LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 25, 2023

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB2143** by Parker (Relating to the eligibility for and access to certain Medicaid waiver programs, including the medically dependent children (MDCP) and the Texas home living (TxHmL) waiver programs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2143, As Introduced : a negative impact of ($20,631,969) 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:

Fiscal Year	**Probable Net Positive/(Negative) Impact to *General Revenue Related Funds***
2024	$0
2025	($20,631,969)
2026	($26,993,386)
2027	($29,405,080)
2028	($31,626,234)

All Funds, Five-Year Impact:

Fiscal Year	**Probable (Cost) from *GR Match For Medicaid* 758**	**Probable (Cost) from *Federal Funds* 555**	**Probable Savings from *General Revenue Fund* 1**	**Probable Savings from *Foundation School Fund* 193**
2024	$0	$0	$0	$0
2025	($21,239,146)	($31,619,903)	$455,383	$151,794
2026	($28,524,715)	($42,447,748)	$1,148,497	$382,832
2027	($30,728,881)	($45,733,358)	$992,851	$330,950
2028	($33,051,247)	($49,195,160)	$1,068,760	$356,253

Fiscal Year	*Change in Number of State Employees from FY 2023*
2024	6.8
2025	6.8
2026	6.8
2027	6.8
2028	6.8

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to increase the number of medically dependent children program (MDCP) waiver slots.

The bill would prohibit HHSC from requiring a child to reside in a nursing facility to meet the level of care required if a child is medically fragile and accessing the program through Money Follows the Person, to the extent allowed by federal law.

The bill would require HHSC to transition a child from another waiver program to MDCP if the child receives Supplemental Security Income and meets the level of care criteria for medical necessity for nursing facility care.

The bill would update the financial eligibility requirements for participation in the Texas Home Living (TxHmL) to align with the special income limit established by HHSC for other 1915(c) waiver programs and would prohibit the use of intelligence quotient (IQ) criteria, with an approved primary diagnosis.

Methodology

Assuming a September 1, 2024 start date and first year ramp up, the additional average monthly MDCP caseload associated with expanding the number of diversion slots and transitioning children from other 1915(c) waiver programs if they receive Supplemental Security Income is estimated to be 343 in fiscal year 2025, growing to 412 in fiscal year 2026 and remaining stable through fiscal year 2028. According to HHSC, the Money Follows the Person program requires an individual to reside in a nursing facility for a specified amount of time. It is assumed that there is no fiscal impact to the state because this provision of the bill would not be implemented.

The average monthly TxHmL caseload increase associated with aligning the financial eligibility to other 1915(c) waiver programs and prohibiting the use of IQ criteria is estimated to be 23 in fiscal year 2025, growing each subsequent year to 149 in fiscal year 2028. The estimated cost is $52.0 million in All Funds, including $20.9 million in General Revenue, in fiscal year 2025, increasing each subsequent fiscal year to $81.4 million in All Funds, including $32.7 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 $0.6 million in fiscal year 2025, $1.5 million in fiscal year 2026, $1.3 million in fiscal year 2027, and $1.4 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.

This analysis assumes HHSC would require 6.8 full-time equivalent (FTE) positions, including 3.0 Nurse III, 0.8 Physician II, and 3.0 Administrative Assistant IV, to manage referral requests for diversion slots and coordinate utilization reviews and program support. The estimated cost for the additional FTEs, including technology, is $1.6 million in All Funds each fiscal year, including $0.7 million in General Revenue.

Technology

FTE-related technology costs total less than $0.1 million in All Funds for each fiscal year of the biennium.

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