

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 20, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

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

IN RE: SB922 by Watson (Relating to regional health care programs for employees of small employers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB922, As Introduced: a negative impact of (\$1,050,000) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$1,050,000)
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1
2008	(\$1,050,000)
2009	\$0
2010	\$0
2011	\$0
2012	\$0

Fiscal Analysis

This bill would authorize counties to establish or participate in a regional health care program, which would provide healthcare services or benefits to the employees of small employers located in the participating counties. The bill would authorize programs to establish criteria for participation by small employers, their employees and their dependents in the program, and would establish plan coverage requirements.

The bill would also authorize the executive commissioner of the Health and Human Services Commission (HHSC) to establish a grant program to support the initial establishment and operation of a regional healthcare program as a demonstration project in one or more regions of the state. The bill would require the executive commissioner, in selecting grant recipients, to consider the extent to which the regional healthcare program proposed by the applicant accomplishes the purposes of the

bill. The bill would require HHSC to establish performance objectives for a grant recipient and monitor the performance of the grant recipient.

The bill would require HHSC, not later than December 1, 2008, to complete a review of each regional healthcare program that receives a grant under this subchapter and to submit to the governor, the lieutenant governor, and speaker of the House of Representatives a report that includes certain information relating to regional healthcare programs. The bill provides that the subchapter relating to grants for demonstration projects would expire September 1, 2009.

The bill would take effect September 1, 2007.

Methodology

HHSC would provide grants to support the initial establishment and operations of a “multi-share” healthcare program. HHSC estimated that it will award seven grants with an average amount of \$150,000 totaling \$1,050,000 in General Revenue Funds in fiscal year 2008. HHSC based this average amount on the University of Texas Medical Branch (UTMB) start-up cost experience with a similar local project. HHSC also estimates that the development and administration of the grant program and reporting would be done within existing resources, but notes the potential workload increase in contract development and monitoring.

Once regional or “multi-share” healthcare programs are operational, they could result in long-term savings by improving access to affordable healthcare and quality of care for those individuals who were previously uninsured, as well as reducing the financial burden on state and local governments and healthcare providers.

Local Government Impact

It is assumed that a commissioner’s court of a county would participate in a regional health care program only if funding is available.

Source Agencies: 454 Department of Insurance, 529 Health and Human Services Commission, 301 Office of the Governor

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