LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 23, 2021

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB2658** by Frank (Relating to the Medicaid program, including the administration and operation of the Medicaid managed care program.), **As Passed 2nd House**

The fiscal implications of the bill cannot be determined at this time, primarily due to uncertainty regarding utilization of new programs and services and the effect on utilization of existing programs and services.

The Health and Human Services Commission, Department of Family and Protective Services, Texas Education Agency, Texas Workforce Commission, and Texas Higher Education Coordinating Board 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 specifically for that purpose, the agencies may, but are not required to, implement a provision of this Act using other appropriations available for that purpose.

The bill would require the Health and Human Services Commission (HHSC) to establish a program substantially similar to the Centers for Medicare and Medicaid Services (CMS) Emergency Triage, Treat, and Transport (ET3) model. While there would be a cost associated with implementing the program, the fiscal implications cannot be determined at this time due to uncertainly regarding utilization of new services and the effect on utilization of existing services.

The bill would require HHSC to study the cost-effectiveness of providing Medicaid reimbursement for Certified Nurse Aides (CNAs) trained in certain programs who provide in-home support after a Medicaid recipient is discharged from a hospital and allowing managed care organizations (MCOs) to treat the payments as quality payments. According to HHSC, this provision can be accomplished within existing resources.

The bill would require HHSC to study the feasibility of creating an online portal for an individual to request to be placed on a Medicaid waiver program interest list and monitor their place on an interest list. HHSC would also be required to determine the most cost-effective automated method for determining the level of need of an individual on an interest list. The bill would also require the Office of the Ombudsman to improve methods to capture and update contact information for an individual who contacts the office regarding Medicaid waiver services. According to HHSC, these provisions can be accomplished within existing resources.

The bill would require HHSC to develop a procedure for informing Medicaid recipients of the Consumer Directed Services (CDS) option and documenting if CDS is declined. This analysis assumes there would be a minimal cost associated with implementing this provision.

The bill would require HHSC to implement an Advancing Care for Exceptional Kids (ACE Kids) pilot program to provide coordinated care through a health home to children with complex medical conditions, complete an evaluation of the program, and submit a report. According to HHSC, 1.0 Program Specialist VI would be needed in each fiscal year to develop and implement the ACE Kids pilot program. Additionally, it is assumed 2.5 Research Specialist V in fiscal years 2022 through 2023 and 1.5 Research Specialist V in fiscal year 2024 would be needed to complete the evaluation of the program. The estimated cost of the additional full-time-equivalents (FTEs) is $0.4 million in fiscal years 2022 through 2024, $0.5 million in fiscal year 2025, and $0.1 million in subsequent years. Additional costs related to implementing the pilot program cannot be determined at this time because it is not known how many individuals would enroll in the pilot.

The bill would require HHSC to adopt rules establishing minimum performance standards for nursing facility providers that participate in the STAR+PLUS Medicaid managed care program. HHSC would be required to monitor provider performance and share performance data with STAR+PLUS MCOs as appropriate. It is assumed HHSC would require 1.0 Program Specialist VII to monitor performance of nursing facilities, at an estimated cost of $0.1 million each fiscal year.

The bill would require HHSC to collaborate with Medicaid managed care organizations (MCOs) to implement medication therapy management (MTM) services, and establish a reimbursement rate for MTM. While there would be a cost associated with implementing MTM, the fiscal implications cannot be determined at this time due to uncertainty regarding utilization. It is possible that implementation of MTM could result in cost savings, especially related to decreased adverse drug events, but savings cannot not be estimated at this time.

The bill would require HHSC to establish rules to require MCOs with disease management programs with low active participation rates to identify the reason for the low participation and develop an approach to increase active participation. According to HHSC, implementing this provision would have no significant fiscal impact to the agency.

