

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 18, 2013

TO: Honorable Garnet Coleman, Chair, House Committee on County Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB872 by Deuell (relating to county expenditures for certain health care services.),
Committee Report 2nd House, Substituted

There would be an indeterminate fiscal impact due to an undetermined increase in the number of counties that would eligible for reimbursement from the state.

The bill would amend Chapter 61 of the Health and Safety Code relating to county expenditures for certain indigent health care. The bill would authorize a county to credit up to four percent of the county's general levy on intergovernmental transfer (IGTs) to the state toward eligibility for state assistance if the transfer was to provide health care services as part of a specified waiver program as defined by the provisions of the bill.

Currently, state assistance funds under Section 61.037, direct the Department of State Health Services (DSHS) to distribute funds to counties that provide services under Sections 61.028 and 61.0285 to eligible county residents who qualify for assistance.

According to the analysis by DSHS, it is assumed that additional counties may be eligible for state assistance funds as a result of the credit not to exceed four percent. The increased number of counties eligible for reimbursement would have an indeterminate cost impact on the state. In Section 61.036 (d), it is assumed that the methodology for reimbursing counties for state assistance will be based on the same methodology that is currently used. It is also assumed that DSHS will continue to conduct quality assurance eligibility reviews for counties receiving state assistance that will require a different process to implement the IGT expenditures. It is assumed that DSHS staff will coordinate with the Health and Human Services Commission on expenditure information for county IGTs; and that current DSHS staff will be able to perform functions associated with the provisions of the bill; therefore, no significant fiscal impact is anticipated.

The bill would take effect immediately if it receives a vote of two-thirds of all members elected to each house. If the bill does not receive the votes required to pass, the bill would take effect September 1, 2013.

Local Government Impact

Local governmental entities that have IGTs would not have to use application, documentation, and verification procedures, or eligibility standards to be eligible for state assistance; therefore, no significant fiscal impact is anticipated. In addition, there could be costs to counties that do not provide IGTs and would be required to go by application processes and eligibility standards to

credit their expenditures for state assistance.

Bell County expended its entire 8 percent general revenue tax levy (GRTL) prior to the end of the fiscal year (August 31, 2012). Prior to depleting the funds, a state monitoring visit was conducted and were informed that once the county exceeded the 8 percent, the state match funds available to the county would be \$5,000 to \$7,000. The county averaged about \$250,000 per month in eligible expenditures. Under the 1115 Medicaid Transformation Waiver, the county had the opportunity to partner with health care providers and work collectively with local hospitals to develop a plan in which all eligible county indigent health care program (CIHCP) recipients would have access to medically necessary services, and ensure that health care providers would receive some reimbursement for services provided in good faith to Bell CIHCP recipients.

Under the 1115 Medicaid Transformation Waiver, Bell County's total IGT would be an estimated \$3.3 million (Delivery System Reform Incentive Payment Pool Projects \$356,411; UC match \$2.9 million). The amount matched with Federal Funds would draw down sufficient funds to meet Bell County's obligation for the CIHCP through August 31, 2013, and provide additional outcome based health care services to CIHCP and local hospital charity care.

Williamson County indicated that the county will direct 100 percent of funds budgeted for Indigent Health Care to UC matching funds this year, which the county has done with upper payment limits (UPL) for the previous five years. Currently, 0 percent of these expenditures are creditable toward the county's 8 percent GRTL obligation for Indigent Health Care. Under the 1115 Medicaid Transformation Waiver, all funds directed toward UC and qualifying DSRIP projects would be creditable. Based on current year projections, the total IGT would be an estimated \$5.9 million (Delivery System Reform Incentive Payment Pool Projects \$460,000; UC match \$5.4 million) which would be below the county's 8 percent GRTL liability at an estimated \$12 million.

Source Agencies: 537 State Health Services, Department of

LBB Staff: UP, KKR, CL, TP, CH