

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

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

**May 13, 2019**

**TO:** Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

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

**IN RE: HB4289** by Coleman (Relating to the authority of certain local governments to create and operate health care provider participation programs.), **As Engrossed**

**No significant fiscal implication to the State is anticipated.**

The bill amends the Health and Safety Code to add Chapters 300 and 300A, which authorize local jurisdictions, such as hospital districts, county or municipalities, to establish health care provider participation programs. The provisions of Chapter 300 apply to 1) a hospital district that is not participating in a health care provider participation program and 2) a local jurisdiction that is not participating in a health care provider participation program and is not served by a hospital district or a public hospital. The provisions of Chapter 300A apply to 1) hospital district that is not participating in a health care provider participation program and has only one nonpublic hospital located in the district and 2) a local jurisdiction that is not participating in a health care provider participation program and has only one nonpublic hospital located in the county or municipality. A health care provider participation program would allow local jurisdictions to collect a mandatory payment from nonpublic hospitals to fund intergovernmental transfers and for uniform rate enhancements for nonpublic hospitals in Medicaid managed care in which the local government is located. Intergovernmental transfers are used by the Health and Human Services Commission (HHSC) as the nonfederal share to draw down Medicaid supplemental payments.

The nonfederal share of Texas Medicaid supplemental payments is provided largely by local public funds provided to HHSC by intergovernmental transfer. The bill's provisions do not contain any implications for state General Revenue funds. HHSC reports that there would be no significant fiscal impact to the agency resulting from implementation of the bill. It is assumed that HHSC would absorb any administrative costs using existing resources.

The bill would take effect on September 1, 2019, or immediately with a vote of two-thirds of all members in both houses.

**Local Government Impact**

According to the Texas Association of Counties, no significant fiscal implication to counties is anticipated.

**Source Agencies:** 529 Health and Human Services Commission

**LBB Staff:** WP, AKi, MH, AF, SD