

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 8, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB484 by Shaheen (Relating to a direct primary care model pilot program for Medicaid.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time due to the inability to anticipate how many direct primary care providers and Medicaid recipients would participate in the pilot program proposed by the bill, but a significant cost would be anticipated.

The bill would require the Health and Human Services Commission (HHSC) to implement a statewide direct primary care pilot program in Medicaid in which a Medicaid recipient enters into a medical service agreement with a physician for the provision of primary medical care services in exchange for a direct fee that is paid on a monthly basis. Medicaid recipients younger than age 65 would be able to participate in the pilot program. Providers practicing under a direct primary care model and who do not seek reimbursement for primary care services from a third-party insurer or managed care organization would be able to participate. HHSC would be required to pay the lesser of the amount of the direct fee required under the medical service agreement with the provider or \$40 per month for recipients age 18 and under and \$70 per month for recipients ages 19 to 64. The bill would require HHSC to submit a report regarding the pilot program no later than December 31, 2024. The pilot program would be terminated on September 1, 2025.

It is unknown how many direct primary care providers and Medicaid recipients would participate in the pilot program. However, according to HHSC, carving these services out of managed care will shift costs from the managed care organizations to the providers and likely at an increase.

In order to implement the pilot program, significant changes would need to be made to HHSC information technology (IT) systems, including changes to determine eligibility for the pilot program, determine and pay fee amounts, and interface between the pilot programs and managed care organizations. Additional IT changes would be required if HHSC chose to issue an electronic benefits transfer card to participating recipients for the recipients to use to pay the direct fee required by the medical service agreement.

Additional full-time-equivalents (FTEs) may also be necessary in order to administer the program.

The pilot program may conflict with federal rules and regulations, including those regarding cost sharing and provider enrollment. For this reason, the state may not be able to receive federal financial participation for the pilot program.

It is assumed that costs associated with rulemaking, and development of any state plan amendments or waivers could be adsorbed within existing agency resources.

The bill would take effect September 1, 2021.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Hlth & Human Svcs Comm

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