

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 25, 2021

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1648 by Perry (Relating to the provision of benefits to certain Medicaid recipients with complex medical needs.), **As Passed 2nd House**

The fiscal implications of the bill cannot be determined at this time because: it is unknown how many Medicaid recipients with complex medical needs who do not have primary health benefit plan coverage would receive services from an out-of-network specialty provider or how many members would meet the expanded definition of complex medical needs; it is unknown how many qualified independent medical reviews would respond to a competitive request for proposal; and it is unknown how many Medicaid recipients would enroll in an Advancing Care for Exceptional Kids pilot program.

The Health and Human Services Commission is required to implement a provision of this Act only if the legislature appropriate money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the commission may, but is not required to, implement a provision of the Act using other appropriations available for that purpose.

The bill would amend the Government Code to require the Health and Human Services Commission (HHSC) to allow a Medicaid recipient with complex medical needs who has an established relationship with a specialty provider to continue receiving care from the provider regardless of whether the recipient has primary health benefit plan coverage. For a recipient without primary health benefit coverage, a Medicaid managed care organization (MCO) would be required to negotiate a single-case agreement with the specialty provider. The bill would also repeal the expiration date for certain provisions related to the interest list for the Medically Dependent Children Program (MDCP) waiver. Out-of-network providers would be reimbursed using the methodology under 1 T.A.C. Ch. 353.4 until an agreement is made with the MCO for a single-case agreement. Additionally, the single-case agreement may be higher than the Medicaid fee-for-service rate, which could increase the cost of services. The fiscal implications cannot be determined at this time because it is unknown how many Medicaid recipients with complex medical needs who do not have primary health benefit plan coverage would receive services from an out-of-network specialty provider or how many members would meet the expanded definition of complex medical needs.

The bill would require HHSC to use a competitive request for proposal process to contract with one independent review organization (IRO) to conduct external medical reviews. Further, the bill would require a Medicaid MCO to automatically forward to the IRO for external medical review any appeal determination that is adverse to the recipient or applicant in the STAR Health program. HHSC currently uses an open enrollment process for IROs. Use of a competitive procurement process may impact the cost of external medical reviews, however the fiscal implications cannot be determined because it is unknown how many qualified IROs would respond. HHSC indicates that costs associated with all of STAR Health adverse determinations being automatically sent to the IRO for external medical review could be absorbed 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. This analysis assumes HHSC would require 1.0 Program Specialist VI 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 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 amend Government Code Chapter 531 relating to allowing health care providers to enter certain claims and other information into the Medicaid electronic visit verification system. HHSC indicates that any costs associated with this provision could be absorbed within the agency's existing resources.

The bill would require HHSC to develop a community care quality incentive payment program. This analysis assumes there would be a minimal cost associated with implementing this provision of the bill that could be absorbed within current resources.

According to HHSC, any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

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, AAL