School
IDEA RGC High School

Senate Committee
Health & Human Services

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# Mother & Baby Health Act

## HB 3 – SB 5

## Fiscal Note

**State Government Impact**

Estimated Two-year Net Impact to General Revenue Related Funds: a negative impact of ($147,018,356) through the biennium ending August 31, 2030.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**Fiscal Analysis**

The bill would require the Health and Human Services Commission (HHSC) to continue Medicaid coverage to women enrolled during a pregnancy for at least 12 months, beginning the last day of the woman's pregnancy. The bill would require HHSC to seek a state plan amendment (SPA) to implement the bill.

**Methodology**

The bill would result in women enrolled in Medicaid during pregnancy receiving ten additional months of post-partum coverage, beginning on the last day of the woman's pregnancy. The extended coverage is expected to result in savings to the Medicaid program from averted births and savings to the Healthy Texas Women program.

It is assumed services would begin March 1, 2027. The additional average monthly caseload associated with extended coverage is estimated to be 27,147 in fiscal year 2027, increasing to an average of 121,623 in fiscal years 2028 to 2030. The average monthly cost per recipient is estimated to be $261.20 in fiscal year 2027, increasing in each subsequent year to $277.06 in fiscal year 2030. The total estimated cost of the extended coverage for client services is estimated to be $85.1 million in All Funds, including $33.4 million in General Revenue, in fiscal year 2027 increasing in each subsequent year to $405.4 million in All Funds, including $162.8 million in General Revenue, by fiscal year 2030.

Estimated Medicaid savings associated with averted births, including reduced costs for pregnant women and newborns, is less than $0.1 million in All Funds in fiscal year 2027, increasing in fiscal year 2028 to $28.1 million in All Funds, including $11.3 million in General Revenue. Estimated savings increase in subsequent years to $152.5 million in All Funds, including $11.3

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million in General Revenue, by fiscal year 2030. Estimated savings also include increased vendor drug rebates totaling $3.1 million in in All Funds in fiscal year 2027, including $1.2 million in General Revenue, and increasing to $14.9 million in All Funds, $8.9 million in General Revenue, in fiscal year 2030.

The bill would reduce the number of clients served in Healthy Texas Women (HTW), since eligible women would not transition until 12 months after their pregnancy ends. Postpartum services provided in HTW Plus will also decrease to only those women who are not enrolled in Medicaid for Pregnant Women. Savings to the Healthy Texas Women program assume a mix of General Revenue and Federal Funds and is estimated to be $6.3 million in All Funds, including $2.9 million in General Revenue, in fiscal year 2027, increasing in subsequent years to $13.3 million in All Funds, including $12.1 million in General Revenue, in fiscal year 2030.

The net increases in client services 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 increased collections estimated to be $6.6 million in fiscal year 2028, $7.7 million in fiscal year 2027, $2.5 million in fiscal year 2028, and $4.0 million in fiscal year 2030. 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.

HHSC will be required to submit Medicaid and Children's Health Insurance Program (CHIP) state plan amendments and an 1115 waiver amendment to the Centers for Medicare and Medicaid Services. It is assumed that any costs associated with this process could be absorbed using existing resources.

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, otherwise this Act takes effect January 1, 2027

**Technology**
HHSC estimates that there will be a onetime cost of $461,000 in All Funds, $188,552 in General Revenue, to make application and systems modifications to the Texas Integrated Eligibility Redesign System (TIERS) and the Eligibility Supported Technologies (EST) in fiscal year 2027.

**Local Government Impact**
No significant fiscal implication to units of local government is anticipated.