LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 4, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3720** by Frank (Relating to interest lists and eligibility criteria for certain Medicaid waiver programs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3720, As Introduced : a negative impact of ($11,794,493) 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:

Fiscal Year	**Probable Net Positive/(Negative) Impact to *General Revenue Related Funds***
2022	($5,126,698)
2023	($6,667,795)
2024	($7,796,255)
2025	($8,320,250)
2026	($9,113,773)

All Funds, Five-Year Impact:

Fiscal Year	**Probable Savings/(Cost) from *General Revenue Fund* 1**	**Probable Savings/(Cost) from *GR Match For Medicaid* 758**	**Probable Savings/(Cost) from *Federal Funds* 555**	**Probable Revenue Gain/(Loss) from *General Revenue Fund* 1**
2022	($3,272,508)	($1,905,263)	($3,053,957)	$38,305
2023	($3,272,508)	($3,642,995)	($5,639,428)	$185,781
2024	($3,707,916)	($4,284,200)	($6,620,836)	$146,896
2025	($3,707,916)	($4,829,238)	($7,437,963)	$162,678
2026	($4,034,472)	($5,230,780)	($7,921,046)	$113,609

Fiscal Year	**Probable Revenue Gain/(Loss) from *Foundation School Fund* 193**	***Change in Number of State Employees from FY 2021***
2022	$12,768	3.0
2023	$61,927	3.0
2024	$48,965	3.0
2025	$54,226	3.0
2026	$37,870	3.0

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC), in consultation with the Intellectual and Developmental Disability System Redesign Advisory Committee, State Medicaid Managed Care Advisory Committee, and other stakeholders, to develop a questionnaire for individuals on an interest list for Medicaid waiver programs, including: Community Living Assistance and Support Services (CLASS); Home and Community-based Services (HCS); Deaf-Blind with Multiple Disabilities (DBMD); Texas Home Living (TxHmL); Medically Dependent Children Program (MDCP); and STAR+PLUS Home and Community-Based Services (STAR+PLUS HCBS). HHSC would be required, no later than September 1, 2024 and subject to the availability of funds, to require all individuals on an interest list for a waiver program to complete or update the questionnaire on an annual basis. Additionally, the bill would require HHSC to explore the creation on an online portal for individuals to request placement on an interest list and to include and update the questionnaire. An individual who is on an interest list who does not respond to requests for updates to interest list information or does not maintain contact with HHSC would be considered inactive until they make contact with HHSC. An individual who is inactive for four or more years would not be included in reporting by HHSC regarding the number of individuals on an interest list for a waiver program.

As soon as possible, HHSC would be required to assess the eligibility of individuals who receive Supplemental Security Income (SSI) and are on the interest list for MDCP as of September 1, 2021. After September 1, 2021, HHSC would be required to assess eligibility for individuals receiving SSI who express interest in receiving MDCP waiver program services without first placing the individual on the MDCP interest list.

The bill would require HHSC to establish income eligibility criteria for the TxHmL waiver program so that an individual with income at or below 300 percent of the federal poverty level is eligible for the program. HHSC would also be required to add a level of care VIII (8) to the eligibility criteria for the program.

Methodology

According to HHSC, updates to the Texas Integrated Eligibility Redesign System (TIERS) would be necessary to implement the provisions of the bill. It is assumed the upgrades would be completed during fiscal year 2022 at a cost $0.4 million in All Funds. It is assumed costs associated with technology changes would receive a 75 percent federal match.

It is assumed HHSC would require an additional 3.0 full-time equivalents (FTEs) to complete data entry related to the questionnaire and address additional contacts with individuals on the interest list. The estimated cost for additional FTEs is $0.2 million in each fiscal year. It is assumed FTE-related costs would receive a 50 percent federal match.

According to HHSC, local intellectual and development disability authorities (LIDDAs) would require additional FTEs to annually administer the questionnaire for HCS and TxHmL. It is assumed HHSC would provide additional grant funding of $3.3 million in General Revenue in fiscal year 2022, $3.3 million in General Revenue in fiscal year 2023, $3.7 million in General Revenue in fiscal year 2024, $3.7 million in General Revenue in fiscal year 2025, and $4.0 million in General Revenue in fiscal year 2026 for this purpose.

It is assumed that the average monthly number of individuals receiving MDCP waiver services would increase by 269 in fiscal year 2022 and continue to increase in each subsequent year, reaching 663 in fiscal year 2026. The estimated cost associated with increased MDCP caseloads is $4.4 million in All Funds, including $1.7 million in General Revenue, in fiscal year 2022 and increases to $13.0 million in All Funds, including $5.1 million in General Revenue, in fiscal year 2026. The estimate only reflects the costs of providing long-term services and supports because all individuals eligible for SSI are automatically eligible to receive Medicaid acute care services.

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, $0.2 million in fiscal year 2023, $0.2 million in fiscal year 2024, $0.2 million in fiscal year 2025, and $0.2 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 analysis assumes the remaining duties and responsibilities associated with implementing provisions of the bill could be accomplished by utilizing existing agency resources.

Technology

Technology costs are estimated to be $0.4 million in All Funds in fiscal year 2022, and $1,728 in All Funds in each subsequent year. This includes $0.3 million in All Funds for upgrades to TIERS and $4,875 for FTE-related technology costs in fiscal year 2022 and $1,728 in each subsequent year for FTE-related technology costs.

Local Government Impact

According to HHSC, the local intellectual and developmental disability authorities would need additional full--time equivalents to assist with implementation. These costs are assumed and stated above.

Source Agencies: 529 Hlth & Human Svcs Comm

LBB Staff: JMc, AKI, JLI, RD