

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 18, 2005

TO: Honorable Eddie Lucio, Jr., Chair, Senate Committee on International Relations & Trade

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

IN RE: HB2463 by Villarreal (Relating to the creation of a Medicaid health literacy pilot program and health care funding districts in certain counties and authorizing the districts to impose taxes on certain institutional health care providers located in the districts.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2463, As Engrossed: an impact of \$0 through the biennium ending August 31, 2007.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>Approp Receipts-Match for Medicaid</i> 8062	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2006	(\$293,372)	(\$293,373)
2007	(\$293,372)	(\$293,373)
2008	\$0	\$0
2009	\$0	\$0
2010	\$0	\$0

Fiscal Analysis

The bill would amend Chapter 531, Government Code, to require the Health and Human Services Commission (HHSC) to develop and implement a health literacy pilot program in Bexar County for Medicaid recipients with young children. A statistically significant test and control group would be required. The materials to be provided would include health information materials in English and Spanish and training would be provided to participants. HHSC would be required to establish the pilot program through a local governmental entity in Bexar County choosing to participate and to finance the pilot using local money and matching federal funds. The section added by the bill would expire September 1, 2009.

The bill would add Chapters 288, 289, and 290 to the Health and Safety Code to require the creation of a healthcare funding district in Hidalgo County, Webb County, and Bexar County. Provisions of the bill would establish the powers, duties, and financing of each district. Unless continued by the Legislature, each district would be abolished September 1, 2007.

A district, governed by a commission appointed by the county commissioners court, could levy a tax on a nonpublic general hospital in these counties for programs that provide healthcare services. The tax could be imposed at \$100 per outpatient visits in Hidalgo and Webb counties and emergency room visits in Bexar County at these hospitals and would be collected by the tax assessor-collector of each county.

The bill would take effect immediately if it receives the required two-thirds vote in each house; otherwise, it would take effect September 1, 2005.

Methodology

Participation in the test group for the pilot program is assumed to include 37,767 households, or 25 percent of the Medicaid participating households in Bexar county with children under ten years. It is assumed that components of the cost to complete the program would include: approximately \$100,000 for actuarial services in comparing health care costs of the control and pilot test group, approximately \$50,000 for development of health information materials, and printing, postage, and training costs for the test group totaling \$1,023,490. The program would be operated during six months of fiscal year 2006 and six months of 2007. The Appropriated Receipts Match for Medicaid shown in the table are assumed to be transfers from the local governmental entity. It is assumed that federal matching funds would be available for this pilot at a 50/50 match rate.

Methodology for the fiscal impact of the healthcare funding districts is discussed under Local Government Impact.

Local Government Impact

The fiscal impact to a local governmental entity choosing to participate in the Medicaid health literacy pilot program is noted in the table above. The bill specifies that HHSC shall request participation by the Bexar County Hospital District but such participation is not required by the bill.

The 2003 Emergency Room Visits and Outpatient Visits for Acute Care Hospitals annual survey by the Center for Health Statistics at the Texas Department of Health shows that the number of outpatient hospital visits in Hidalgo County were 204,240 and totaled 60,532 in Webb County. The number of emergency room visits at institutional health care providers in Bexar County was 379,571. Assuming that \$100 per outpatient hospital and emergency room visit is collected, the healthcare funding districts could generate the following revenue to provide healthcare services: \$37,957,100 for Bexar County, \$20,424,000 for Hidalgo County and \$6,053,200 for Webb County, for a total of \$64,434,300. It is unknown what tax rate ultimately would be adopted by each healthcare funding district, but the fiscal impact would vary by county.

Source Agencies: 304 Comptroller of Public Accounts, 529 Health and Human Services Commission

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