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FISCAL IMPACT REPORT

SPONSOR Cates **LAST UPDATED** _____
ORIGINAL DATE 1/22/2025
SHORT TITLE Medicaid Waiver Reimbursement Rate **BILL**
Increases **NUMBER** House Bill 42
ANALYST Hernandez

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	6,300.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
Health Care Authority (HCA)

SUMMARY

Synopsis of House Bill 42

House Bill 42 (HB42) appropriates \$6.3 million from the general fund to the Health Care Authority for the purpose of providing rate increases to service providers that receive reimbursement from certain Medicaid waiver programs.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The appropriation of \$6.3 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund. Changing the reimbursement rate for providers for one year creates an expectation that the reimbursement will continue in future years, which makes this a recurring expense.

SIGNIFICANT ISSUES

According to analysis by both Legislative Finance Committee and Health Care Authority staff, the bill does not specify which rates would be increased, as well as which service providers

would be eligible for the rate increases. This would leave the Health Care Authority with significant leeway in determining which Medicaid waiver programs would receive a rate increase.

ADMINISTRATIVE IMPLICATIONS

The Health Care Authority notes that rate increases included in HB42 would require the Health Care Authority to submit a Medicaid waiver to the federal Centers for Medicare and Medicaid Services. The waiver process takes approximately four to six months, and no rate increases could take place until the waiver is accepted.

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