

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 16, 2003

TO: Honorable Jaime Capelo, Chair, House Committee on Public Health

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1981 by Puente (Relating to indigent health care, including tertiary care.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1981, As Introduced: an impact of \$0 through the biennium ending August 31, 2005.

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

The bill would amend several codes to change indigent health care requirements and to add funding options for a new General Revenue Account—Tertiary Care.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from New General Revenue Dedicated—Tertiary Care	Probable (Cost) from New General Revenue Dedicated—Tertiary Care	Probable Revenue Gain from Counties—Fees Collected	Probable (Cost) from Counties—Indigent Health Care
2004	\$39,960,000	(\$39,960,000)	\$4,440,000	(\$978,582,188)
2005	\$83,014,000	(\$83,014,000)	\$9,224,000	(\$958,931,764)
2006	\$83,886,000	(\$83,886,000)	\$9,321,000	(\$981,969,158)
2007	\$84,770,000	(\$84,770,000)	\$9,419,000	(\$1,005,511,009)
2008	\$85,663,000	(\$85,663,000)	\$9,519,000	(\$1,029,571,484)

Fiscal Analysis

The bill would amend the Health and Safety Code relating to indigent health care, including tertiary care. Counties, public hospitals, and public hospital districts would be prohibited from denying or reducing assistance to eligible residents who cannot contribute. The eligibility standards would be changed from a minimum of 21 percent of the federal poverty level to 100 percent of the federal poverty level. Provisions of the bill would also add emergency medical services and durable medical equipment to the basic health care services a county would be required to provide.

The bill would change the time frame from 72 hours to 30 days for when a provider must submit notice to the county that services were provided to an individual who may be eligible for indigent health care services. The bill would allow a medical provider to bring an action against the county to determine the residence or eligibility of the patient and recover any amount owed. A county held liable would be required to pay the provider in accordance with Chapter 2251, Government Code, as though a contract were in effect between the county and the provider.

Provisions of the bill would require the county tax assessor-collector to collect an additional \$5 fee with each motor vehicle registration and to send the fee collected to the Comptroller of Public Accounts for deposit in the tertiary care account. The county tax assessor-collector would be authorized to retain 10 percent of the fee collected for administrative costs.

In addition to other costs imposed upon conviction for intoxication and alcoholic beverage offenses, except for public intoxication or open container violations, convicted defendants would be required to pay \$100 to be collected and paid to the county treasurer for deposit into the county treasury and quarterly sent to the Comptroller to be credited to the tertiary care account. The county treasurer would be authorized to retain 10 percent of the fee collected for administrative costs.

Further, the bill would allow a provider who delivers emergency services to a patient who is eligible for assistance to receive payment for the services from the patient's county even if the provider does not comply with Section 61.032, Health and Safety Code. The bill would also remove the limitation of a county's liability for health care services provided by all assistance providers, including a hospital and a skilled nursing facility.

The bill would re-create the tertiary care account as a dedicated account in the General Revenue Fund. Requirements in the bill related to indigent health care would take effect January 1, 2004 and would apply only to health care services provided on or after that date.

Requirements in the bill related to additional fees for a motor vehicle registration would take effect January 1, 2004 and would apply only to motor vehicle registrations that occur on or after that date. This section of the bill would have no effect if a constitutional amendment as proposed by the Seventy-eighth Legislature, Regular Session, 2003 that would allow using motor vehicle registration fees to support trauma centers does not pass or is not approved by the voters.

Requirements in the bill related to imposition of a \$100 fee for conviction of intoxication and alcoholic beverage violations would take effect January 1, 2004 and would apply only to an offense committed on or after that date.

Other than the sections that would take effect January 1, 2004, the bill would take effect September 1, 2003.

This bill would do one or more of the following: create or re-create a dedicated account in the General Revenue Fund, create or re-create a special or trust fund either with or outside the State Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature.

The Texas Department of Health (TDH) indicates that administrative costs for the agency associated with implementation of the bill could be absorbed within the agency's existing resources.

Based on the analysis by the Comptroller of Public Accounts, it is assumed that administrative costs for the agency association with implementation of the bill could be absorbed within the agency's existing resources.

Methodology

It is assumed that the state would expend the revenue from the tertiary care fund to support the program at the local level. The probable additional costs to counties for the indigent health care program, minus funds from the tertiary care fund (expended by the state and shown in column two), leaves a net cost to the counties as reflected in column four of the table. Additional methodology for

the indigent health care portions of the bill is given as part of the local government fiscal impact section of the fiscal note.

In performing analysis of the portion of the bill related to fees collected for the tertiary care fund from vehicle registration fees, the Comptroller obtained from the Texas Department of Transportation an estimate of the number of vehicles that would be subject to the proposed \$5 registration fee, assuming the proposed resolution is passed and the voters approve use of registration fees for trauma care. The number of vehicles is estimated to be 16.8 million. The revenue that would be generated for fiscal year 2004 has been reduced to reflect the implementation date of January 1, 2004.

In performing analysis of the portion of the bill related to collection of an additional court cost for defendants convicted of intoxication and alcoholic beverage offenses, the Comptroller used an estimate of 85,500 driving while intoxicated/driving under the influence offense in fiscal year 2002, adjusted for conviction rates, nonpayment because of poverty, and an implementation lag.

Local Government Impact

Fiscal impact to counties from proposed new fees and court charges are reflected in the table above in column three.

By lowering eligibility requirements for receiving indigent health care, TDH anticipates the counties would reach their maximum 8 percent expenditure level quicker than under existing statute and would therefore seek state assistance funds sooner. It is anticipated that the state assistance funds would be depleted sooner than under current statute as a result. Under existing statute, once counties reach the 8 percent maximum expenditure level and once the state assistance funds are depleted, counties are not liable for providing health care services to indigent patients the remainder of the state fiscal year. If the counties were to continue to provide indigent health care services despite the provisions of Chapter 61, Health and Safety Code, the additional costs would be significant. TDH estimates the additional costs to counties collectively would be over \$1 billion annually.

The Texas Hospital Association (THA) anticipates that while the costs of the indigent health care program would increase by a factor of five from the change in eligibility requirements, the association assumes counties that sponsor hospitals would experience financial relief that would offset uncompensated care. THA also anticipates that allowing providers 30 days rather than 72 hours for notifying the county hospital of treating an individual who is likely eligible for indigent health care would increase the number of cases for which a county would be compensated. Counties that responded to an inquiry about the fiscal impact indicated they expected a significant increase in costs or expected that the state would reimburse them. This analysis assumes that the state would bear additional costs.

The funds collected for the tertiary care account would be an additional available assistance source that would offset additional costs.

Source Agencies: 304 Comptroller of Public Accounts, 501 Department of Health
LBB Staff: JK, DLBa, WP, KF, EB