

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 20, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB2641** by Johnson, Ann (Relating to Medicaid coverage and reimbursement for the provision of rapid whole genome sequencing to certain infants with acute or complex illnesses.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2641, As Introduced : a negative impact of (\$36,454,318) through the biennium ending August 31, 2025.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	\$0
2025	(\$36,454,318)
2026	(\$38,143,967)
2027	(\$39,389,472)
2028	(\$41,354,402)

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 Revenue Gain from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>Foundation School Fund</i> 193
2024	\$0	\$0		
2025	(\$38,722,899)	(\$57,782,769)	\$1,701,436	\$567,145
2026	(\$39,902,100)	(\$59,480,465)	\$1,318,600	\$439,533
2027	(\$41,205,626)	(\$61,423,579)	\$1,362,116	\$454,038
2028	(\$42,592,029)	(\$63,490,235)	\$928,220	\$309,407

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to establish and provide Medicaid reimbursement for rapid whole genome sequencing.

**Methodology**

Assuming a start date of September 1, 2024, HHSC estimates that 7,573 clients will utilize the additional services in fiscal year 2025, increasing to 7,835 in fiscal year 2028. The estimated cost to Medicaid is \$95.5 million in All Funds, including \$57.8 million in General Revenue in fiscal year 2025, and increasing to \$106.1 million in All Funds, including \$63.5 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 \$2.3 million in fiscal year 2025, \$1.8 million in fiscal year 2026, \$1.8 million in fiscal year 2027, and \$1.2 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.

It is assumed that costs to the HHSC associated with rulemaking and implementation of the new benefit could be absorbed within existing agency resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Health and Human Services Commission

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