

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 26, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2638 by Johnson, Ann (Relating to Medicaid coverage and reimbursement for multisystemic therapy services.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2638, As Introduced : a negative impact of (\$8,033,528) 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	(\$1,794,287)
2025	(\$6,239,241)
2026	(\$8,340,771)
2027	(\$8,450,689)
2028	(\$8,560,381)

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	(\$2,009,783)	(\$2,742,927)	\$180,937	\$279,580
2025	(\$7,425,824)	(\$11,080,903)	\$999,740	\$1,491,825
2026	(\$9,926,794)	(\$14,797,475)	\$1,336,406	\$1,992,127
2027	(\$10,057,469)	(\$14,992,267)	\$1,353,873	\$2,018,164
2028	(\$10,188,144)	(\$15,187,059)	\$1,371,574	\$2,044,550

<i>Fiscal Year</i>	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>Foundation School Fund</i> 193
2024	\$25,919	\$8,640
2025	\$140,133	\$46,710
2026	\$187,213	\$62,404
2027	\$189,680	\$63,227
2028	\$192,142	\$64,047

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

The bill would require the HHSC to establish a separate provider type for the enrollment and reimbursement of MST providers.

## **Fiscal Analysis**

The bill would require the Health and Human Services Commission (HHSC) to establish and provide Medicaid reimbursement for Multisystemic Therapy 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 MST 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 \$3.4 million in All Funds, including \$1.3 million in General Revenue, in fiscal year 2024, and \$18.5 million in All Funds, including \$7.4 million in General Revenue, in fiscal year 2025, increasing each subsequent fiscal year to \$25.4 million in All Funds, including \$10.2 million in General Revenue in fiscal year 2028.

HHSC estimates that there will be cost savings related to adding MST for clients that would have accessed outpatient psychotherapy or experienced inpatient hospitalizations. The estimated savings are \$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 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 2024, \$0.2 million in fiscal year 2025, \$0.2 million in fiscal year 2026, \$0.3 million in fiscal year 2027, and \$0.3 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 \$1,330,000 in All Funds, \$665,000 in General Revenue, in fiscal year 2024 for the Texas Medicaid and Healthcare Partnership vendors to update the Provider Enrollment Management Systems with the new provider type.

## **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