

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: HB4194 by Raymond (Relating to the provision of home health care services under the Medicaid managed care program.), **As Introduced**

The fiscal implications of the bill cannot be determined because the operational impact to Medicaid managed care organizations is not known.

The bill would amend Government Code Chapter 533 relating to the provision of home health care services under the Medicaid managed care program. The Health and Human Services Commission (HHSC), in collaboration with Medicaid managed care organizations (MCOs), would be required to develop a home health care provider rating system. Additionally, not less than a certain percentage of home health care services would be required to be processed using electronic visit verification (EVV). HHSC would be required to audit home health care providers based on the rating system and ensure compliance with EVV requirements.

According to HHSC, the agency would have to contract with an external quality review organization (EQRO) or other entity to develop and implement the rating system at an estimated cost of \$2.0 million in fiscal year 2022, \$2.0 million in fiscal year 2023, and \$1.5 million in each subsequent year. Additionally, the agency estimates 1.0 Program Specialist VII would be needed to operate the rating system. The estimated cost of the additional full-time equivalent (FTE) is \$0.1 million in All Funds each fiscal year. It is assumed these costs would be eligible for a 50 percent federal matching rate.

The federal 21st Century Cures Act mandates that states implement EVV for all Medicaid personal care services (PCS) and home health care services (HHCS) that require an in-home visit by a provider. States must require EVV use for all Medicaid-funded PCS by January 1, 2020 and HHCS by January 1, 2023. Otherwise, the state is subject to incremental federal medical assistance percentage (FMAP) reductions up to 1 percent. This analysis assumes the provisions of the bill regarding required use of EVV by home health care providers apply to the same providers and services as the 21st Century Cures Act. Because this would not be a new requirement of the agency, no fiscal impact is assumed.

MCOs would be required to implement limitations on transfers between home health care providers by a home health services care attendant, employee, or recipient of services. Additionally, MCOs would be required to pay a claim for home health care services within a certain number of days of receipt of the claim. According to HHSC, these provisions may increase administrative costs of MCOs, which are used to determine capitation rates. However, the fiscal impact cannot be determined at this time because the operational impact to MCOs is not known.

HHSC would be required to set minimum training requirements for home health services care attendants providing services under Medicaid and to establish a statewide no-hire list of attendants who do not meet minimum requirements. HHSC anticipates any additional work resulting from the this provision could be reasonably absorbed within current resources.

Local Government Impact

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

Source Agencies: 529 Hlth & Human Svcs Comm

LBB Staff: JMc, AKI, JLI, RD