

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 26, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1625 by Raymond (Relating to a single Internet portal or equivalent electronic system through which Medicaid providers may submit and receive information.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1625, As Introduced : a negative impact of (\$8,552,915) 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	(\$4,575,049)
2023	(\$3,977,866)
2024	(\$80,161)
2025	(\$80,342)
2026	(\$80,529)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from GR Match For Medicaid 758</i>	<i>Probable Savings/(Cost) from Federal Funds 555</i>	<i>Probable Revenue Gain/(Loss) from General Revenue Fund 1</i>	<i>Probable Revenue Gain/(Loss) from Foundation School Fund 193</i>
2022	(\$4,695,794)	(\$6,947,858)	\$90,559	\$30,186
2023	(\$4,219,355)	(\$3,485,056)	\$181,117	\$60,372
2024	(\$80,161)	(\$80,161)	\$0	\$0
2025	(\$80,342)	(\$80,342)	\$0	\$0
2026	(\$80,529)	(\$80,529)	\$0	\$0

<i>Fiscal Year</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	3.8
2023	3.8
2024	1.3
2025	1.3
2026	1.3

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to use existing resources to consolidate certain electronic or internet portals. The bill would require HHSC to ensure that each managed care organization and provider can access the portal and would require HHSC to, by rule, require that managed care organizations allow providers to use the consolidated portal. The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house. Otherwise, it would take effect September 1, 2021.

Methodology

The cost of technology changes are estimated to be \$1.1 million in All Funds, including \$0.5 million in General Revenue, in fiscal year 2022 and \$0.2 million in All Funds, including \$0.1 million in General Revenue, in fiscal year 2023. This includes costs for 2.5 staff augmentation contractor Full-time Equivalents (FTEs) in each year of the 2022-23 biennium that will no longer be required beginning in fiscal year 2024. This analysis assumes HHSC will also require 1.3 additional FTE costs in each fiscal year. The estimated cost for these FTEs, including salaries, hourly wages for contracted staff, and other FTE-related costs is \$0.2 million in All Funds, including \$0.1 million in General Revenue, in each fiscal year.

According to HHSC, it is estimated each managed care organization (MCO) would incur between \$0.5 million and \$1.0 million in costs to connect to the portal and allow providers to access the portal through the MCO's website. The total estimated cost of reimbursing MCOs and dental maintenance organizations (DMOs) for these expenses through capitation rates is \$10.3 million in All Funds, including \$4.1 million in General Revenue, in each fiscal year of the 2022-23 biennium.

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 and \$0.2 million in fiscal year 2023. 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

Technology costs are anticipated to total \$1.1 million in All Funds in fiscal year 2022 and \$0.2 million in All Funds in fiscal year 2023, due primarily to implementation of a new single Internet portal or equivalent electronic system decreasing to \$1,152 in each fiscal year beginning in fiscal year 2024 for ongoing FTE-related technology costs.

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