

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 24, 2023

TO: Honorable Senfronia Thompson, Chair, House Committee on Youth Health & Safety, Select

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2404 by Johnson, Ann (Relating to Medicaid coverage and reimbursement for functional family therapy services.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2404, As Introduced : a positive impact of \$259,468 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	\$39,753
2025	\$219,715
2026	\$298,025
2027	\$297,376
2028	\$301,347

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable (Cost) from <i>GR Match For Medicaid</i> 758	Probable (Cost) from <i>Federal Funds</i> 555	Probable Savings from <i>GR Match For Medicaid</i> 758	Probable Savings from <i>Federal Funds</i> 555
2024	(\$139,967)	(\$216,273)	\$180,937	\$279,580
2025	(\$773,482)	(\$1,154,199)	\$999,777	\$1,491,879
2026	(\$1,033,986)	(\$1,541,321)	\$1,336,406	\$1,992,127
2027	(\$1,047,597)	(\$1,561,611)	\$1,353,873	\$2,018,164
2028	(\$1,061,208)	(\$1,581,901)	\$1,371,574	\$3,416,124

<i>Fiscal Year</i>	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Foundation School Fund</i> 193
2024	(\$913)	(\$304)
2025	(\$4,935)	(\$1,645)
2026	(\$6,591)	\$2,196
2027	(\$6,675)	(\$2,225)
2028	(\$6,764)	(\$2,255)

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to establish and provide Medicaid reimbursement for functional family therapy services for eligible clients.

Methodology

Assuming a March 1, 2024 start date, with utilization ramping up in the first year, the additional average monthly caseload associated with adding functional family therapy as a new Medicaid benefit is estimated to be 610 in fiscal year 2024 and 1,649 in fiscal year 2025, increasing in each subsequent fiscal year to 2,261 in fiscal year 2028. The estimated cost is \$0.4 million in All Funds, including \$0.1 million in General Revenue, in fiscal year 2024, and \$1.9 million in All Funds, including \$0.8 million in General Revenue, in fiscal year 2025, increasing each subsequent fiscal year to \$2.6 million in All Funds, including \$1.1 million in General Revenue in fiscal year 2028.

HHSC estimates that there will be cost savings related to adding functional family therapy for clients that would have accessed outpatient psychotherapy or experienced inpatient hospitalizations. The estimated Medicaid savings is \$0.5 million in All Funds, including \$0.2 million in General Revenue, in fiscal year 2024, increasing each subsequent fiscal year to \$3.4 million in All Funds, including \$1.4 million in General Revenue in fiscal year 2028.

The net decrease in client services payments through managed care is assumed to result in a decrease 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 decreased collections estimated to be less than \$0.1 million in fiscal year 2024, less than \$0.1 million in fiscal year 2025, less than \$0.1 million in fiscal year 2026, less than \$0.1 million in fiscal year 2027, less than \$0.1 million in fiscal year 2028. Pursuant to Section 227.001(b), Insurance Code, 25 percent of the revenue is assumed to be a reduction in the credit towards the Foundation School Program.

Technology

HHSC indicates that any technology costs associated with the bill could be absorbed using existing resources.

Local Government Impact

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

Source Agencies: 529 Health and Human Services Commission

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