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: **HB2205** by Gonzales (Relating to a county's eligibility to receive state assistance for health care expenditures that exceed eight percent of the county's general revenue levy for the year.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2205, As Introduced: a negative impact of ($2,204,100) 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	($1,102,050)
2011	($1,102,050)
2012	($1,102,050)
2013	($1,102,050)
2014	($1,102,050)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Fund* 1
2010	($1,102,050)
2011	($1,102,050)
2012	($1,102,050)
2013	($1,102,050)
2014	($1,102,050)

Fiscal Analysis

The bill amends Section 61.037, Health and Safety Code, to allow any payments made by a county for health care services provided through Medicaid, including direct reimbursement to health care providers and indirect reimbursement through transfers of funds to the state for health care services provided through Medicaid, to be included as part of the county's eight percent general revenue tax levy expenditure level to qualify for state assistance funds.

Methodology

The bill would allow counties to include Medicaid payments, including the amount of funds transferred to the Upper Payment Limit (UPL) program for the support of the Medicaid population, as part of their eight percent expenditure level to qualify for state assistance funds. This could result in additional counties expending eight percent of their general revenue tax levy on indigent health care, which could result in additional counties qualifying for state reimbursement for these services. This could also cause counties to expend eight 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 data from the Health and Human Services Commission, nine counties currently transfer local funds to the UPL program and could be eligible for state reimbursement if inclusion of their Medicaid expenditures results in total expenditures exceeding eight percent of their general revenue tax levy. Based on the 2008 average cost per county estimate of $122,450 from the Department of State Health Services (DSHS), the cost to serve these nine additional counties would be $1,102,050 in each fiscal year. This analysis assumes constant health care costs for fiscal years 2010 – 2014.

It is assumed that any additional administrative costs associated with the additional counties being eligible for state reimbursement can be absorbed within existing DSHS resources.

Local Government Impact

The bill would amend the Health and Safety Code allowing a county to receive state assistance for payments made for health care services provided through Medicaid that exceed eight percent of a county's annual general revenue levy. The bill could result in a positive fiscal impact to counties providing more services to eligible residents as defined by the provisions of the bill.

Source Agencies: 529 Health and Human Services Commission, 537 State Health Services, Department of

LBB Staff: JOB, CL, JF, LR, TP