

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 6, 2005

TO: Honorable Ray Allen, Chair, House Committee on County Affairs

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB636 by Brown, Fred (Relating to county responsibility for indigent health care services.),
Committee Report 1st House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would amend Subchapter B, Section 61.022, Health and Safety Code, to require a county to spend during a state fiscal year, at least 6 percent of the county's general revenue tax levy (GRTL) for that year to provide health care assistance to eligible county residents. A county that does not spend that amount would be required to adopt a less restrictive standard of eligibility for the next fiscal year. The bill also would require that the Department of State Health Services (DSHS) reimburse a county for all expenditures made under Chapter 61 from funds appropriated for Medicaid services.

The bill would take effect September 1, 2005.

Chapter 61 of the Health and Safety Code is the Indigent Health Care and Treatment Act. Subchapter B applies to health care services and assistance provided to a person who does not reside in the service area of a public hospital or hospital district. Current statute does not mandate a specific percentage of the county's GRTL that must be used for health care assistance to eligible county residents, although for the county to be eligible for state assistance funding to offset the costs of providing indigent health care, the county must spend up to 8 percent of its GRTL.

The Department of State Health Services (DSHS) reports that the proposed change in statute would result in an increase in the number of quality assurance case reviews the agency would have to conduct to determine a county's eligibility for reimbursement from the state assistance fund once a county reports 6 percent spending. It is assumed that the estimated costs (\$140,000 in FY 2006 and \$150,000 in FY 2007) for new staff and travel could be absorbed using existing resources.

It is also likely that as a result of the implementation of the provisions of this bill, there would be an increase in the number of counties accessing the indigent health care program (see Local Government Impact). The bill would require DSHS to use funds appropriated for Medicaid services to reimburse counties for services provided under the Indigent Health Care and Treatment Act (IHTA). The combination of these provisions could result in an increase in expenditures for the program.

However, current statutes require that a person who is eligible for Medicaid services is not eligible for services under the IHTA. Therefore, there does not appear to be a mechanism to use Medicaid funding. If the Medicaid funds are used in lieu of General Revenue that would have been spent on IHTA, there is not a significant cost to the state, but there would be no federal matching funds earned. DSHS states that HHSC would need to seek a Medicaid waiver to serve this population and that the Medicaid funding currently at DSHS is for mental health client services and administration.

According to the Health and Human Services Commission, the changes proposed in the bill could require modification of the State of Texas Assistance and Referral System; however, the agency anticipates it could absorb those changes using existing resources.

Local Government Impact

According to DSHS, there are 142 counties to which the requirements of the bill would apply. DSHS estimates, based on fiscal year 2004 spending reports, that 40 of the applicable counties would reach the 6 percent spending level in fiscal year 2006, increasing to 57 counties in fiscal year 2007; 74 counties in fiscal year 2008; 114 in fiscal year 2009; and all 142 would reach the 6 percent spending in fiscal year 2010. Because not all counties would reach the 6 percent minimum immediately, those counties that do not would establish less restrictive eligibility criteria, which would result in an increase in the number of persons receiving treatment under the assistance program.

Based on finance reports submitted to DSHS by 114 of the 142 applicable counties in fiscal year 2004, the 6 percent GRTL for the 114 counties would represent \$42.1 million collectively. The fiscal impact would vary by county.

Source Agencies: 529 Health and Human Services Commission, 537 Department of State Health Services

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