

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 9, 2013**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB3680** by Kolkhorst (Relating to the allocation of certain Medicaid supplemental hospital payments by the Health and Human Services Commission.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Human Resources Code to specify the order in which the Health and Human Services Commission (HHSC) makes supplemental Medicaid payments. The bill requires HHSC to make disproportionate share hospital (DSH) program payments to all eligible hospitals before making payments under the Medicaid Upper Payment Limit program or its successor. The bill specifies that if a state agency determines that a waiver from a federal agency is necessary, the agency shall request the waiver and delay implementation until such waiver is received. The bill would take effect immediately if receiving a two-thirds vote of each house, otherwise it would take effect September 1, 2013.

This analysis assumes that the successor program to the Medicaid Upper Payment Limit is the HHSC Section 1115 Medicaid Transformation Waiver. HHSC reports that implementation of the bill would require a funds tracking system to ensure all DSH payments are made before any waiver payments. HHSC would also need to amend the Medicaid state plan and promulgate new rules based on the bill's provisions. However, HHSC reports that any additional workload resulting from the bill could be absorbed within existing agency resources and would not result in significant fiscal impact.

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 529 Health and Human Services Commission

**LBB Staff:** UP, CL, KKR, MH, AM, TP