The bill would require HHSC to provide Medicaid reimbursement for preventive dental services for an adult recipient with a disability who is enrolled in the STAR+PLUS managed care program. This analysis assumes HHSC would create a new dental benefit through a Special Terms and Conditions amendment to the Section 1115 Demonstration Waiver to offer preventative dental services to adults in STAR+PLUS who are not also in STAR+PLUS HCBS or in a 1915(c) intellectual and developmental disability waiver program. Because this benefit would be limited to certain adults, it is uncertain whether CMS would approve the benefit; HHSC may be required to provide preventative dental services to all adults enrolled in Medicaid or may be unable to implement the benefit at all. If implemented for adults enrolled in STAR+PLUS, the total Medicaid client services cost is estimated to be $81.7 million in All Funds, including $31.9 million in General Revenue Funds, in fiscal year 2023, increasing to $91.6 million in All Funds, including $36.3 million in General Revenue Funds, in fiscal year 2026, assuming implementation beginning September 1, 2022. The total Medicaid client services savings due to reduced dental-related emergency room visits is estimated to be $6.2 million in All Funds, including $2.4 in General Revenue Funds, in fiscal year 2023, increasing to $7.5 million in All Funds, including $3.0 million in General Revenue Funds, in fiscal year 2026. 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 $0.9 million in fiscal year 2023, $2.3 million in fiscal year 2024, $1.4 million in fiscal year 2025, and $1.0 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.

The bill would require HHSC to adopt rules regarding parental consent for services provided under the School Health and Related Services program. According to HHSC, these provisions can be accomplished within existing resources.

The bill would require HHSC to develop quality initiatives for attendants providing services under the community attendant services program to improve quality outcomes and to coordinate with the Texas Higher Education Coordinating Board (THECB) and Texas Workforce Commission (TWC) to develop a program to award academic or workforce education credit based on an attendant's work experience under the community attendant services program. According to HHSC, 0.5 Program Specialist VI would be needed to develop, implement, and manage the attendant workforce education program at an estimated cost of $0.1 million each fiscal year.

The bill would require HHSC to utilize existing resources to do the following: review staff rate enhancement programs; review policies regarding the Quality Incentive Payment Program (QIPP); examine, in collaboration with the Department of Family and Protective Services (DFPS), the implementation of the CMS Integrated Care for Kids (InCK) model in other states; and identify factors influencing participation by Medicaid recipients in disease management programs. While it is assumed HHSC could complete these activities within existing resources, it is possible that other program activities could be effected.

The bill would allow HHSC to approve a capitation payment system that provides for reimbursement for physicians under a primary care capitation model or total care capitation model. If the capitated model is used to provide new services, then there would be a cost, however the cost cannot be determined at this time due to uncertainty regarding service utilization.

The bill would require HHSC to conduct three separate studies regarding the following: providing certain services to Medicaid recipients with diabetes; providing certain Medicaid benefits and services through managed care; and providing all Medicaid-eligible services not covered by Medicare to dually-eligible Medicaid recipients through a managed care model and requiring cost-sharing for those services. If HHSC determines providing certain services to Medicaid recipients with diabetes would improve health outcomes and lower costs, HHSC would be required to develop the program and seek prior approval from the Legislative Budget Board before implementation. It is assumed HHSC would require 1.5 Program Specialist VI to complete the studies. It is assumed the additional FTEs would only be needed in fiscal years 2022 and 2023 at an estimated cost of $0.2 million each fiscal year.

The bill would amend the provisions HHSC is required to include in contracts with managed care organizations and would require the commission to conduct a study regarding STAR+PLUS capitation rates. HHSC indicates it could absorb these costs within existing resources.

DFPS, TWC, TEA, and THECB indicate that any costs associated with the bill could be absorbed within existing resources.

Local Government Impact

The fiscal impact to local entities cannot be determined at this time.

Source Agencies: 320 Texas Workforce Commission, 529 Hlth & Human Svcs Comm, 530 Family & Protective Services, 701 Texas Education Agency, 781 Higher Education Coordinating Board

LBB Staff: JMc, LBO, AKI, JLI, RD, AAL