

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 30, 2011

TO: Honorable Brandon Creighton, Chair, House Committee on State Sovereignty, Select

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

IN RE: HB5 by Kolkhorst (Relating to the Interstate Health Care Compact.), **Committee Report 1st House, Substituted**

<p>There are anticipated costs and savings associated with the provisions of the bill but there is not sufficient information available at this time to estimate those fiscal implications.</p>

The bill would add a new chapter to the Insurance Code to authorize an interstate healthcare compact and create the Interstate Advisory Health Care Commission (the Commission). The Commission would take effect on the later of either the date the compact is adopted by member states or the date that the compact receives the consent of the United States Congress pursuant to Article I, Section 10 of the U.S. Constitution, after at least two states have adopted the compact.

The bill would direct the compact to secure the consent of the U.S. Congress for the compact. The bill would establish the purpose of the compact as regulation of health care in the member states in a manner consistent with the goals and principles of the compact. The bill would allow member states to suspend the operation of any conflicting federal laws, rules, regulations, and orders within their states, and to secure federal funding of member states.

The bill would establish the responsibility for the regulation of health care by the respective state legislatures of the member states of the compact.

The bill would establish the federal funding levels for each member state of the compact, and would establish that the funding is mandatory and not subject to annual appropriation or any condition of regulation, policy, law or rule adopted by the member state. The bill would direct the United States Congress to establish an initial member state current year funding level for each member state of the compact.

The bill would establish rules for the appointment of members to the Interstate Advisory Health Care Commission by each member state. The bill would authorize the Commission to elect a chairperson, to study issues of health care regulation, and to collect information and data to assist member states in their regulation. The bill would direct the Commission to agree on funding for the compact members and to not take any action within a member state that contravenes any state law of that member state.

The bill would authorize any member state to withdraw from the compact by adopting a law to that effect, which would take effect six months after the governor of the withdrawing member state has given notice of the withdrawal to the other member states.

The bill would take effect immediately if it receives a vote of two-thirds of all members elected to each house. If not, the bill would take effect September 1, 2011.

For the purpose of this analysis, it is assumed the bill would have a significant impact on the agencies that provide Medicaid services within the state of Texas. The extent of the costs or cost savings, which could include a potential significant loss of federal funds, cannot be determined at this time.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

Source Agencies: 307 Secretary of State, 454 Department of Insurance, 529 Health and Human Services Commission

LBB Staff: JOB, ES, KM, SD, MB, AM, LR