

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 3, 2023

TO: Honorable James B. Frank, Chair, House Committee on Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2337 by Oliverson (Relating to the provision of certain intensive outpatient services and partial hospitalization services under Medicaid.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2337, As Introduced : a negative impact of (\$2,940,344) 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	(\$2,940,344)
2026	(\$2,958,145)
2027	(\$3,137,303)
2028	(\$3,278,516)

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		
2025	(\$3,028,397)	(\$4,519,009)	\$66,040	\$22,013
2026	(\$3,138,990)	(\$4,679,167)	\$135,634	\$45,211
2027	(\$3,280,279)	(\$4,889,781)	\$107,232	\$35,744
2028	(\$3,427,928)	(\$5,109,876)	\$112,059	\$37,353

Fiscal Analysis

The bill would amend Government Code, Section 533.0255(a), to update the definition of behavioral health services under Medicaid to include intensive outpatient services and partial hospitalization services.

Methodology

Assuming a September 1, 2024, start date, the average monthly recipients associated with expanding Medicaid benefits to include partial hospitalization and intensive outpatient services is estimated to be 343 in fiscal year 2025, increasing each subsequent year to 353 in fiscal year 2028. The estimated cost is \$7.5 million in All

Funds, including \$3.0 million in General Revenue, in fiscal year 2025, increasing each subsequent fiscal year to \$8.5 million in All Funds, including \$3.4 million in General Revenue in fiscal year 2028. It is assumed that costs related to adding the new Medicaid benefits, including waiver amendments, can be accomplished within existing resources.

The net increase in client services payments through managed care is 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, \$0.2 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.

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