

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

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

**April 16, 2019**

**TO:** Honorable Eddie Lucio, Jr., Chair, Senate Committee on Intergovernmental Relations

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

**IN RE:** **SB1350** by Watson (Relating to the creation and operations of a health care provider participation program by a certain hospital district.), **Committee Report 1st House, Substituted**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill amends the Health and Safety Code to add Chapter 298E, which authorizes a health care provider participation program by a certain county hospital district. The provisions of this bill apply to a county hospital district 1) created in a county with a population of more than 800,000 and 2) was not included in the boundaries of a hospital district before September 1, 2003. A health care provider participation program would allow a county to collect a mandatory payment from nonpublic hospitals. These payments are deposited into a local provider participation fund to fund intergovernmental transfers and for uniform rate enhancement payments for nonpublic hospitals in the Medicaid managed care service area. Intergovernmental transfers are used by the Health and Human Services Commission (HHSC) as the nonfederal share to draw down uncompensated care payments.

The nonfederal share of Texas Medicaid uncompensated care payments is provided largely by local public funds provided to the Health and Human Services Commission 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**

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 Senate as to its probable fiscal implication on units of local government.

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

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

