

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

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

**April 15, 2013**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

**IN RE:** SB872 by Deuell (Relating to expenditures for indigent health care.), **Committee Report 1st House, Substituted**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would amend the Health and Safety Code relating to expenditures for 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. The bill would limit the county's maximum liability for indigent healthcare for eligible residents to eight percent of the county's general levy. The funds are limited to specific services for a specific eligible population whose income is under 50 percent of the federal poverty level.

According to the analysis by DSHS, it is assumed that no additional counties will be eligible for state assistance funds due to no change in Section 61.037 that directs the state to provide funds to counties who provide specific health care services. 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; 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, CL, TP, CH