

**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: HB290 by Cortez (Relating to the period of continuous eligibility for the medical assistance program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB290, As Introduced : a negative impact of (\$6,864,706) 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	(\$72,000)
2023	(\$6,792,706)
2024	(\$7,934,915)
2025	(\$8,456,345)
2026	(\$9,052,421)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from GR Match For Medicaid 758</i>	<i>Probable (Cost) from Federal Funds 555</i>	<i>Probable Savings from Tobacco Receipts Match For CHIP 8025</i>	<i>Probable Savings from Federal Funds 555</i>
2022	(\$72,000)	(\$216,000)	\$0	\$0
2023	(\$7,347,630)	(\$11,468,325)	\$350,355	\$931,119
2024	(\$8,952,287)	(\$13,931,883)	\$412,110	\$1,092,819
2025	(\$9,281,728)	(\$14,384,074)	\$433,454	\$1,145,385
2026	(\$9,783,322)	(\$14,897,108)	\$462,404	\$1,204,037

<i>Fiscal Year</i>	<i>Probable Revenue Gain from General Revenue Fund 1</i>	<i>Probable Revenue Gain from Foundation School Fund 193</i>
2022	\$0	\$0
2023	\$153,427	\$51,142
2024	\$453,947	\$151,315
2025	\$293,947	\$97,982
2026	\$201,373	\$67,124

Fiscal Analysis

The bill would require 12 months continuous eligibility for children enrolled in Medicaid.

Methodology

The federal Patient Protection and Affordable Care Act (PPACA) established a 12-month certification period for children enrolled in Medicaid. The period of eligibility may still be less than 12 months if the state becomes aware of ineligibility through means other than requiring a person to renew eligibility (for example, self report or other third party income information). This estimate assumes that the provisions of the bill related to 12 months continuous eligibility for children would prevent the state from terminating coverage based on this kind of information. 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 12 month of continuous eligibility would begin in fiscal year 2023.

There is an estimated cost of \$0.3 million in All Funds, including \$0.1 million in General Revenue, in fiscal year 2022 to implement modifications to the Texas Integrated Eligibility Redesign System (TIERS).

The increase to average monthly children's caseload is estimated to be 7,167 in fiscal year 2023, increasing in each subsequent year to 8,681 in fiscal year 2026. The average monthly cost per child is estimated to be \$218.78 in fiscal year 2023 increasing in each subsequent year to \$236.92 by fiscal year 2026. The estimated increased cost to client services would be \$18.8 million in All Funds, including \$7.3 million in General Revenue, in fiscal year 2023 increasing in each subsequent year to \$24.7 million in All Funds, including \$9.9 million in General Revenue, in fiscal year 2026.

Estimated savings in the Children's Health Insurance Program (CHIP) due to a decrease in children transitioning from Medicaid to CHIP is \$1.3 million in All Funds, including \$0.4 million in General Revenue, in fiscal year 2023, increasing in each subsequent year to \$1.7 million in All Funds, including \$0.5 million in General Revenue, in fiscal year 2026.

While implementing the provisions the bill may result in additional savings due to decreased staff workload and reduced mailing and correspondence with Medicaid clients, there is insufficient information to determine estimated savings at this time.

In addition, the 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 \$0.2 million in fiscal year 2023, \$0.6 million in fiscal year 2024, \$0.4 million in fiscal year 2025, and \$0.3 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 modification to TIERS is estimated to be \$0.3 million in All Funds, including \$0.1 million in General Revenue, in fiscal year 2022.

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