

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 29, 2021

TO: Honorable James B. Frank, Chair, House Committee on Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB270 by Thompson, Senfronia (Relating to the personal needs allowance for certain Medicaid recipients who are residents of long-term care facilities.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB270, As Introduced : a negative impact of (\$9,955,737) 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>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2022	(\$4,912,796)
2023	(\$5,042,941)
2024	(\$5,179,801)
2025	(\$5,194,490)
2026	(\$5,308,222)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>GR Match For Medicaid</i> 758	Probable (Cost) from <i>Federal Funds</i> 555	Probable Revenue Gain from <i>General Revenue Fund</i> 1
2022	(\$1,307,340)	(\$3,732,007)	(\$5,807,888)	\$94,913
2023	(\$1,496,340)	(\$3,876,418)	(\$6,050,387)	\$247,363
2024	(\$1,496,340)	(\$3,883,443)	(\$6,043,557)	\$149,987
2025	(\$1,496,340)	(\$3,898,360)	(\$6,041,364)	\$150,158
2026	(\$1,496,340)	(\$3,945,460)	(\$6,007,770)	\$100,184

<i>Fiscal Year</i>	Probable Revenue Gain from <i>Foundation School Fund</i> 193
2022	\$31,638
2023	\$82,454
2024	\$49,995
2025	\$50,052
2026	\$33,394

Fiscal Analysis

The bill would increase the personal needs allowance for Medicaid-enrolled residents of nursing facilities and Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs/IID) from a minimum of \$60 per month to a minimum of \$75 per month.

**Methodology**

A projected 56,738 average monthly Medicaid recipients will reside in nursing facilities or ICFs/IID (including State Supported Living Centers, SSLCs) in fiscal year 2022, increasing each fiscal year to 60,076 by fiscal year 2026. It is assumed that the personal needs allowance for each of these recipients would be increased by \$15 per month, from the current payment of \$60 per month to the new minimum of \$75 per month. There would be an additional cost to increase the monthly payment above the revised minimum.

For the estimated 7,263 recipients in fiscal year 2022 and 8,313 in fiscal years 2023 through 2026 who will have projected incomes of less than \$60 per month; the \$15 monthly increase for these recipients would be funded entirely with General Revenue Funds, an estimated cost of \$1.3 million in fiscal year 2022 and \$1.5 million in each year thereafter. The monthly increase for the remaining recipients would be a reduction to applied income, increasing the average monthly cost of care for these recipients. The increased costs would be matched with Federal Funds based on the Federal Medical Assistance Percentage (FMAP) at an estimated cost of \$9.5 million in All Funds, including \$3.7 million in General Revenue, in fiscal year 2022, increasing each fiscal year to \$10.0 million in All Funds, including \$3.9 million in General Revenue, by fiscal year 2026.

In addition, 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 \$0.1 million in fiscal year 2022, \$0.3 million in fiscal year 2023, \$0.2 million in fiscal year 2024, \$0.2 million in fiscal year 2025, and \$0.1 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.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Hlth & Human Svcs Comm

**LBB Staff:** JMc, AKI, JLI, RD, WP, JGA