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: **HB3408** by Gonzales (Relating to a county's liability for the costs of basic health care services.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3408, As Introduced: a negative impact of ($4,163,300) 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	($2,081,650)
2011	($2,081,650)
2012	($2,081,650)
2013	($2,081,650)
2014	($2,081,650)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Fund* 1
2010	($2,081,650)
2011	($2,081,650)
2012	($2,081,650)
2013	($2,081,650)
2014	($2,081,650)

Fiscal Analysis

The bill amends Chapter 61, Health and Safety Code, by repealing Section 61.0285 regarding optional health care services and adding these optional services, as well as a notification requirement for any other appropriate services, to the basic health care services required to be provided by counties for indigent persons not residing in an area served by a public hospital or hospital district. This act would take effect immediately if it receives two-thirds vote of all members of each house. If it does not receive the necessary votes it would take effect September 1, 2009.

Methodology

The bill would increase and expand the indigent health care services required for a county to provide, which in turn would require counties to spend more local funds on indigent health care services. 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 historical expenditures by counties of these optional services as well as basic indigent health care services, DSHS estimates that 28 counties would request state assistance, compared to 11 counties in fiscal year 2008. Based on the 2008 average cost per county estimate of $122,450, the cost to serve these 17 additional counties will be $2,081,650 in each fiscal year. 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 conducted by DSHS to determine reimbursement eligibility. According to DSHS any costs associated with the additional quality assurance reviews can be absorbed within existing resources.

Local Government Impact

The bill would require counties to provide additional health care services to the indigent population. A county that provides the required additional health care services would likely spend more local funds on indigent health care services. A county that expends 8 percent of their general revenue tax levy on indigent health care would qualify for reimbursement from the state assistance fund at a 90/10 match rate. When the state assistance fund is depleted, counties would not be liable for payments to providers for health care services provided to eligible county residents per Chapter 61, Health and Safety Code, Section 61.039.

The costs to counties would vary depending on the amount of additional health care services provided to indigent persons, the size of the indigent population in an area, and the amount of state assistance funds received that would offset costs.

Source Agencies: 537 State Health Services, Department of

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