

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 29, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1808 by Schwertner (relating to the cost effects of expanding eligibility for medical assistance under the federal Patient Protection and Affordable Care Act.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would add a section to Chapter 32 of the Human Resource Code and Chapter 26 of the Tax Code, related to the cost effects of expanding eligibility for medical assistance under the federal Patient Protection and Affordable Care Act (PPACA). The bill would require that if the Health and Human Services Commission (HHSC) expanded medical assistance under the PPACA it would, in cooperation with the Comptroller of Public Accounts (CPA) and the Legislative Budget Board (LBB), conduct a study estimating the cost savings to both the state and hospital districts and the resulting appropriate reduction in hospital district tax rates. The study would be due on the first anniversary of the effective date of expanded eligibility. HHSC and the LBB would respectively ensure that the cost savings identified in the study were reflected in subsequent legislative appropriation requests and proposed general appropriations bills. It is anticipated that affected agencies would absorb the costs associated with implementing the study directed by the bill within current resources.

Local Government Impact

The bill would amend Chapter 26 of the Tax Code to direct, in the first tax year in which the state expands Medicaid, hospital district tax rates to decrease in an amount equivalent to the reduction in uncompensated care costs as estimated in the study. Therefore, no significant fiscal implication to units of local government is anticipated. Based on a previous analysis conducted by the Legislative Budget Board, it is estimated that uncompensated care costs (including charity care and bad debt) to local government hospitals would decrease by \$1.6 billion for the 2014-2015 biennium and \$5.0 billion for fiscal years 2014-2018.

Source Agencies: 304 Comptroller of Public Accounts, 529 Health and Human Services Commission

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