

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

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 24, 2019**

**TO:** Honorable James B. Frank, Chair, House Committee on Human Services

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB2798** by Klick (Relating to the reimbursement of certain urban teaching hospitals for the provision of inpatient hospital care under Medicaid.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2798, Committee Report 1st House, Substituted: a positive impact of \$760,732 through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2020	\$380,366
2021	\$380,366
2022	\$380,366
2023	\$380,366
2024	\$380,366

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<b>Probable Savings/(Cost) from Federal Funds 555</b>
2020	\$380,366	\$526,997
2021	\$380,366	\$526,997
2022	\$380,366	\$526,997
2023	\$380,366	\$526,977
2024	\$380,366	\$526,997

## **Fiscal Analysis**

The bill would amend Chapter 32 of the Human Resources Code to require the Health and Human Services Commission (HHSC) to update the education adjustment factor used to calculate the medical education add-on at least annually with the most recent data available. The bill would also require HHSC to conduct a study to evaluate and make recommendations on the use of the Medicare education adjustment factor by December 1, 2020. HHSC would be authorized to seek a federal waiver or authorization if necessary. The bill would take effect immediately upon receiving a two-thirds majority vote in each house. Otherwise, the bill would take effect September 1, 2019.

## **Methodology**

Currently, the medical education add-on is only calculated at the time of rebasing. According to HHSC, calculating the rate annually would have varying impact on stakeholders and would result in a total savings related to client services of \$907,363 in All Funds each fiscal year. HHSC determined that costs associated with conducting a study, obtaining federal approval, and adopting new rules could be absorbed within existing resources.

The University of Texas System determined that the bill would not have a fiscal impact on University of Texas health institutions.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Health and Human Services Commission, 720 The University of Texas System Administration

**LBB Staff:** WP, AKi, JQ, ND