

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 10, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4627 by Klick (Relating to the alternative electronic visit verification system recognized under Medicaid.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4627, As Introduced : a negative impact of (\$2,233,521) 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	(\$1,088,115)
2025	(\$1,145,406)
2026	(\$1,238,170)
2027	(\$1,324,842)
2028	(\$1,417,580)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from GR Match For Medicaid</i> 758	<i>Probable (Cost) from Federal Funds</i> 555	<i>Probable Revenue Gain from General Revenue Fund</i> 1	<i>Probable Revenue Gain from Foundation School Fund</i> 193
2024	(\$1,100,700)	(\$1,100,700)	\$9,439	\$3,146
2025	(\$1,177,749)	(\$1,177,749)	\$24,257	\$8,086
2026	(\$1,260,192)	(\$1,260,192)	\$16,516	\$5,506
2027	(\$1,348,405)	(\$1,348,405)	\$17,673	\$5,890
2028	(\$1,442,793)	(\$1,442,793)	\$18,910	\$6,303

Fiscal Analysis

The bill would allow health care providers to use an alternative electronic visit verification system, including a system purchased or developed by a health care provider.

The bill would require the Health and Human Services Commission (HHSC) Executive Commissioner to ensure a health care provider that uses an alternative EVV system, regardless of feasibility, is reimbursed for the use of that system.

Methodology

HHSC assumes the bill would require discrete reimbursement through a direct payment to a provider who uses an alternative EVV system. Currently, providers utilizing their own EVV system are responsible for costs related to their proprietary system. Those costs are then reported to HHSC and factored into the rate setting process.

HHSC estimates that EVV systems costs to providers will be \$2.2 million in All Funds, including \$1.1 million in General Revenue, in fiscal year 2024, and \$2.4 million in All Funds, including \$1.2 million in General Revenue, in fiscal year 2025, with costs increasing in subsequent years to \$2.9 million in All Funds, including \$1.4 million in General Revenue, in fiscal year 2028. Costs for alternative EVV systems may vary by provider. As a result, HHSC utilized estimates based on historical EVV transactions processed through proprietary systems and assumes the bill would result in increased use of alternative EVV systems over time. Payments made directly to a provider would be eligible for a 50 percent administrative federal match.

The net increases in 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 assumed increased collections of less than \$0.1 million in fiscal year 2024 and on. 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.

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