

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 2, 2007**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

**IN RE: SB172** by Janek (Relating to indigent health care.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB172, As Introduced: a negative impact of (\$17,111,647) through the biennium ending August 31, 2009.

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

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	(\$5,884,136)
2009	(\$11,227,511)
2010	(\$11,227,511)
2011	(\$11,227,511)
2012	(\$11,227,511)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from GENERAL REVENUE FUND 1</b>
2008	(\$5,884,136)
2009	(\$11,227,511)
2010	(\$11,227,511)
2011	(\$11,227,511)
2012	(\$11,227,511)

<b>Fiscal Year</b>	<b>Change in Number of State Employees from FY 2007</b>
2008	5.0
2009	5.0
2010	5.0
2011	5.0
2012	5.0

## Fiscal Analysis

The bill would require the Department of State Health Services (DSHS) to conduct hearings on disputes concerning a county's liability or failure to pay a health care provider for indigent health care. The bill would require the Comptroller of Public Accounts to pay a health care provider any amount determined to be owed by a county from any tax revenue that is not deposited to a trust fund and is allocated to the county by state law. **This could result in the redirection of funds currently allocated to a county for purposes other than indigent health care.**

The bill would require DSHS to reimburse a teaching hospital for 50 percent of the costs of certain specialty health care services provided to eligible residents, to the extent funds are appropriated for this purpose. Counties, hospital districts, or public hospitals would be liable for the remainder of the cost of the specialty health care services, subject to certain limitations.

The bill would require the Health and Human Services Commission and the Comptroller of Public Accounts to adopt rules to implement provisions of the bill. It is assumed any costs associated with rule-making could be absorbed within the existing budgets of the agencies.

The bill would establish the indigent specialty health care services account in the General Revenue Fund. Funds in the account could be appropriated to DSHS for purposes related to specialty health care services.

The bill would authorize counties to credit specialty health care expenditures towards the eligibility requirements for state reimbursement under the County Indigent Health Care program. **It is assumed this would not have a significant fiscal impact because counties are currently allowed to count specialty health care services towards requirements of the County Indigent Health Care program.**

## Methodology

DSHS estimates costs of \$347,505 in General Revenue in fiscal year 2008 and \$319,080 in General Revenue in fiscal years 2009-2012 for 5 Full-Time-Equivalent (FTE) positions to implement the requirements of the bill, including processing and verifying claims from teaching hospitals for specialty health care services, providing technical assistance and training, and developing policies and procedures. Costs are included for salaries, benefits, and other administrative costs.

DSHS would be required to reimburse teaching hospitals for 50 percent of the costs of certain specialty health care services provided to eligible residents. This estimate assumes an annual cost of \$10,900,000 in General Revenue for fiscal years 2009-2012 for the required reimbursement. This represents approximately 50 percent of the total inpatient hospital expenditures of the 119 county-run indigent health care programs, based on data reported to DSHS for fiscal year 2006. This assumes that inpatient hospital services would be considered specialty health care services and that all of these counties would designate teaching hospitals as mandated providers of specialty health care services. Fiscal year 2008 costs are estimated to be \$5,450,000 in General Revenue (50 percent of the annual costs for fiscal years 2009-2012) to allow time for rules to be adopted and the claims processing system to be developed.

**There would be additional costs for DSHS to provide reimbursement to teaching hospitals designated as a mandated provider of specialty health care services by hospital districts or public hospitals.** Additionally, there could be an impact on some hospitals' Upper Payment Limit and Disproportionate Share Hospital payments if uncompensated care is reduced when specialty health care services are provided by teaching hospitals.

## Technology

DSHS estimates technology costs of \$86,631 in General Revenue in fiscal year 2008 and \$8,431 in General Revenue in fiscal years 2009-2012. This includes a one-time cost of \$75,000 in General Revenue in fiscal year 2008 to contract for a claims payment system (750 hours at \$100 per hour). Also included is \$11,631 in fiscal year 2008 and \$8,431 in fiscal years 2009-2012 for computer

hardware and software and maintenance of the claims payment system.

### **Local Government Impact**

It is assumed that local governments will incur administrative costs and may expend additional funds as a result of the denials being overturned by DSHS via the newly created appeals process.

It is assumed that counties, public hospitals, and hospital districts may benefit at a local funding level for the State to reimburse the teaching hospitals for 50 percent of the cost for specialty health care services for their eligible residents.

**Source Agencies:** 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 537 State Health Services, Department of

**LBB Staff:** JOB, CL, SSt, KJG