

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 23, 2025

TO: Honorable Lacey Hull, Chair, House Committee on Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB426 by Bernal (Relating to Medicaid and child health plan program coverage and reimbursement for childhood cranial remolding orthosis.), Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB426, Committee Report 1st House, Substituted: a negative impact of (\$2,265,870) through the biennium ending August 31, 2027.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	\$0
2027	(\$2,265,870)
2028	(\$2,189,911)
2029	(\$2,284,535)
2030	(\$2,311,446)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>GR Match For Medicaid 758</i>	Probable Savings/(Cost) from <i>Federal Funds 555</i>	Probable Revenue Gain/(Loss) from <i>General Revenue Fund 1</i>	Probable Revenue Gain/(Loss) from <i>Foundation School Fund 193</i>
2026	\$0	\$0	\$0	\$0
2027	(\$2,333,647)	(\$3,475,780)	\$50,833	\$16,944
2028	(\$2,361,363)	(\$3,517,060)	\$128,589	\$42,863
2029	(\$2,389,015)	(\$3,558,246)	\$78,360	\$26,120
2030	(\$2,416,730)	(\$3,599,526)	\$78,963	\$26,321

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to provide Medicaid and Children's Health Insurance Program (CHIP) reimbursement for childhood cranial remolding orthosis for certain children and requires that such reimbursement not be less favorable than the coverage required for other orthotics under the Medicaid program.

Methodology

According to HHSC, necessary policy revisions and rate hearings associated with creating a new benefit can take approximately 12 to 18 months to complete; therefore, HHSC assumes that services would begin September 1, 2026.

The additional annual Medicaid caseload associated with the new benefit is estimated to be 3,114 in fiscal year 2027, increasing to 3,225 by fiscal year 2030, with an assumed annual cost of \$1,864 per utilizer. The additional annual CHIP caseload associated with the new benefit is estimated to be 3 in fiscal year 2027 through 2030, with an assumed annual cost of \$1,865 per utilizer. This analysis assumes a total client services cost of \$2,333,647 from the General Revenue Fund (\$5,809,427 from All Funds) in fiscal year 2027.

This analysis assumes that these costs would be partially offset by an estimated \$50,833 to the General Revenue Fund in fiscal year 2027 from client services payments through managed care that are assumed to result in an increase to the General Revenue Fund from insurance premium tax revenue and revenue adjusted for assumed timing of payments and prepayments, resulting in increased revenue collections. Additionally, this analysis assumes an offset of \$16,944 in fiscal year 2027 to be deposited to the credit of the Foundation School Fund, pursuant to Section 227.001(b), Insurance Code.

This analysis assumes that any administrative costs to HHSC associated with development and implementation of the new benefits could be absorbed using existing resources.

Technology

No significant technology cost is anticipated.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JMc, NPe, ER, ESch, NV