

By: Reynolds

H.B. No. 69

A BILL TO BE ENTITLED

AN ACT

relating to a "Texas Way" to reforming and addressing issues related to the Medicaid program, including the creation of an alternative program designed to ensure health benefit plan coverage to certain low-income individuals through the private marketplace.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1. BLOCK GRANT FUNDING SYSTEM FOR STATE MEDICAID PROGRAM

SECTION 1.01. Subtitle I, Title 4, Government Code, is amended by adding Chapter 540 to read as follows:

CHAPTER 540. BLOCK GRANT FUNDING SYSTEM FOR STATE MEDICAID PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 540.0001. DEFINITIONS. Notwithstanding Section 531.001, in this chapter:

(1) "Health benefit exchange" means an American Health Benefit Exchange administered by the federal government or an exchange created under Section 1311(b) of the Patient Protection and Affordable Care Act (42 U.S.C. Section 18031(b)).

(2) "Medicaid program" means the medical assistance program established and operated under Title XIX, Social Security Act (42 U.S.C. Section 1396 et seq.).

(3) "State Medicaid program" means the medical assistance program provided by this state under the Medicaid program.

Sec. 540.0002. FEDERAL AUTHORIZATION TO REFORM MEDICAID

1 REQUIRED. If the federal government establishes, through  
2 conversion or otherwise, a block grant funding system for the  
3 Medicaid program or otherwise authorizes the state Medicaid program  
4 to operate under a block grant funding system, including under a  
5 Medicaid program waiver, the commission, in cooperation with  
6 applicable health and human services agencies, shall, subject to  
7 Section 540.0003, administer and operate the state Medicaid program  
8 in accordance with this chapter.

9 Sec. 540.0003. CONFLICT WITH OTHER LAW. To the extent of a  
10 conflict between a provision of this chapter and:

11 (1) another provision of state law, the provision of  
12 this chapter controls, subject to Section 540A.0002(b); and

13 (2) a provision of federal law or any authorization  
14 described under Section 540.0002, the federal law or authorization  
15 controls.

16 Sec. 540.0004. ESTABLISHMENT OF REFORMED STATE MEDICAID  
17 PROGRAM. The commission shall establish a state Medicaid program  
18 that provides benefits under a risk-based Medicaid managed care  
19 model.

20 Sec. 540.0005. RULES. The executive commissioner shall  
21 adopt rules necessary to implement this chapter.

22 SUBCHAPTER B. ACUTE CARE

23 Sec. 540.0051. ELIGIBILITY FOR MEDICAID ACUTE CARE. (a) An  
24 individual is eligible to receive acute care benefits under the  
25 state Medicaid program if the individual:

26 (1) has a household income at or below 100 percent of  
27 the federal poverty level;

1           (2) is under 19 years of age and:

2                   (A) is receiving Supplemental Security Income  
3 (SSI) under 42 U.S.C. Section 1381 et seq.; or

4                   (B) is in foster care or resides in another  
5 residential care setting under the conservatorship of the  
6 Department of Family and Protective Services; or

7           (3) meets the eligibility requirements that were in  
8 effect in this state on August 31, 2023.

9           (b) The commission shall provide acute care benefits under  
10 the state Medicaid program to each individual eligible under this  
11 section through the most cost-effective means, as determined by the  
12 commission.

13           (c) If an individual is not eligible for the state Medicaid  
14 program under Subsection (a), the commission shall refer the  
15 individual to the program established under Chapter 540A that helps  
16 connect eligible residents with health benefit plan coverage  
17 through private market solutions, a health benefit exchange, or any  
18 other resource the commission determines appropriate.

19           Sec. 540.0052. MEDICAID SLIDING SCALE SUBSIDIES. (a) An  
20 individual who is eligible for the state Medicaid program under  
21 Section 540.0051 may receive a Medicaid sliding scale subsidy to  
22 purchase a health benefit plan from an authorized health benefit  
23 plan issuer.

24           (b) A sliding scale subsidy provided to an individual under  
25 this section must:

26                   (1) be based on:

27                           (A) the average premium in the market; and

1           (B) a realistic assessment of the individual's  
2 ability to pay a portion of the premium; and

3           (2) include an enhancement for individuals who choose  
4 a high deductible health plan with a health savings account.

5           (c) The commission shall ensure that counselors are made  
6 available to individuals receiving a subsidy to advise the  
7 individuals on selecting a health benefit plan that meets the  
8 individuals' needs.

9           (d) An individual receiving a subsidy under this section is  
10 responsible for paying:

11           (1) any difference between the premium costs  
12 associated with the purchase of a health benefit plan and the amount  
13 of the individual's subsidy under this section; and

14           (2) any copayments associated with the health benefit  
15 plan, except to the extent the individual receives an additional  
16 subsidy under Section 540.0053 to pay the copayments.

17           (e) If the amount of a subsidy received by an individual  
18 under this section exceeds the premium costs associated with the  
19 individual's purchase of a health benefit plan, the individual may  
20 deposit the excess amount in a health savings account that may be  
21 used only in the manner described by Section 540.0054(b).

