

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 3, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3285 by Price (Relating to Medicaid coverage and reimbursement for the provision of certain digital therapeutics.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB3285, As Introduced : a negative impact of (\$1,427,016) 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	(\$30,517)
2025	(\$1,396,499)
2026	(\$2,662,777)
2027	(\$2,719,177)
2028	(\$2,761,154)

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 Gain from Foundation School Fund 193</i>
2024	(\$30,517)	(\$91,553)	\$0	\$0
2025	(\$1,438,101)	(\$2,156,944)	\$31,202	\$10,400
2026	(\$2,805,378)	(\$4,198,369)	\$106,951	\$35,650
2027	(\$2,842,724)	(\$4,249,915)	\$92,660	\$30,887
2028	(\$2,886,521)	(\$4,318,295)	\$94,025	\$31,342

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to establish and provide Medicaid reimbursement for certain prescription digital therapeutics (PDT).

Methodology

Assuming a September 1, 2024, start date, the number of individuals utilizing newly approved PDTs is estimated to be 2,786 in fiscal year 2025, increasing each subsequent year to 5,648 in fiscal year 2028. The estimated cost is \$3.6 million in All Funds, including \$1.4 million in General Revenue, in fiscal year 2025, increasing

each subsequent fiscal year to \$7.2 million in All Funds, including \$2.9 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 2025, \$0.1 million in fiscal year 2026, \$0.1 million in fiscal year 2027, and \$0.1 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**

Technology costs are estimated to total \$122,070 in All Funds in fiscal year 2024 and \$29,160 in All Funds in fiscal year 2025 for system modifications to the Vendor Drug Program Fee-for-Service Pharmacy Claims System.

**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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