

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 9, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2983 by Oliverson (relating to a pilot project to provide medical nutrition assistance to certain Medicaid recipients in this state.), Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB2983, Committee Report 1st House, Substituted : a negative impact of (\$13,483,103) 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	(\$1,202,948)
2025	(\$12,280,155)
2026	(\$11,844,974)
2027	(\$12,004,725)
2028	(\$12,005,574)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>GR Match For Medicaid</i> 758	Probable (Cost) from <i>GR Match For Title XXI</i> 8010	Probable (Cost) from <i>GR Match for SNAP Admin</i> 8014
2024	(\$658,631)	(\$466,623)	(\$2,928)	(\$74,766)
2025	(\$639,033)	(\$11,883,563)	(\$2,841)	(\$72,541)
2026	(\$639,487)	(\$11,765,696)	(\$2,843)	(\$72,593)
2027	(\$639,947)	(\$11,766,022)	(\$2,845)	(\$72,645)
2028	(\$640,412)	(\$11,766,351)	(\$2,847)	(\$72,698)

<i>Fiscal Year</i>	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	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$550,915)	\$0	\$0	13.6
2025	(\$17,345,629)	\$238,367	\$79,456	13.6
2026	(\$17,214,198)	\$476,734	\$158,911	13.6
2027	(\$17,214,582)	\$357,551	\$119,183	13.6
2028	(\$17,214,971)	\$357,551	\$119,183	13.6

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to seek a waiver to the Medicaid state plan to develop and implement a five-year healthy food prescription program pilot project for pregnant

and postpartum Medicaid recipients in not more than six service delivery areas, but in at least two specified service delivery areas.

The bill would require HHSC to collaborate and contract with managed care organizations and other partners to administer the pilot project.

The bill would require HHSC to establish a payment methodology, including payment rates, for medical providers providing services related to the pilot project.

The bill would require HHSC to report on the results of the pilot project.

Methodology

This analysis assumes that contracted evaluation services will be required to develop and implement the waiver pilot project. This analysis includes \$1.0 million in All Funds, including \$0.5 million in General Revenue, in fiscal year 2024 and \$0.8 million in All Funds, including \$0.4 million in General Revenue, in subsequent years will be required for contracted evaluation services.

This analysis assumes HHSC would require 13.6 full-time equivalents (FTE) to implement the pilot project. FTE-related costs total \$1.8 million in All Funds, including \$1.2 million in General Revenue, in fiscal year 2024 and \$1.7 million in All Funds, including \$1.2 million in General Revenue, in fiscal year 2025. FTEs would include 1.0 Accountant V, 1.0 Actuary II, 1.0 Budget Analyst IV, 5.0 Data Analysts, 1.6 Program Specialists, 1.0 Program Supervisor VII, and 3.0 Reimbursement Analysts. FTEs would be responsible for monitoring financial information related to the pilot, contracting with managed care organizations and other community partners, supporting the development of the new program and meeting reporting requirements, and developing rates for new providers and services.

Assuming a September 1, 2024, start date, the annual caseload associated with implementing the pilot project for pregnant and postpartum recipients in the two service delivery areas specified by the bill is estimated to be 8,308 in each fiscal year from 2025 to 2028. The estimated cost is \$27.2 million in All Funds, including \$10.9 million in General Revenue, in fiscal year 2025, staying stable in subsequent fiscal years at \$27.2 million in All Funds, including \$10.9 million in General Revenue in fiscal years 2026 to 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 \$0.3 million in fiscal year 2025, \$0.6 million in fiscal year 2026, \$0.5 million in fiscal year 2027, and \$0.5 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

This analysis assumes that FTE-related technology costs are less than \$0.1 million in each fiscal year.

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