22           Sec. 540.0053. ADDITIONAL COST-SHARING SUBSIDIES. In  
23 addition to providing a subsidy to an individual under Section  
24 540.0052, the commission shall provide additional subsidies for  
25 coinsurance payments, copayments, deductibles, and other  
26 cost-sharing requirements associated with the individual's health  
27 benefit plan. The commission shall provide the additional

1 subsidies on a sliding scale based on income.

2 Sec. 540.0054. DELIVERY OF SUBSIDIES; HEALTH SAVINGS  
3 ACCOUNTS. (a) The commission shall determine the most appropriate  
4 manner for delivering and administering subsidies provided under  
5 Sections 540.0052 and 540.0053. In determining the most  
6 appropriate manner, the commission shall consider depositing  
7 subsidy amounts for an individual in a health savings account  
8 established for that individual.

9 (b) A health savings account established under this section  
10 may be used only to:

11 (1) pay health benefit plan premiums and cost-sharing  
12 amounts; and

13 (2) if appropriate, purchase health care-related  
14 goods and services.

15 Sec. 540.0055. MEDICAID HEALTH BENEFIT PLAN ISSUERS AND  
16 MINIMUM COVERAGE. The commission shall allow any health benefit  
17 plan issuer authorized to write health benefit plans in this state  
18 to participate in the state Medicaid program. The commission in  
19 consultation with the commissioner of insurance shall establish  
20 minimum coverage requirements for a health benefit plan to be  
21 eligible for purchase under the state Medicaid program, subject to  
22 the requirements specified by this chapter.

23 Sec. 540.0056. REINSURANCE FOR PARTICIPATING HEALTH  
24 BENEFIT PLAN ISSUERS. (a) The commission in consultation with the  
25 commissioner of insurance shall study a reinsurance program to  
26 reinsure participating health benefit plan issuers.

27 (b) In examining options for a reinsurance program, the

1 commission and the commissioner of insurance shall consider a plan  
2 design under which:

3 (1) a participating health benefit plan is not charged  
4 a premium for the reinsurance; and

5 (2) the health benefit plan issuer retains risk on a  
6 sliding scale.

7 SUBCHAPTER C. LONG-TERM SERVICES AND SUPPORTS

8 Sec. 540.0101. PLAN TO REFORM DELIVERY OF LONG-TERM  
9 SERVICES AND SUPPORTS. The commission shall develop a comprehensive  
10 plan to reform the delivery of long-term services and supports that  
11 is designed to achieve the following objectives under the state  
12 Medicaid program or any other program created as an alternative to  
13 the state Medicaid program:

14 (1) encourage consumer direction;

15 (2) simplify and streamline the provision of services;

16 (3) provide flexibility to design benefits packages  
17 that meet the needs of individuals receiving long-term services and  
18 supports under the program;

19 (4) improve the cost-effectiveness and sustainability  
20 of the provision of long-term services and supports;

21 (5) reduce reliance on institutional settings; and

22 (6) encourage cost-sharing by family members when  
23 appropriate.

24 ARTICLE 2. PROGRAM TO ENSURE HEALTH BENEFIT COVERAGE FOR CERTAIN  
25 INDIVIDUALS THROUGH PRIVATE MARKETPLACE

26 SECTION 2.01. Subtitle I, Title 4, Government Code, is  
27 amended by adding Chapter 540A to read as follows:

1 CHAPTER 540A. PROGRAM TO ENSURE HEALTH BENEFIT PLAN COVERAGE FOR

2 CERTAIN INDIVIDUALS THROUGH PRIVATE MARKET SOLUTIONS

3 SUBCHAPTER A. GENERAL PROVISIONS

4 Sec. 540A.0001. DEFINITION. In this chapter, "state  
5 Medicaid program" has the meaning assigned by Section 540.0001.

6 Sec. 540A.0002. CONFLICT WITH OTHER LAW. (a) Except as  
7 provided by Subsection (b), to the extent of a conflict between a  
8 provision of this chapter and:

9 (1) another provision of state law, the provision of  
10 this chapter controls; and

11 (2) a provision of federal law or any authorization  
12 described under Subchapter B, the federal law or authorization  
13 controls.

14 (b) The program operated under this chapter is in addition  
15 to the state Medicaid program operated under Chapter 32, Human  
16 Resources Code, or under a block grant funding system under Chapter  
17 540.

18 Sec. 540A.0003. PROGRAM FOR HEALTH BENEFIT PLAN COVERAGE  
19 THROUGH PRIVATE MARKET SOLUTIONS. Subject to the requirements of  
20 this chapter, the commission in consultation with the commissioner  
21 of insurance shall develop and implement a program that helps  
22 connect certain low-income residents of this state with health  
23 benefit plan coverage through private market solutions.

24 Sec. 540A.0004. NOT AN ENTITLEMENT. This chapter does not  
25 establish an entitlement to assistance in obtaining health benefit  
26 plan coverage.

27 Sec. 540A.0005. RULES. The executive commissioner shall

1 adopt rules necessary to implement this chapter.

