

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 5, 2023

TO: Honorable Stephanie Klick, Chair, House Committee on Public Health

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2727 by Price (relating to the provision of home telemonitoring services under Medicaid.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB2727, Committee Report 1st House, Substituted : a negative impact of (\$13,345,806) 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 | (\$13,345,806) |
| 2026 | (\$13,101,372) |
| 2027 | (\$13,460,276) |
| 2028 | (\$13,620,476) |

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 (Loss) from Foundation School Fund 193</i> |
|--------------------|---|---|--|--|
| 2024 | \$0 | \$0 | \$0 | \$0 |
| 2025 | (\$13,745,466) | (\$20,511,147) | \$299,745 | \$99,915 |
| 2026 | (\$13,907,377) | (\$20,731,171) | \$604,504 | \$201,501 |
| 2027 | (\$14,073,700) | (\$20,979,101) | \$460,068 | \$153,356 |
| 2028 | (\$14,241,201) | (\$21,228,790) | \$465,544 | \$155,181 |

Fiscal Analysis

The bill would amend requirements that home telemonitoring services for Medicaid reimbursement be clinically effective, instead of cost-effective.

The bill would amend the eligibility for home telemonitoring services and include clients that exhibit at least one of the included risk factors, instead of two.

The bill would add federally qualified health centers (FQHCs) and rural health clinics (RHCs) as providers.

Methodology

According to the Health and Human Services Commission (HHSC), the bill would result in increased utilization of home telemonitoring. Assuming a September 1, 2024, start date, the additional average monthly caseload associated with amending the eligibility for telemonitoring services and adding FQHCs and RHCs as providers is estimated to be 11,660 in fiscal year 2025, increasing in each subsequent fiscal year to 12,073 in fiscal year 2028. With an average per member per month of \$244.83, the estimated cost is \$34.3 million in All Funds, including \$13.7 million in General Revenue, in fiscal year 2025, increasing each subsequent fiscal year to \$35.5 million in All Funds, including \$14.2 million in General Revenue in fiscal year 2028. Potential costs associated with adding eligibility for any other condition not listed in the bill for which home telemonitoring services would be clinically effective, as determined by HHSC, cannot be determined at this time and are not included in this analysis. This analysis assumes costs associated with providing home telemonitoring services to additional clients, and not potential costs or savings that may result from changes to home telemonitoring.

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 \$0.4 million in fiscal year 2025, \$0.8 million in fiscal year 2026, \$0.6 million in fiscal year 2027, and \$0.6 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 indicates that any 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

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