

BILL ANALYSIS

H.B. 1559
By: Coleman
State Health Care Expenditures, Select
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Recent advancements in HIV and AIDS treatment have brought renewed health to many people living with HIV and AIDS. New medications have been developed that, taken together, can slow the spread of the HIV virus and in some cases prevent the onset of full-blown AIDS. These “combination therapy” medications or “multi-drug cocktails” are expensive, however, costing as much as \$10,000 to \$12,000 per year per person, which puts the cost of treatment out of reach for limited-income working Texans without health insurance.

When limited-income people with HIV and AIDS do not receive appropriate treatment, they debilitate physically to the point where they meet the federal definition of “disabled.” Once that happens, they automatically qualify for disability-related (SSI) Medicaid, one of the most expensive categories of Medicaid coverage. Actuarial studies indicate that the state spends approximately \$24,000 per year per person on these individuals from the time they enter the Medicaid program until their deaths.

Investing up front in appropriate care for this population would divert some of these costs. The same actuarial studies noted above indicate that the average cost of providing combination therapy and appropriate support services to individuals with HIV would be approximately \$13,000 per person per year, which is a savings of about \$9,000 per person per year.

In 1997, the Legislature by rider directed the Texas Department of Health (TDH) to maximize federal funding under Medicaid for pharmaceutical treatment, including treatment of HIV and AIDS. TDH worked with stakeholders to develop a demonstration project that would expand Medicaid coverage in a non-entitlement fashion to approximately 4,400 people who meet the following criteria: (1) diagnosed with HIV or AIDS; (2) family income at or below 200 percent of the federal poverty level; (3) age 64 or younger; and (4) reside in or receive care from one of the two counties chosen for the project. The project uses local funds from those two counties to finance the state share of the Medicaid costs.

House Bill 1559 requires TDH to continue developing the project first authorized in 1997. The bill also outlines the limited benefits package that would be provided to participants in the project (for example pharmaceuticals, physician visits and laboratory services), and requires TDH to report to the Legislature on the cost-effectiveness of the project.

The bill also requires the department to apply for a “waiver” to implement the demonstration project. Because Medicaid is jointly financed by the state and federal government, the state must ask the federal government for permission to conduct this project by using the waiver process outlined in Section 1115 of the Social Security Act (SSA). Section 1115 of the SSA requires state demonstration projects to be budget neutral over a five-year period, which means the Medicaid costs with the waiver in place must not exceed the Medicaid costs without the waiver in place. The federal government will not approve a waiver request that does not meet this requirement. The project authorized by House Bill 1559 meets this requirement by offsetting the increased costs under Medicaid by providing services to newly-eligible individuals with savings from diverting individuals from disability-related (SSI) Medicaid, one of the most expensive categories of Medicaid coverage.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 32, Human Resources Code, by adding new Section 32.057 to read as follows:

Sec. 32.057. DEMONSTRATION PROJECT FOR PERSONS WITH HIV INFECTION OR AIDS. (a) Defines the terms "AIDS" and "HIV" to have the meanings assigned by Sec. 81.101, Health and Safety Code.

(b) Requires the department to establish a demonstration project that provides persons with AIDS or HIV with the following services and medications through the medical assistance program: health care providers specified by the department, such as a physician, physician assistant, or advanced practice nurse; anti-retroviral drug treatments; other medications determined to be necessary for treatment of a condition related to HIV infection or AIDS; vaccinations for hepatitis B and pneumonia; pap smears, colonoscopy and other diagnostic procedures required to monitor gynecologic complications resulting from HIV infection or AIDS in women; laboratory and other diagnostic services, including periodic testing for CD4+ T-Cell counts, viral load determination, and phenotype or genotype testing if clinically indicated; and other laboratory and radiological testing necessary to monitor potential toxicity of therapy.

(c) Requires the department to establish the demonstration project in two counties with high prevalence of HIV infection and AIDS.

(d) Provides that persons must meet the following requirements to participate in the demonstration project: diagnosed with HIV infection or AIDS by a physician; under 65 years of age; net family income that is at or below 200 percent of the federal poverty level; resident of the county included in the project or, subject to department guidelines, is receiving medical care for HIV infection or AIDS through a facility located in a county included in the project; not covered by an adequate health plan, as defined by the department; and not otherwise eligible for the Medicaid program.

(e) Provides that participants are not entitled to other benefits under the medical assistance program

(f) Requires the department to establish a participation limit in the pilot project and to not allow the enrollment in the pilot project to exceed that limit. A waiting list will be created once the project reaches its enrollment limit. Individuals on the waiting list will be permitted to enroll in the HIV medication project operated by the department.

(g) Requires the department to ensure that individuals on the waiting list for the project enroll in the HIV medication program operated by the department.

(h) Requires the department to provide each participant in the project with a six-month period of continuous eligibility.

(i) Requires the department to submit a biennial report demonstrating the progress and operations of the project no later than December 1 of each even-numbered year.

(j) Requires the department to evaluate the cost-effectiveness of the project no later than December 1, 2008. Requires the department, if the results indicate the project is cost-effective, to incorporate a request for funding to expand the project to other counties throughout the state as appropriate in the department's budget.

(k) Provides that this section expires September 1, 2009.

SECTION 2. Requires the agency, if it determines that before implementing any provision of the Act a waiver or authorization from a federal agency is necessary, to submit the necessary waiver or authorization request.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members of each house, as provided by Section 39, Article III, Texas Constitution. If the Act does not receive the necessary vote for immediate effect, this Act takes effect September 1, 2003.

EFFECTIVE DATE

This Act takes effect immediately if it receives a vote of two-thirds of all the members of each house, as provided by Section 39, Article III, Texas Constitution. If the Act does not receive the necessary vote for immediate effect, this Act takes effect September 1, 2003.