenue Related Funds for HB133, As Engrossed : a negative impact of (\$83,975,769) through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$580,500)
2023	(\$83,395,269)
2024	(\$102,338,088)
2025	(\$77,841,042)
2026	(\$84,487,317)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from GR Match For Medicaid</i> 758	<i>Probable (Cost) from Federal Funds</i> 555	<i>Probable Savings from GR Match For Medicaid</i> 758	<i>Probable Savings from Federal Funds</i> 555
2022	(\$580,500)	(\$1,741,500)	\$0	\$0
2023	(\$98,180,585)	(\$152,431,831)	\$11,924,781	\$11,812,202
2024	(\$157,523,928)	(\$244,112,554)	\$46,179,011	\$53,984,967
2025	(\$157,194,219)	(\$242,621,533)	\$74,548,959	\$94,709,235
2026	(\$163,934,663)	(\$248,684,080)	\$76,165,112	\$94,984,830

<i>Fiscal Year</i>	<i>Probable Revenue Gain from General Revenue Fund</i> 1	<i>Probable Revenue Gain from Foundation School Fund</i> 193	<i>Change in Number of State Employees from FY 2021</i>
2022	\$0	\$0	0.0
2023	\$2,145,401	\$715,134	43.0
2024	\$6,755,122	\$2,251,707	60.4
2025	\$3,603,163	\$1,201,055	60.4
2026	\$2,461,675	\$820,559	60.4

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to continue to provide Medicaid to women enrolled during a pregnancy for at least 12 months after delivery or miscarriage.

Methodology

The bill would result in women enrolled in Medicaid during pregnancy receiving an additional ten months of coverage under the program. The extended coverage is expected to result in savings to the Medicaid program from averted births and savings to the Healthy Texas Women program because women who enrolled into, and received services from, that program would instead receive those benefits through extended Medicaid coverage. It is assumed that it would take one year to receive all necessary federal approvals and to make required system changes; therefore, it is assumed extended coverage would begin in fiscal year 2023. It is assumed that women enrolled on September 1, 2022 would be eligible to receive extended coverage; costs would be reduced if the provisions of the bill only applied to women enrolling in coverage for pregnant women on or after that date.

There is an estimated cost of \$2.3 million in All Funds, including \$0.6 million in General Revenue, in fiscal year 2022 to implement modifications to the Texas Integrated Eligibility Redesign System (TIERS). Additionally, it is assumed that 43.0 full-time equivalents (FTEs) would be needed in fiscal year 2023, and 60.4 FTEs in subsequent years, to manage eligibility determinations for the increased caseload because the commission assumes the extended coverage would be implemented as a new enrollment group requiring a new eligibility determination following the initial postpartum coverage period. Staffing costs are estimated to be \$2.9 million in All Funds, including \$1.4 million in General Revenue, in fiscal year 2023, \$3.7 million in All Funds, including \$1.9 million in General Revenue, in fiscal year 2024, and \$3.6 million in All Funds, including \$1.8 million in General Revenue, in subsequent years.

The additional average monthly caseload associated with extended coverage is estimated to be 82,879 in fiscal year 2023, increasing to a range of 127,227 to 131,025 in fiscal years 2024 to 2026 when fully ramped up. The average monthly cost per recipient is estimated to be \$249.08 in fiscal year 2023, increasing in each subsequent year to \$266.72 in fiscal year 2026. The total estimated cost of the extended coverage is estimated to be \$247.7 million in All Funds, including \$96.7 million in General Revenue, in fiscal year 2023 increasing in each subsequent year to \$409.0 million in All Funds, including \$162.1 million in General Revenue, by fiscal year 2026.

Estimated savings associated with averted births, including reduced costs for pregnant women and newborns, is \$4.0 million in All Funds, including \$1.6 million in General Revenue, in fiscal year 2023, increasing in each subsequent year to \$153.6 million in All Funds, including \$60.9 million in General Revenue, by fiscal year 2026. Estimated savings to the Healthy Texas Women program is \$19.7 million in All Funds, including \$10.4 million in General Revenue, fiscal year 2023. Due to approval of the Healthy Texas Women Section 1115 Demonstration Waiver, savings related to non-postpartum services provided through Healthy Texas Women are assumed to be a mix of General Revenue and Federal Funds. Savings related to postpartum care services, known as Healthy Texas Women Plus, which are not currently included in the Healthy Texas Women waiver, are assumed to be General Revenue. However, if HHSC's application to add postpartum care services to the Healthy Texas Women 1115 Waiver is approved, a portion of the savings would accrue to federal funds.

The net increased cost including client services and administration is estimated to be \$226.9 million in All Funds, including \$86.3 million in General Revenue, in fiscal year 2023, increasing to \$301.5 million in All Funds, including \$111.3 million in General Revenue, in fiscal year 2024, then decreasing to \$230.6 million in All Funds, including \$82.6 million in General Revenue, in fiscal year 2025 and \$241.5 million in All Funds, including \$87.8 million in General Revenue, in fiscal year 2026.

The net increases in client services payments through managed care are assumed to result in an increase to insurance premium tax revenue, estimated as 1.75 percent of the increased managed care expenditures. Revenue is adjusted for assumed timing of payments and prepayments resulting in assumed increased collections of \$2.9 million in fiscal year 2023, \$9.0 million in fiscal year 2024, \$4.8 million in fiscal year 2025, and \$3.3 million in fiscal year 2026. Pursuant to Section 227.001(b), Insurance Code, 25 percent of the revenue is assumed to be deposited to the credit of the Foundation School Fund.

Technology

The cost for modifications to the Texas Integrated Eligibility Redesign System (TIERS) is estimated at \$2.3 million in All Funds, including \$0.6 million in General Revenue, in fiscal year 2022. FTE-related technology costs are estimated to be \$69,875 in All Funds, including \$34,937 in General Revenue in fiscal year 2023. FTE-related technology costs are estimated to decrease of \$53,043 in All Funds, including \$26,521 in General Revenue, in fiscal year 2024, and \$34,790 in all Funds, including \$17,395 in General Revenue, in subsequent fiscal years.

Local Government Impact

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

Source Agencies: 529 Hlth & Human Svcs Comm

LBB Staff: JMc, AKI, JLI, RD, WP, KT