

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**April 16, 2025**

**TO:** Honorable Gary VanDeaver, Chair, House Committee on Public Health

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB2036** by Oliverson (Relating to the provision of behavioral health services under the Medicaid managed care program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2036, As Introduced: a negative impact of (\$4,873,086) through the biennium ending August 31, 2027.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2026	\$0
2027	(\$4,873,086)
2028	(\$9,759,738)
2029	(\$12,519,239)
2030	(\$12,603,299)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from GR Match For Medicaid</b> <b>758</b>	<b>Probable Savings/(Cost) from Federal Funds</b> <b>555</b>	<b>Probable Revenue Gain/(Loss) from General Revenue Fund</b> <b>1</b>	<b>Probable Revenue Gain/(Loss) from Foundation School Fund</b> <b>193</b>
2026	\$0	\$0	\$0	\$0
2027	(\$5,018,849)	(\$7,475,174)	\$109,322	\$36,441
2028	(\$10,479,247)	(\$15,607,999)	\$539,632	\$179,877
2029	(\$13,090,795)	(\$19,497,691)	\$428,667	\$142,889
2030	(\$13,177,369)	(\$19,626,638)	\$430,553	\$143,517

**Fiscal Analysis**

The bill would require the Health and Human Services Commission (HHSC) to provide Medicaid reimbursement for intensive outpatient services and partial hospitalization services as a behavioral health services benefit.

The bill would take effect September 1, 2025.

**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 average monthly caseload associated with the new benefit is estimated to be 3,464 in fiscal year 2027, increasing to an average of 7,366 by fiscal year 2030, with an assumed annual cost of \$5,832 per utilizer. This analysis assumes a net client services cost of \$5,018,849 from the General Revenue Fund (\$12,494,023 from All Funds) in fiscal year 2027, including offsetting adjustments to managed care capitation rates due to decreased utilization of other behavioral health resources.

This analysis assumes that these costs would be partially offset by an estimated \$109,322 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 \$36,441 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