

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 22, 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 provision of certain benefits under Medicaid and the Healthy Texas Women program, including the transition of case management for children and pregnant women program services and Healthy Texas Women program services to a managed care program.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB133, Committee Report 2nd House, Substituted : a negative impact of (\$45,761,921) 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. The Health and Human Services Commission (HHSC) and Department of State Health Services (DSHS) are required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money for that purpose, HHSC and DSHS may, but are not required to, implement a provision of this Act using other appropriations available for that purpose.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	(\$1,389,227)
2023	(\$44,372,694)
2024	(\$36,385,239)
2025	(\$45,216,530)
2026	(\$49,376,717)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from GR Match For Medicaid 758	Probable Savings/(Cost) from Federal Funds 555	Probable Revenue Gain/(Loss) from General Revenue Fund 1
2022	\$0	(\$1,389,227)	(\$2,526,773)	\$0
2023	\$0	(\$45,977,138)	(\$77,242,170)	\$1,203,333
2024	(\$111,605)	(\$42,030,253)	(\$77,746,842)	\$4,317,464
2025	(\$459,129)	(\$50,419,349)	(\$100,651,473)	\$4,246,461
2026	(\$472,182)	(\$52,768,246)	(\$103,820,880)	\$2,897,784

<i>Fiscal Year</i>	<i>Probable Revenue Gain/(Loss) from Foundation School Fund 193</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	\$0	0.0
2023	\$401,111	2.0
2024	\$1,439,155	5.0
2025	\$1,415,487	5.0
2026	\$965,927	5.0

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 six months after delivery or miscarriage.

The bill would amend Chapter 533 of the Government Code to transition Medicaid case management services for children and pregnant women currently provided by the Department of State Health Services (DSHS) to a Medicaid managed care model.

The bill would amend Chapter 32 of the Health and Safety Code to require HHSC to contract with managed care organizations (MCOs) to provide Healthy Texas Women (HTW) program services. HHSC and each MCO participating in the HTW program would be required to provide certain information regarding premium subsidies available for health benefit plans to certain women enrolled in HTW. HHSC would be required to work with the Texas Department of Insurance (TDI) to develop this information. Additionally, HHSC would be required to evaluate the feasibility, cost effectiveness, and benefits of automatically enrolling into a managed care plan a woman who becomes pregnant while enrolled in HTW.

Methodology

The bill would result in women enrolled in Medicaid during pregnancy receiving an additional four 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 \$0.8 million in General Revenue, in fiscal year 2022 to implement modifications to the Texas Integrated Eligibility Redesign System (TIERS). Additionally, it is assumed that 22.6 full-time equivalents (FTEs) would be needed in fiscal year 2023, and 25.6 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 \$1.5 million in All Funds, including \$0.8 million in General Revenue, in fiscal year 2023 and each subsequent year.

The additional average monthly caseload associated with extended coverage is estimated to be 46,379 in fiscal year 2023, increasing to a range of 52,732 to 53,889 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 \$138.6 million in All Funds, including \$54.1 million in General Revenue, in fiscal year 2023 increasing in each subsequent year to \$172.5 million in All Funds, including \$68.4 million in General Revenue, by fiscal year 2026.

Estimated Medicaid savings associated with averted births, including reduced costs for pregnant women and newborns, is \$4.1 million in All Funds, including \$1.6 million in General Revenue, in fiscal year 2023, increasing in each subsequent year to \$72.8 million in All Funds, including \$28.8 million in General Revenue, by fiscal year 2026. Estimated savings to the Healthy Texas Women program is \$12.9 million in All Funds, including \$7.2 million in General Revenue, in fiscal year 2023.

According to HHSC, in order to carve case management and HTW into managed care, updates would need to be made to TIERS and Eligibility Support Technology (EST). The cost of the updates is estimated to be \$1.6 million in All Funds, including \$0.6 million in General Revenue, in fiscal year 2022. Additionally, carving HTW into managed care would result in an increased cost for the enrollment broker, estimated to be \$1.3 million in fiscal year 2024 and \$0.4 million in each subsequent year. It is assumed these costs would receive a 50 percent federal matching rate.

This analysis assumes case management for children and pregnant women would be carved into managed care on September 1, 2022. It is assumed case management services currently provided by DSHS staff would be provided by MCO contracted providers, resulting in a decrease of 20.6 FTEs at DSHS starting in fiscal year 2023. Additional managed care costs for administration, premium tax, and risk margin are estimated to cost of \$0.1 million in All Funds, including a savings of \$0.1 million in General Revenue due to a higher matching rate, each fiscal year.

This analysis assumes HTW would be carved into managed care on June 1, 2024. Managed care costs for administration, premium tax, and risk margin are estimated to cost \$15.9 million in All Funds, including \$5.1 million in General Revenue, in fiscal year 2024, \$64.1 million in All Funds, including \$20.7 million in General Revenue, in fiscal year 2025, and \$65.3 million in All Funds, including \$21.0 million in General Revenue, in fiscal year 2026.

Due to approval of the Healthy Texas Women Section 1115 Demonstration Waiver, savings and costs related to non-postpartum services provided through Healthy Texas Women are assumed to be a mix of General Revenue and Federal Funds. This analysis assumes the waiver approval will be extended after the current expiration date of December 31, 2024. If, however, the waiver approval expires, savings and costs would accrue to General Revenue. Savings and costs 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 and costs would accrue to federal funds.

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 \$1.6 million in fiscal year 2023, \$5.8 million in fiscal year 2024, \$5.7 million in fiscal year 2025, and \$3.9 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

Total technology costs are estimated to be \$3.9 million in fiscal year 2022 for upgrades to TIERS and EST and less than \$0.1 million in each subsequent year for FTE-related technology costs.

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