

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

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

**May 27, 2021**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate

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

**IN RE: SB1921** by Lucio (Relating to Medicaid reimbursement for the provision of certain behavioral health and physical health services.), **As Passed 2nd House**

**The fiscal implications of the bill cannot be determined at this time because the impact on the scope of services provided and the number of providers eligible to receive reimbursement is unknown and the rate of utilization of wound care education training services is unknown.**

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill. The Health and Human Services Commission is 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 commission may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

The bill would amend Chapter 32 of the Human Resources Code to require the Health and Human Services Commission (HHSC) to provide reimbursement to a behavioral health services provider for services delivered to a Medicaid recipient before the recipient is enrolled into a Medicaid managed care plan through a fee-for-service model and to ensure reimbursement is provided through a managed care model after the recipient is enrolled into a Medicaid managed care plan. The fiscal implications cannot be determined at this time because the impact on the scope of services provided and the number of providers eligible to receive reimbursement is unknown.

The bill would require HHSC to provide Medicaid reimbursement to authorized wound care education and training service providers and develop outcome measures for assessing outcomes of recipients who receive wound care education and treating services. The fiscal implications of providing reimbursement for authorized wound care education and training service providers cannot be determined at this time because it is unknown how many individuals would receive the service. It is assumed that costs related to developing outcome measures for authorized wound care education and training services providers could be absorbed using existing resources.

The bill would require HHSC, beginning September 1, 2022, to update the education adjustment factor used to calculate the medical education add-on, when requested by a teaching hospital, on a biannual basis. The bill would require HHSC to use the most current Medicare education adjustment factor data available at the time HHSC makes the update. The analysis assumes only providers who will be positively impacted will request their education adjustment factor to be updated. The estimated client services cost is \$10.0 million in All Funds, including \$3.9 million in General Revenue, in fiscal year 2023, increasing in subsequent years to \$10.7 million in All Funds, including \$4.3 million in General Revenue, in fiscal year 2026.

The analysis assumes HHSC will require 1.0 additional full-time-equivalent (FTE) to process requests for updates to the education adjustment factor. FTE-related costs are estimated to be \$0.1 million in All Funds in each fiscal year beginning in fiscal year 2023 and are assumed to be eligible for a 50 percent federal matching rate.

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 2023, \$0.3 million in fiscal year 2024, \$0.2 million in fiscal year 2025, and \$0.1 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

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

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