

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**Revision 1**

**March 17, 2011**

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

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

**IN RE: HB1008** by Lewis (Relating to the State of Texas entering into the Interstate Medicaid Reform Compact.), **As Introduced**

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.

The bill would amend the Government Code by adding Chapter 536 for the purpose of entering into an Interstate Medicaid Reform Compact with other states legally joining the compact. The bill would establish the purpose of the compact and would establish as the responsibility of each state joining the compact the formulation of a plan for replacing the federal Medicaid program with a new federal program of direct grants to states.

The bill would establish that by consenting to the compact, the state of Texas would agree to participate in the State Medicaid Grants program and would be entitled to receive from the United States Department of Health and Human Services a state Medicaid grant equal to the greatest of the amount to be paid to that state under the previous federal Medicaid program during the federal fiscal years 2008, 2009, 2010 and 2011. The bill would establish that the federal conditions that currently apply for the states' use of Medicaid funds would be suspended.

The bill would establish that each participating state could set enrollment and benefits levels to provide substantial, affordable, and accessible health care for the poor and uninsured.

The bill would establish that the compact becomes operative upon its entrance by any two states. The bill would become effective, for the purposes of operation of federal law in the participating states and of any other legal effect requiring consent of the United States, pursuant to Article I, Section 10, of the United States Constitution, upon the approval of a resolution expressing the consent of the United States Congress to this compact. The bill would also establish rules for withdrawal from and dissolution of the compact.

The bill would take effect immediately upon its passage.

The bill would request the United States Congress to consent to the terms of the compact.

The bill would require the Texas Secretary of State to send copies of the bill to the United States Vice-President as the presiding officer of the United States Senate, the Speaker of the United States House of Representatives, and all United States senators and representatives from Texas.

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, KM, ES, SD, MB, AM, LR