

BILL ANALYSIS

C.S.H.B. 3122

By: Truitt

State Health Care Expenditures, Select
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, Texas counties are required to provide health care services to indigent residents up to 21 percent of the federal poverty level. However, many counties provide health care to individuals up to 200 percent of the federal poverty level. These services are funded predominantly by local property tax dollars through a county indigent health care program, a hospital district, a public hospital, or other form of service delivery. Since the state provides Medicaid coverage to a limited number of potentially eligible individuals, counties and local health care agencies are left to provide health care services to a majority of Texas' uninsured with little or no financial support, other than that of the local property taxpayer. C.S.H.B. 3122 creates a task force on local health care initiatives to work with the Health and Human Services Commission to develop two demonstration projects through the Medicaid program to provide health care services to Texas' indigent population.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Health and Human Services Commission and the Texas Department of Human Services or other health and human services agency in SECTION 1 (Section 534.003, Government Code) of this bill.

ANALYSIS

SECTION 1. Amends Title 4I, Government Code, by adding Chapter 534, as follows:

CHAPTER 534. LOCALLY BASED MEDICAID AND OTHER RELATED HEALTH CARE INITIATIVES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 534.001. LEGISLATIVE INTENT. Provides that it is the intent of the legislature that certain local government entities collaborate to the extent necessary with other local governmental entities and small business employers to provide or deliver cost-effective health care services to persons eligible to participate in the initiatives established under this chapter.

Sec. 534.002. DEFINITIONS. Defines "local government agency," "managed care organization," "managed care plan," and "task force."

Sec. 534.003. RULES. (a) Requires the Health and Human Services Commission (HHSC) to adopt rules as necessary to implement this chapter.

(b) Authorizes HHSC to require the Texas Department of Human Services or any other health and human services agency to adopt, with the approval of the commission, any rules that may be necessary to implement this chapter.

[Reserves Sections 534.004-534.100 for expansion.]

SUBCHAPTER B. TASK FORCE

Sec. 534.101. TASK FORCE ON LOCAL HEALTH CARE INITIATIVES. (a) Requires the commissioner of health and human services (commissioner) to establish a task force on local health care initiatives.

- (b) Requires the commissioner to appoint certain persons as members of the task force.
- (c) Provides members of the task force serve staggered two-year terms.
- (d) Requires the commissioner to designate a member of the task force to serve as presiding officer.
- (e) Provides a member of the task force is not entitled to compensation for service or reimbursement for travel expenses.

Sec. 534.102. POWERS AND DUTIES. (a) Authorizes the task force to work with HHSC to develop one or both of the demonstration projects authorized by this Act.

- (b) Requires the task force to perform certain duties and functions.

Sec. 534.103. MEETINGS. Requires the task force to meet at the call of the presiding officer.

[Reserves Sections 534.104-534.200 for expansion.]

SUBCHAPTER C. DEMONSTRATION PROJECTS TO PROVIDE HEALTH CARE COVERAGE TO LOW-INCOME PARENTS OF CHILDREN RECEIVING MEDICAID

Sec. 534.201. DEMONSTRATION PROJECT TO EXTEND MEDICAID COVERAGE TO CERTAIN LOW-INCOME PARENTS. (a) Authorizes HHSC and the task force to jointly develop and implement a locally based demonstration project to provide medical assistance under the state Medicaid program to an individual who meets certain requirements.

- (b) Requires HHSC, in establishing the demonstration project, to take certain actions.
- (c) Authorizes the health benefit plan developed under this section to require an individual who participates in the project to make copayments of pay deductible amounts on a sliding scale basis.
- (d) Provides that local money described by Subsection (b)(2) includes tax or other revenue spent to provide indigent health care services to project participants before they were eligible to participate in the demonstration project.
- (e) Authorizes the manner in which a local governmental entity makes money available for matching purposes under Subsection (b)(2) to include an option for the entity to be able to certify the amount of money considered available instead of sending the money directly to the state.
- (f) Authorizes a provider network described by Subsection (b)(4) to include a combination of public and private health care providers. Authorizes a local government entity that forms an exclusive provider network under the demonstration project to include itself as a member of the network.
- (g) Prohibits HHSC from implementing a project without the approval of the task force.
- (h) Requires a local governmental entity and a Chapter 281 hospital district to obtain approval from its governing body and commissioner's court respectively if it wants to participate in the project. Requires a local government entity that receives permission to participate in the demonstration project to notify HHSC and the task force of its intention as soon as possible after September 1, 2003. Requires HHSC to select

each local governmental entity that makes money available for the project to participate in the project.

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

Sec. 534.202. DEMONSTRATION PROJECT TO OFFER HEALTH CARE COVERAGE TO CERTAIN LOW-INCOME WORKING PARENTS. (a) Authorizes HHSC and the task force to jointly develop and implement a demonstration project in which local governmental entities partner with employers to offer health benefits coverage to employees who meet certain requirements.

(b) Requires the components of the demonstration project to include certain conditions.

(c) Requires HHSC to take certain actions if the demonstration project is established.

(d) Requires HHSC, in developing the health benefit plan under Subsection (b)(1), to include provisions untended to discourage certain actions related to health benefit plan coverage.

