LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 13, 2021

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB2028** by Kolkhorst (Relating to the Medicaid program, including the administration and operation of the Medicaid managed care program.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time, primarily due to uncertainty regarding utilization of new program and services and the effect on utilization of existing programs and services.

The bill would require the Health and Human Services Commission (HHSC) to establish a program substantially similar to the Centers for Medicare and Medicaid Services (CMS) Emergency Triage, Treat, and Transport (ET3) model. While there would be a cost associated with implementing the program, the fiscal implications cannot be determined at this time due to uncertainly regarding utilization of new services and the effect on utilization of existing services.

The bill would require HHSC to implement two certified nurse aide (CNA) programs. The first program would provide Medicaid reimbursement for CNAs trained in certain programs who provide in-home support after a Medicaid recipient is discharged from a hospital and to allow managed care organizations (MCOs) to treat the payments as quality payments. The second program would provide Medicaid reimbursement to a parent of a child with complex medical needs if the parent is a CNA and provides care for the child. HHSC would only be allowed to implement this program if it reduced costs and improved quality of care. While there would be a cost associated with implementing the two CNA programs, the fiscal implications cannot be determined at this time due to uncertainly regarding utilization of new services and the effect on utilization of existing services.

The bill would require HHSC to establish an online portal for use by individuals to request to be placed on a Medicaid waiver program interest list. HHSC would be allowed to remove an individual from an interest list if they do not maintain contact with HHSC for a certain period of time. Additionally, HHSC would be required to prioritize enrollment in Medicaid waiver programs based on level of need (LON) and to develop a strategic plan for doing so.

According to HHSC, updates to the Texas Integrated Eligibility Redesign System (TIERS) would be necessary to implement the provisions related to waiver interest lists. It is assumed the upgrades would be completed during fiscal year 2022 at a cost of $0.4 million in All Funds. While there would be costs associated with implementing the new online portal, the cost cannot be determined at this time because the system that would be used is unknown.

In addition, it is assumed that LON would be assessed by local intellectual and developmental disability authorities (LIDDAs) for individuals seeking placement on the Home and Community-based Services (HCS) or Texas Home Living (TxHmL) interest list. 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.

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. According to HHSC, 1.0 Program Specialist VI would be needed 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 implement the most cost-effective option for delivery of basic attendant, habilitation services, and community attendant services in the STAR managed care program and delivery of hospice services in the STAR+PLUS managed care program. It is assumed HHSC would not carve basic attendant, habilitation services, and community attendant services into STAR or hospice services into STAR+PLUS if it were not cost effective. However, carving basic attendant, habilitation services, and community attendant services into STAR would make STAR a long-term services and supports (LTSS) program, which may add an LTSS premium tax for MCOs.

The bill would require HHSC to collaborate with Medicaid managed care organizations (MCOs) to implement medication therapy management (MTM) services and establish a reimbursement rate for MTM. While there would be a cost associated with implementing MTM, the fiscal implications cannot be determined at this time due to uncertainty regarding utilization. It is possible that implementation of MTM could result in cost savings, especially related to decreased adverse drug events, but savings cannot not be estimated at this time.

The bill would require HHSC to coordinate with MCOs and the Texas Education Agency (TEA) to ensure the coordination and delivery of benefits and services under the School Health and Related Services (SHARS) program, including coordination of SHARS with early childhood education (ECI) services, and submit a report regarding efforts to coordinate SHARS and ECI services. According to HHSC, costs cannot be determined at this time.

The bill would change when a Medicaid recipient can switch MCOs. This analysis assumes there would be a minimal cost associated with implementing this provision that could be absorbed within existing resources.

The bill would require HHSC to establish rules to require MCOs with disease management programs with low active participation rates to identify the reason for the low participation and develop an approach to increase active participation. According to HHSC, implementing this provision would have no significant fiscal impact to the agency.

The bill would require entities that contract with HHSC to provide community attendant services under the community attendant services program to streamline the application and hiring process for prospective attendants. According to HHSC, implementing this provisions would have no significant impact to the agency. Additionally, HHSC would be required to develop quality initiatives for attendants providing services under the community attendant services program to improve quality outcomes and to coordinate with the Texas Higher Education Coordinating Board (THECB) and Texas Workforce Commission (TWC) to develop a program to award academic or workforce education credit based on an attendant's work experience under the community attendant services program. According to HHSC, 0.5 Program Specialist VI would be needed to develop, implement, and manage the attendant workforce education program at an estimated cost of $0.1 million each fiscal year.

The bill would require HHSC to utilize existing resources to do the following: review staff rate enhancement programs; review policies regarding the Quality Incentive Payment Program (QIPP); examine, in collaboration with the Department of Family and Protective Services (DFPS), the CMS Integrated Care for Kids (InCK) model; develop options for value-based arrangements with nursing facilities; and identify factors influencing

participation by Medicaid recipients in disease management programs. While it is assumed HHSC could complete these activities within existing resources, it is possible that other program activities could be effected.

The bill would allow HHSC to approve a capitation payment system that provides for reimbursement for physicians under a primary care capitation model or total care capitation model. If the capitated model is used to provide new services, then there would be a cost, however the cost cannot be determined at this time due to uncertainty regarding service utilization.

The bill would require HHSC to conduct three separate studies to determine the cost-effectiveness and feasibility the following: providing certain services to Medicaid recipients with diabetes; requiring MCOs to provide ECI case management services to Medicaid recipients who receive services under SHARS; and providing services under the Community First Choice (CFC) program to Medicaid recipients transitioning from care in an institutional setting to care in a community-based setting. If HHSC determined providing certain services to Medicaid recipients with diabetes and/or providing services under the CFC program to Medicaid recipients transitioning from care in an institutional setting to care in a community-based setting would improve health outcomes and lower costs, HHSC would be required to develop the program(s) and seek prior approval from the Legislative Budget Board before implementation. According to HHSC, 0.5 Program Specialist VI would be needed to complete the study regarding the feasibility and cost-effectiveness of providing certain services to Medicaid recipients with diabetes and an additional 0.5 Program Specialist VI would be needed to complete the study regarding the feasibility and cost-effectiveness of requiring MCOs to provide ECI case management services to Medicaid recipients who receive services under SHARS. It is assumed the additional FTEs would only be needed in fiscal years 2022 and 2023 at an estimated cost of $0.1 million each fiscal year.

DFPS, TWC, TEA, and THECB indicate that any costs associated with the bill could be absorbed within existing resources.

Local Government Impact

According to HHSC, the local intellectual and developmental disability authorities would incur additional costs to assist with implementation. These costs are assumed and stated above.

Source Agencies: 320 Texas Workforce Commission, 529 Hlth & Human Svcs Comm, 530 Family & Protective Services, 701 Texas Education Agency, 781 Higher Education Coordinating Board

LBB Staff: JMc, AKI, JLI, RD