LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 27, 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.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2983, As Introduced : a negative impact of ($8,805,260) through the biennium ending August 31, 2025.

General Revenue-Related Funds, Five- Year Impact:

Fiscal Year	**Probable Net Positive/(Negative) Impact to** ***General Revenue Related Funds***
2024	($1,091,938)
2025	($7,713,322)
2026	($7,624,365)
2027	($7,625,137)
2028	($7,625,916)

All Funds, Five-Year Impact:

Fiscal Year	**Probable (Cost) from** ***General Revenue Fund*** **1**	**Probable (Cost) from** ***GR Match For Medicaid*** **758**	**Probable (Cost) from** ***GR Match For Title XXI*** **8010**	**Probable (Cost) from** ***GR Match for SNAP Admin*** **8014**
2024	($597,852)	($423,562)	($2,657)	($67,867)
2025	($579,493)	($7,253,531)	($2,576)	($65,783)
2026	($579,911)	($7,164,107)	($2,578)	($65,830)
2027	($580,334)	($7,164,406)	($2,580)	($65,878)
2028	($580,761)	($7,164,709)	($2,581)	($65,926)

Fiscal Year	**Probable (Cost) from** ***Federal Funds*** **555**	**Probable Revenue Gain from** ***General Revenue Fund*** **1**	**Probable Revenue Gain from** ***Foundation School Fund*** **193**	***Change in Number of State Employees from FY 2023***
2024	($500,076)	$0	$0	12.5
2025	($10,511,309)	$141,046	$47,015	12.5
2026	($10,413,878)	$141,046	$47,015	12.5
2027	($10,414,232)	$141,046	$47,015	12.5
2028	($10,414,589)	$141,046	$47,015	12.5

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 pilot project for medical nutrition assistance in in at least two service delivery areas.

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

The bill would require HHSC to establish reimbursement rates for medical providers provider services related to the pilot program.

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

Methodology

This analysis assumes that contracted evaluation services will be required to develop and implement the waiver pilot program. This analysis includes $0.8 million in All Funds, including $0.4 million in General Revenue, in fiscal year 2024 and $0.6 million in All Funds in subsequent years will be required for contracted evaluation services.

This analysis assumes HHSC would require 12.5 full-time equivalents (FTEs) to implement the pilot programs. FTE-related costs total $1.6 million in All Funds, including $1.1 million in General Revenue, in fiscal year 2024 and $1.5 million in All Funds, including $1.1 million in General Revenue, in fiscal year 2025. FTEs would include 1.0 Accountant V, 1.0 Actuary II, 1.0 Budget Analyst IV, 2.0 Data Analysts, 1.5 Program Specialists, 1.0 Program Supervisor VII, and 2.0 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.

HHSC assumes the pilot would include eligible STAR+PLUS Medicaid adult clients. Assuming a September 1, 2024 start date, the additional annual caseload associated with implementing a Food as Medicine Pilot in the two counties specified by the bill is estimated to be 4,916 in each fiscal year from 2025 to 2028. The estimated cost is $16.1 million in All Funds, including $6.5 million in General Revenue, in fiscal year 2025, staying stable in subsequent fiscal years at $16.1 million in All Funds, including $6.5 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 $0.2 million in fiscal year 2025, $0.2 million in fiscal year 2026, $0.2 million in fiscal year 2027, and $0.2 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.

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