(e) Provides that the health benefit plan developed under Subsection (b)(1) is not subject to a law that requires coverage or the offer of coverage of a health care service of benefit.

(f) Requires HHSC to determine the amounts each person described by Subsection (b)(1)(A) must contribute to the total cost of the health benefit plan developed for the demonstration project, except that HHSC is prohibited from requiring a project participant whose income is not greater than 100 percent of the federal poverty level to pay a premium.

(g) Provides that local money described by Subsection (c)(3)(B) includes tax or other revenue spent to provide indigent health care services to project participants before they were eligible to participate in the project and any other resources made available to HHSC under this section for federal matching purposes.

(h) Prohibits HHSC from implementing a project without the approval of the task force.

(i) Requires a local governmental entity and a Chapter 281 hospital district to obtain approval from its governing body and commissioners court respectively if it wants to participate in the project. Requires HHSC to select each local governmental entity that makes money available for the project to participate in the project. Requires HHSC to provide information as requested regarding the project to any local governmental entity that is interested in participating in the project.

(j) Requires the Texas Department of Insurance, at the commissioner's request, to provide any necessary assistance in development of the health benefit plan.

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

Sec. 534.203. REPORTS. (a) Requires HHSC, not later than December 1 of each even-numbered year, to submit reports to the legislature regarding the operation and cost-effectiveness of the demonstration projects established under Sections 534.201 and 534.202.

(b) Requires the report for the demonstration project established under Section 534.202 to include a recommendation regarding the feasibility of expanding the project statewide.

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

[Provides that Sections 534.204-534.300 are reserved for expansion.]

SUBCHAPTER D. MISCELLANEOUS PROVISIONS

Sec. 534.301. EXPIRATION. Provides that this chapter expires September 1, 2011.

SECTION 2. Amends Section 285.091, Health and Safety Code, by adding Subsection (c), to authorize a hospital district created under general or special law to contract or collaborate with a local government entity, as defined by Section 534.001, Government Code, or any other public or private entity as necessary to provide or deliver healthcare services under a demonstration project established under Section 534.201 or 534.202, Government Code.

SECTION 3. Amends Section 287.078, Health and Safety Code, as follows:

Section 287.078. New heading: DISTRICT CONTRACTS AND COLLABORATIONS. (b) Authorizes the board of directors of a district (board) to contract or collaborate with a local government entity, as defined by Section 534.001, Government Code, or any other public or private entity as necessary to provide or deliver healthcare services under a demonstration project established under Section 534.201 or 534.202, Government Code. Creates new Subdivision (a) from existing text.

SECTION 4. Authorizes HHSC to request and actively pursue any necessary waivers, including a Health Insurance Flexibility and Accountability (HIFA) waiver, from a federal agency or any other appropriate entity to enable it to implement the demonstration projects required by Sections 534.201 and 534.202, Government Code, as added by this Act. Authorizes HHSC to delay implementing a demonstration project described by this section until the necessary waivers or authorizations are granted.

SECTION 5. Requires the commissioner to appoint, not later than January 1, 2004, the commissioner to appoint members to the task force on local health care initiatives established under Section 534.101, Government Code, as added by this Act.

SECTION 6. (a) Requires HHSC, on the first anniversary of the date of approval of the federal waiver or other authorization submitted under SECTION 4 of this Act for the implementation of a demonstration project established by Section 534.201, Government Code, as added by this Act, to submit a report on the operation of the project to certain persons with primary jurisdiction over the state Medicaid program and indigent health care matters. Requires the report to include certain information.

(b) Requires HHSC, on the first anniversary of the date of approval of the federal waiver or other authorization submitted under SECTION 4 of this Act for the implementation of a demonstration project established by Section 534.202, Government Code, as added by this Act, to submit a report on the operation of the project to certain persons with primary jurisdiction over the state Medicaid program and indigent health care matters. Requires the report to include certain information.

(c) Requires a report required by this section to be prepared with the assistance of the task force on local health care initiatives established under Section 534.101, Government Code, as added by this Act.

SECTION 7. Requires HHSC to perform certain actions if a federal waiver or other authorization is not granted to their request.

SECTION 8. Effective date: September 1, 2003.

EFFECTIVE DATE

This act takes effect September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 3122 differs from the original by broadening the caption to specify that the demonstration projects may offer coverage to low-income individuals. The substitute adds language increasing the membership of the task force by adding a physician and a public member. The substitute modifies the original by changing the terms of service for task force members to staggered two-year terms. The substitute adds clarifying language stating that a task force member is not entitled to any compensation for service or travel from the state. The substitute adds language authorizing the task force to work in

conjunction with HHSC. The substitute adds language requiring the task force to identify administrative costs HHSC may incur as a result of implementing the demonstration projects and develop a mechanism for the local entities to reimburse the State for those costs. The substitute adds language prohibiting HHSC from implementing a project without the approval of the task force. The substitute adds language requiring a local governmental entity and a Chapter 281 hospital district to obtain approval from its governing body and commissioners court respectively if it chooses to participate in the project. The substitute adds language requiring HHSC to select each local governmental entity that receives approval from its governing body to pledge funds to the project to participate in the project.