

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 22, 2023

TO: Honorable Sam Harless, Chair, House Committee on Health Care Reform, Select

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1599 by Bucy (Relating to implementation of an express lane option for determining eligibility and enrolling certain individuals in Medicaid or the child health plan program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1599, Committee Report 1st House, Substituted : a negative impact of (\$75,877,276) 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	(\$786,250)
2025	(\$75,091,026)
2026	(\$73,876,132)
2027	(\$79,471,202)
2028	(\$82,600,900)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from GR Match For Medicaid 758</i>	<i>Probable Savings/(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	(\$786,250)	(\$2,358,750)	\$0	\$0
2025	(\$77,840,975)	(\$149,429,978)	\$2,062,462	\$687,487
2026	(\$80,837,709)	(\$155,495,811)	\$5,221,183	\$1,740,394
2027	(\$83,976,364)	(\$161,986,725)	\$3,378,872	\$1,126,290
2028	(\$87,294,497)	(\$168,836,898)	\$3,520,198	\$1,173,399

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to designate an Express Lane Agency that determines eligibility for public assistance programs.

The bill would require HHSC to implement an express lane option, using the findings of the Express Lane Agency, for enrollment for Medicaid and the Children's Health Insurance Plan (CHIP), upon consent of a child's parent, legal guardian, or custodial relative.

Methodology

This analysis assumes that there would be an increase to Medicaid and CHIP caseloads, as eligibility is determined more quickly through the express lane option and enrollment in services, after the consent of a child's parent, legal guardian, or custodial relative.

Assuming a start date of September 1, 2024, the additional average monthly Medicaid and CHIP caseloads associated with an express lane eligibility option is estimated to be 96,660 in fiscal year 2025, increasing in each subsequent fiscal year to 100,314 in fiscal year 2028. It is assumed the increased caseload is split evenly between Medicaid and CHIP with an estimated cost of \$238.8 million in All Funds, including \$82.0 million in General Revenue, in fiscal year 2025, increasing each subsequent fiscal year to \$269.1 million in All Funds, including \$92.0 million in General Revenue in fiscal year 2028. Costs are offset by assumed increases in vendor drug rebates including \$11.5 million in All Funds, including \$4.1 million in General Revenue in fiscal year 2025, and increasing in fiscal year 2028 to \$13.0 million in All Funds, and \$4.7 million in General Revenue.

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 \$2.7 million in fiscal year 2025, \$6.9 million in fiscal year 2026, \$4.5 million in fiscal year 2027, and \$4.7 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 estimates that there will be a onetime cost of \$3,145,000 in All Funds, including \$786,250 in General Revenue, to make application and systems modifications to the Texas Integrated Eligibility Redesign System (TIERS) and the Eligibility Supported Technologies (EST) in fiscal year 2024.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

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