

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 30, 2009

TO: Honorable Lois W. Kolkhorst, Chair, House Committee on Public Health

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

IN RE: HB490 by Jackson, Jim (Relating to indigent health care.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB490, As Introduced: a negative impact of (\$8,115,855) through the biennium ending August 31, 2011.

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
2010	(\$4,065,897)
2011	(\$4,049,958)
2012	(\$4,049,958)
2013	(\$4,049,958)
2014	(\$4,049,958)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2010	(\$4,065,897)
2011	(\$4,049,958)
2012	(\$4,049,958)
2013	(\$4,049,958)
2014	(\$4,049,958)

Fiscal Analysis

SECTION 1 of the bill would establish a regional health care systems review committee in public health region three to conduct public hearings and study the implications of implementing regional health care service to address indigent health care. The committee would be required to issue a report by September 1, 2010, and a copy of the summary report to the Governor, Lieutenant Governor, and Speaker of the House of Representatives by December 1, 2010. The section would expire September 1, 2011. The bill would enable the committee to accept gifts, grants, technical support, or any other resources from any source to carry out its functions.

SECTION 8 of the bill would increase the minimum eligibility standards for a county indigent health care program (CIHCP) from 21 to 25 percent of the federal poverty level (FPL).

SECTION 11 of the bill would require DSHS to establish uniform reporting requirements for hospital

districts and require that governmental entities that own, operate, or lease public hospitals; counties; and hospital districts that provide assistance under the chapter report to DSHS at least annually.

SECTION 12 of the bill would require counties to submit their adopted eligibility standards and application procedures under Sections 61.023(d) and 61.024, respectively, and a statement of the total amount of county funds expended for indigent health care services in the previous fiscal year no later than the 30th day after the beginning of the state fiscal year.

SECTION 16 of the bill would increase the maximum county liability for health care services to all assistance providers from \$30,000 to \$35,000 per year for each resident eligible for the CIHCP, or the payment of 30 days of hospitalization or treatment in a skilled nursing facility, or both, or \$35,000, whichever occurs first.

Methodology

SECTION 1 would likely involve costs associated with posting and holding hearings, support staff, and printing costs. The bill would enable the committee to accept gifts, grants, technical support, or any other resources from any source to offset the costs of its work and no cost for these expenses is included in this estimate.

SECTION 8 would increase the minimum eligibility standards for a CIHCP from 21 to 25 percent of the federal poverty level (FPL), which would increase the number of persons eligible for assistance. This could result in additional counties expending 8 percent of their general revenue tax levy (GRTL) on indigent health care, which could result in additional counties qualifying for state reimbursement. This could also result in counties expending 8 percent of their general revenue tax levy more quickly in a fiscal year, which could result in more health care costs qualifying for state reimbursement.

Based on historical per person expenditures and population data, DSHS estimates 44 counties would request state assistance, compared to 11 counties in fiscal year 2008, at an increased annual cost of \$4,040,850. This analysis assumes constant health care costs for fiscal years 2010 – 2014.

The increase in counties eligible for state assistance would also result in an increased need for onsite quality assurance case reviews to determine reimbursement eligibility conducted by DSHS. Based on current agency criteria, DSHS estimates a need for 33 additional reviews in fiscal year 2010 and 12 additional quality assurance case reviews in fiscal year 2011 and each additional year. This analysis assumes existing staff would conduct the reviews. DSHS assumes a need for 2 FTEs to conduct each 2-day review at a trip distance of 500 miles, with standard mileage and per diem costs. The total travel cost is \$25,047 in fiscal year 2010 and \$9,108 in each subsequent year.

As counties provide more indigent care, the charity care provided by state-owned teaching hospitals could decrease. Some of the increased costs to the state to reimburse a greater number of counties could be offset by reduced needs at the state-owned teaching hospitals but these potential savings are not included in this estimate.

SECTION 16 could have potential costs to counties currently meeting but not exceeding maximum county liability of \$30,000, but is not expected to significantly increase the number of counties requesting or rate at which counties request state assistance.

SECTIONS 11 – 12 of the bill would require counties, hospital districts, and public hospitals to report to DSHS annually. DSHS indicates any costs to revise and review reports can be absorbed.

Local Government Impact

The bill would require staff from all county programs, public hospitals, and hospital districts to report to DSHS at least annually, which could increase administrative costs for entities that are not currently reporting to DSHS to comply with the reporting requirements.

The bill would increase minimum eligibility standards for county programs which DSHS estimates would result in an estimated 44 counties requesting state assistance. The bill also would increase the

maximum liability per eligible resident. These provisions could increase costs for counties that meet, but do not exceed the current requirements.

The provisions also could result in more counties expending 8 percent of their GRTL, and cause counties currently expending 8 percent of their GRTL to expend it more quickly in a fiscal year. Counties that reach 8 percent of their GRTL would be eligible for state assistance funds, which could result in increased revenue for counties that newly qualify or that qualify earlier in a fiscal year. Once counties have expended 8 percent of their GRTL, and requested and depleted state assistance funds, they would not be liable for any additional payments to providers per Section 61.039 of the Health and Safety Code.

Source Agencies: 320 Texas Workforce Commission, 537 State Health Services, Department of, 539 Aging and Disability Services, Department of, 694 Youth Commission, 696 Department of Criminal Justice, 771 School for the Blind and Visually Impaired, 772 School for the Deaf

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