

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

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

**April 2, 2013**

**TO:** Honorable Juan Hinojosa, Chair, Senate Committee on Intergovernmental Relations

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

**IN RE: SB1623** by Hinojosa (Relating to districts in certain counties located on the Texas-Mexico border and amending Chapter 288 of the Health and Safety Code.), **As Introduced**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
--

The bill would amend the Health and Safety Code Chapter 288 establishing hospital districts for certain counties located on the Texas-Mexico border. The bill would establish a local provider participation fund for these districts consisting of tax revenue, Medicaid supplemental payments received from the Health and Human Services Commission, and the earnings of the fund. The bill states that money in the fund may be used to provide the nonfederal share for Medicaid supplemental payments only after receiving an assurance from the Health and Human Services Commission (HHSC) that the funds will be returned to the district. The bill would repeal numerous existing provisions of the Health and Safety Code Chapter 288, and would take effect September 1, 2013.

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 Social Security Act §1903 specifies that healthcare-related taxes used as the nonfederal share of Medicaid payments may not contain a hold harmless provision. This analysis assumes a waiver will be necessary to the extent that the bill's provisions requiring assurances of a return of tax revenue do not comply with the federal hold harmless prohibition.

The nonfederal share of Texas Medicaid supplemental payments is provided largely by local public funds provided to the Health and Human Services Commission by intergovernmental transfer. The bill's amendments do not contain any implications for state General Revenue funds. HHSC reports that there would be no fiscal impact to the agency resulting from implementation of the bill.

**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, KKR, MH, AM, TP