2 SUBCHAPTER B. FEDERAL AUTHORIZATION

3 Sec. 540A.0051. FEDERAL AUTHORIZATION FOR FLEXIBILITY TO  
4 ESTABLISH PROGRAM. (a) The commission in consultation with the  
5 commissioner of insurance shall negotiate with the United States  
6 secretary of health and human services, the Centers for Medicare  
7 and Medicaid Services, and other appropriate persons for purposes  
8 of seeking a waiver or other authorization necessary to obtain the  
9 flexibility to use federal matching funds to help provide, in  
10 accordance with Subchapter C, health benefit plan coverage to  
11 certain low-income individuals through private market solutions.

12 (b) Any agreement reached under this section must:

13 (1) create a program that is made cost neutral to this  
14 state by:

15 (A) leveraging premium tax revenues; and

16 (B) achieving cost savings through offsets to  
17 general revenue health care costs or the implementation of other  
18 cost savings mechanisms;

19 (2) create more efficient health benefit plan coverage  
20 options for eligible individuals through:

21 (A) program changes that may be made without the  
22 need for additional federal approval; and

23 (B) program changes that require additional  
24 federal approval;

25 (3) require the commission to achieve efficiency and  
26 reduce unnecessary utilization, including duplication, of health  
27 care services;



1           (4) be designed with the goals of:

2                   (A) relieving local tax burdens;

3                   (B) reducing general revenue reliance so as to  
4 make general revenue available for other state priorities; and

5                   (C) minimizing the impact of any federal health  
6 care laws on Texas-based businesses; and

7           (5) afford this state the opportunity to develop a  
8 state-specific way with benefits that specifically meet the unique  
9 needs of this state's population.

10          (c) An agreement reached under this section may be:

11                   (1) limited in duration; and

12                   (2) contingent on continued funding by the federal  
13 government.

14                   SUBCHAPTER C. PROGRAM REQUIREMENTS

15          Sec. 540A.0101. ENROLLMENT ELIGIBILITY. (a) Subject to  
16 Subsection (b), an individual may be eligible to enroll in a program  
17 designed and established under this chapter if the person:

18                   (1) is younger than 65;

19                   (2) has a household income at or below 133 percent of  
20 the federal poverty level; and

21                   (3) is not otherwise eligible to receive benefits  
22 under the state Medicaid program, including through a program  
23 operated under Chapter 32, Human Resources Code, or under Chapter  
24 540 through a block grant funding system or a waiver, other than a  
25 waiver granted under this chapter, to the program.

26          (b) The executive commissioner may modify or further define  
27 the eligibility requirements of this section if the commission

1 determines it necessary to reach an agreement under Subchapter B.

2 Sec. 540A.0102. MINIMUM PROGRAM REQUIREMENTS. A program  
3 designed and established under this chapter must:

4 (1) if cost-effective for this state, provide premium  
5 assistance to purchase health benefit plan coverage in the private  
6 market, including health benefit plan coverage offered through a  
7 managed care delivery model;

8 (2) provide enrollees with access to health benefits,  
9 including benefits provided through a managed care delivery model,  
10 that:

11 (A) are tailored to the enrollees;

12 (B) provide levels of coverage that are  
13 customized to meet health care needs of individuals within defined  
14 categories of the enrolled population; and

15 (C) emphasize personal responsibility and  
16 accountability through flexible and meaningful cost-sharing  
17 requirements and wellness initiatives, including through  
18 incentives for compliance with health, wellness, and treatment  
19 strategies and disincentives for noncompliance;

20 (3) include pay-for-performance initiatives for  
21 private health benefit plan issuers that participate in the  
22 program;

23 (4) use technology to maximize the efficiency with  
24 which the commission and any health benefit plan issuer, health  
25 care provider, or managed care organization participating in the  
26 program manage enrollee participation;

27 (5) allow recipients under the state Medicaid program

1 to enroll in the program to receive premium assistance as an  
2 alternative to the state Medicaid program;

3 (6) encourage eligible individuals to enroll in other  
4 private or employer-sponsored health benefit plan coverage, if  
5 available and appropriate;

6 (7) encourage the utilization of health care services  
7 in the most appropriate low-cost settings; and

8 (8) establish health savings accounts for enrollees,  
9 as appropriate.

10 SECTION 2.02. The Health and Human Services Commission in  
11 consultation with the commissioner of insurance shall actively  
12 develop a proposal for the authorization from the appropriate  
13 federal entity as required by Subchapter B, Chapter 540A,  
14 Government Code, as added by this article. As soon as possible after  
15 the effective date of this Act, the Health and Human Services  
16 Commission shall request and actively pursue obtaining the  
17 authorization from the appropriate federal entity.

18 ARTICLE 3. FEDERAL AUTHORIZATION AND EFFECTIVE DATE

19 SECTION 3.01. Subject to Section 2.02 of this Act, if before  
20 implementing any provision of this Act a state agency determines  
21 that a waiver or authorization from a federal agency is necessary  
22 for implementation of that provision, the agency affected by the  
23 provision shall request the waiver or authorization and may delay  
24 implementing that provision until the waiver or authorization is  
25 granted.

26 SECTION 3.02. This Act takes effect on the 91st day after  
27 the last day of the legislative session.