

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

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

**May 1, 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 or local health care programs for employees of small employers.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB922, Committee Report 1st House, Substituted: 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:**

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

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

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

**Fiscal Analysis**

This bill would authorize a county or counties to establish or participate in a local or regional health care program, which would provide healthcare services or benefits to the employees of small employers located in the participating county or 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 authorize a regional or local health care program to apply for and receive funding from the health opportunity pool (HOP), under certain conditions.

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 local or 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 the executive commissioner, if the executive commissioner establishes a grant program, to select at least one grant recipient operating a regional health care program to receive a grant. 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.

According to HHSC, the availability of HOP funds and the extent to which local and regional health care programs would receive funding through the HOP, instead of the above HHSC grant program, cannot be estimated. Accessing HOP funds would not have a fiscal impact on cost but could affect the method of finance for the health care program, including federal matching funds.

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 or local 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

**LBB Staff:** JOB, KJG, JI, NB, JJ, CL, PP