

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 21, 2023

**TO:** Honorable Tom Oliverson, Chair, House Committee on Insurance

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

**IN RE: HB134** by Bernal (relating to Medicaid and child health plan program coverage and reimbursement for childhood cranial remolding orthosis.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB134, Committee Report 1st House, Substituted : a negative impact of (\$2,113,166) 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>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	\$0
2025	(\$2,113,166)
2026	(\$2,076,793)
2027	(\$2,133,331)
2028	(\$2,159,539)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from GR Match For Medicaid 758</i>	<i>Probable (Cost) from Federal Funds 555</i>	<i>Probable Revenue Gain from General Revenue Fund 1</i>	<i>Probable Revenue Gain from Foundation School Fund 193</i>
2024	\$0	\$0	\$0	\$0
2025	(\$2,176,448)	(\$3,247,721)	\$47,461	\$15,821
2026	(\$2,204,521)	(\$3,286,191)	\$95,796	\$31,932
2027	(\$2,230,553)	(\$3,324,997)	\$72,917	\$24,305
2028	(\$2,257,956)	(\$3,365,844)	\$73,812	\$24,605

Fiscal Analysis

The bill would require Medicaid and the child health plan program to cover the full cost of cranial remolding orthosis for children with certain diagnoses. Coverage may not be less favorable than coverage required for other orthotics under the medical assistance program.

**Methodology**

The bill would expand an existing benefit for Medicaid and the Children's Health Insurance Program, CHIP. Assuming a September 1, 2024, start date, the number of clients utilizing the newly covered cranial remolding orthosis is estimated to be 3,183 in fiscal year 2025, increasing in each subsequent fiscal year to 3,300 in fiscal year 2028. With an average annual cost per member of \$1,706.25, the estimated cost is \$5.4 million in All Funds, including \$2.2 million in General Revenue, in fiscal year 2025, increasing each subsequent fiscal year to \$5.6 million in All Funds, including \$2.3 million in General Revenue in fiscal year 2028.

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 increased collections estimated to be less than \$0.1 million in fiscal year 2025, \$0.1 million in fiscal year 2026, \$0.1 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.

Based on the analysis of the Teacher Retirement System of Texas, Employees Retirement System, Texas Department of Insurance, Texas A&M University System Administrative & General Offices, and the University of Texas System Administration, any duties and responsibilities associated with implementing the provisions of the bill could be accomplished utilizing existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 323 Teacher Retirement System, 327 Employees Retirement System, 454 Department of Insurance, 529 Health and Human Services Commission, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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