

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 18, 2021**

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

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3944** by Klick (Relating to the provision of initial health risk assessments for Medicaid recipients.), **As Introduced**

**The fiscal implications of the bill cannot be determined at this time primarily because the costs of performing a health risk assessment using a standardized risk assessment instrument and a functional needs assessment using a nationally recognized, evidence-based instrument are unknown.**

The bill would require the Health and Human Services Commission (HHSC) to contract with a third-party entity to conduct an initial health risk assessment of each recipient who is to be enrolled in a Medicaid managed care plan using a standardized risk assessment instrument. The third-party entity would also be responsible for completing functional needs assessments for recipients enrolled in the STAR+PLUS and STAR Kids managed care programs using a nationally recognized, evidence-based instrument. The functional needs assessment would be used to determine the recipient's eligibility for waiver services and in developing a recipient's individual service plan (ISP). HHSC would be required to work with Medicaid managed care organizations (MCOs) to develop a plan for phasing in the transition of the provision of health risk assessments from MCOs to the third-party entity.

According to HHSC, 1.0 Contract Specialist V would be needed to provide contract oversight of the third-party entity. The estimated cost of the additional full-time equivalent (FTE) is \$0.1 million in All Funds each fiscal year.

It is assumed the provision of initial health risk assessments would completely transfer from MCOs to the contracted third-party entity. For this reason, it is assumed the cost of contracting with a third-party entity to complete health risk assessments would be at least partially offset by savings to payments to MCOs. However, it is unknown how the cost of a health risk assessment instrument that satisfies the provisions of the bill would compare to instruments currently being used, therefore, the cost cannot be determined at this time. Additionally, any decrease in client services payments through managed care are assumed to result in a decrease to insurance premium tax revenue.

It is assumed functional needs assessments performed by the third-party entity would be in addition to any functional needs assessments performed by MCOs and other entities. While there would be a cost, the exact fiscal implications cannot be determined because the cost to perform a functional needs assessment using a nationally recognized, evidence-based instrument is unknown.

The bill would require the functional needs assessment conducted by the third-party entity to serve as the basis for determining waiver eligibility. It is assumed the third-party entity would be required to conduct the assessment as soon as practicable and, if possible, before the recipient is enrolled in a managed care plan. Currently, an individual is determined eligible for waiver services once a waiver slot is available and the individual comes off of the interest list. If the intent is for individuals determined eligible for waiver services by the functional needs assessment to be immediately enrolled into a waiver program, therefore bypassing the interest list, there would be an insufficient number of waiver slots to meet demand, and HHSC would require significant funding to create the necessary number of waiver slots. The exact cost of additional waiver slots cannot be determined at this time because it is unknown how many individuals would be determined eligible for

waiver services and for which waiver programs, and how many individuals would choose to enroll in a waiver program.

According to HHSC, system updates would be needed to facilitate data sharing between the third-party entity, HHSC, MCOs, and fee-for-service providers. The cost of system upgrades cannot be determined at this time.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Hlth & Human Svcs Comm

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