LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 19, 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 the medically dependent children (MDCP) waiver program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2143, Committee Report 1st House, Substituted : a negative impact of ($10,185,180) through the biennium ending August 31, 2025.

The Health and Human Services Commission is required to implement a provision of the bill only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the Health and Human Services Commission may, but is not required to, implement a provision of the bill using other appropriations available for that purpose.

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	($10,185,180)
2026	($18,687,971)
2027	($21,414,906)
2028	($24,219,610)

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	($10,474,553)	($15,668,794)	$217,030	$72,343
2026	($19,677,087)	($29,810,243)	$741,837	$247,279
2027	($22,379,019)	($33,948,375)	$723,085	$241,028
2028	($25,313,719)	($38,443,024)	$820,582	$273,527

Fiscal Year	Change in Number of State Employees from FY 2023
2024	0.0
2025	11.3
2026	11.3
2027	11.3
2028	11.3

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC), to the extent possible, to allocate a portion medically dependent children program (MDCP) waiver slots for eligible children.

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 the extent possible, to enroll a child in MDCP if the child is on the interest list for the program, receives Supplemental Security Income (SSI), and meets the level of care criteria for medical necessity for nursing facility care.

Methodology

Assuming a September 1, 2024 start date and ramp up, the additional average monthly MDCP caseload associated with expanding the number of diversion slots and enrolling children on the MDCP interest list receiving SSI and meeting the program's level of criteria is estimated to be 606 in fiscal year 2025, increasing each subsequent fiscal year to 1,267 in fiscal year 2028. The estimated cost is $24.8 million in All Funds, including $9.8 million in General Revenue, in fiscal year 2025, increasing each subsequent fiscal year to $62.5 million in All Funds, including $24.7 million in General Revenue in 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 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, $1.0 million in fiscal year 2026, $1.0 million in fiscal year 2027, and $1.1 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.

This analysis assumes HHSC would require 11.3 full-time equivalent (FTE) positions, including 3.0 Nurse III, 0.8 Physician II, 3.0 Administrative Assistant IV, 4.0 Human Resources Specialist III, and 0.5 Program Specialist V to manage referral requests for diversion slots, coordinate releases from the interest list for clients receiving SSI, enroll additional clients, coordinate utilization reviews, and provide program support. The estimated cost for the additional FTEs is $1.3 million in All Funds in fiscal year 2025, 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