



2012 BUDGET DEVELOPMENT PROCESS

Budget Discussion Item

Discussion Item: Indigent Health Care (UPL) Contribution Change
 Agenda Item No.: 27930/18.D.

Background / Description:

Hidalgo County has participated in the Upper Payment Limit (UPL) Program as a means to provide health care services to the County's indigent population since Program fiscal year 2006-07.

Under the UPL Program, Hidalgo County contributes an amount approved by Commissioners' Court into the Program which in turn is leveraged by the State of Texas to obtain federal Medicaid matching funds. The County contribution into the UPL Program for program fiscal year's 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 has been \$8.5 million per program fiscal year. The leveraged funds are in turn used by Hidalgo County Clinical Services, Inc. to pay for medical services provided to residents determined eligible under the County's Indigent Health Care Program and other County indigent residents.

The federal Medicaid matching rate for Texas (it varies by state) for FY 2010 was 70.94%, and for FY 2011 the rate is 60.56%. The decrease in the federal percentage is due to the expiration of the American Recovery and Reinvestment Act (ARRA). The rate can be presented as a multiplier for each dollar contributed by the County. The multiplier in FY 2010 was 3.44 and 2.54 in FY 2011.

Budgetary Impact:

If Hidalgo County's contribution is decreased by \$250,000 it will result in \$635,000 less funding for Health Care Clinical Services, Inc. However, there is still a surplus in UPL funds after paying indigent costs, as illustrated below.

	<u>2010</u>	<u>2011</u> (Projected)	<u>2012</u> (Projected)	<u>2012</u> (Decreased) (Projected)
County UPL Contribution	8,500,000	8,500,000	8,500,000	8,250,000
Federal Matching Rate	70.94%	60.56%	60.56%	60.56%
Medicaid Multiplier	2.44	1.54	1.54	1.54
Federal Match	20,740,000	13,090,000	13,090,000	12,705,000
Total UPL Funds	29,240,000	21,590,000	21,590,000	20,995,000
Indigent Healthcare Cost	14,883,000	13,978,653	14,000,000	14,000,000
Excess UPL Funds	14,357,000	7,611,347	7,590,000	6,320,000