

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 12, 2023

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

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

**IN RE: HB54** by Thompson, Senfronia (Relating to the personal needs allowance for certain Medicaid recipients who are residents of long-term care facilities.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB54, Committee Report 2nd House, Substituted : a negative impact of (\$9,875,213) through the biennium ending August 31, 2025.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	(\$4,952,858)
2025	(\$4,922,355)
2026	(\$5,124,066)
2027	(\$5,200,287)
2028	(\$5,272,127)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund 1</i>	Probable Savings/(Cost) from <i>GR Match For Medicaid 758</i>	Probable Savings/(Cost) from <i>Federal Funds 555</i>	Probable Revenue Gain from <i>General Revenue Fund 1</i>
2024	(\$1,339,920)	(\$3,739,613)	(\$5,778,362)	\$95,006
2025	(\$1,359,900)	(\$3,884,400)	(\$5,797,554)	\$241,459
2026	(\$1,377,540)	(\$3,943,632)	(\$5,885,958)	\$147,830
2027	(\$1,395,540)	(\$4,003,885)	(\$5,975,889)	\$149,354
2028	(\$1,396,800)	(\$4,008,178)	(\$5,982,296)	\$99,638

<i>Fiscal Year</i>	Probable Revenue Gain from <i>Foundation School Fund 193</i>
2024	\$31,669
2025	\$80,486
2026	\$49,276
2027	\$49,784
2028	\$33,213

**Fiscal Analysis**

The bill would increase the personal needs allowance for Medicaid-enrolled residents of nursing facilities, Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs/IID), or similar long-term care facilities, from a minimum of \$60 per month to a minimum of \$75 per month. There would be an additional cost to increase the monthly payment above the revised minimum.

**Methodology**

A projected 56,866 average monthly Medicaid recipients will reside in nursing facilities or ICFs/IID (including State Supported Living Centers) in fiscal year 2024, increasing each fiscal year to 59,620 by fiscal year 2028. An estimated 7,444 recipients in fiscal year 2024 and 7,555 recipients in fiscal year 2025 will have projected incomes of less than \$75 per month. For these recipients, the \$15 increase would be funded entirely with General Revenue Funds and would result in an assumed cost of \$1.3 million in fiscal year 2024 and \$1.4 million in fiscal year 2025.

The monthly increase for the remaining recipients would result in a reduction to applied income and would increase the average monthly cost of care for these clients. The increased costs would be matched with Federal Funds based on the Federal Medical Assistance Percentage (FMAP) at an estimated cost of \$9.5 million in All Funds in fiscal year 2024 and \$9.7 million in All Funds in fiscal year 2025.

In addition, 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 \$0.2 million in fiscal year 2024, \$0.3 million in fiscal year 2025, \$0.2 million in fiscal year 2026, \$0.2 million in fiscal year 2027, and \$0.1 million in fiscal year 2028. 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.

**Technology**

HHSC indicates that one-time system modifications will be required for the Texas Integrated Eligibility Redesign System (TIERS). It is assumed that any costs associated with the bill could be absorbed using existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Health and Human Services Commission

**LBB Staff:** JMc, NPe, ER, CST, NV