

BILL ANALYSIS

C.S.H.B. 3182

By: Delisi

State Health Care Expenditures, Select
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The states of Florida, Arkansas, and New Jersey have successfully experimented with an innovative Medicaid consumer-directed care model that assists those in need of home-based services. The key feature in these models is that recipients have greatly increased control over the money spent on their behalf and can actually hire their own care-givers. Recipients also have far greater latitude to use these funds on other products or services that enhance their health and well-being, to include durable medical equipment, home modifications, etc. The recipients are provided with assistance in managing the funds spent on their behalf.

In early 2002, both houses of the Florida Legislature voted unanimously to continue their consumer-directed care project. The state of Oregon has also moved forward with a project based upon the same service model.

Client satisfaction rates with this new consumer-directed services model have been recorded as high as 99 percent. Health outcomes also appear to be positively impacted. For example, the development or worsening of bedsores was reduced by more than half. Especially significant is a finding that institutional care costs were 18 percent higher for those not participating in the program.

The evidence of improved health outcomes and reductions in the need for institutional care indicate this program has the potential to deliver better services at a reduced overall cost.

This legislation would direct the Health and Human Services Commission (HHSC) to establish a consumer-directed services program in Texas. This both implements a recommendation in the comptroller's e-Texas II report and moves forward efforts already underway at the HHSC to encourage increase involvement by certain Medicaid recipients in directing their own care.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the HHSC in SECTION 1 (Section 32.057 (b) Human Resources Code) of this bill.

ANALYSIS

This legislation would require the HHSC to establish a consumer-directed services program in which certain individuals enrolled in a medical assistance waiver program are given a monthly stipend to direct the delivery of home and community-based services provided to the individual. The HHSC will ensure that the amount of a consumer's stipend is based on the assessed functional needs of a consumer and the financial resources available to the medical assistance waiver program providing services to the consumer and develop purchasing guidelines to assist consumers in using the stipend to purchase necessary and cost-effective home and community-based services.

The HHSC will ensure that the consumer is the employer of and retains control over the selection, management, and dismissal of an individual providing home and community-based services.

The bill states that both a private entity or a government entity may apply to the state for approval to act as a fiscal intermediary for the recipient for the limited purpose of managing a recipient's stipend, computing federal and state employment taxes, preparing and filling necessary tax forms and reports, and distributing funds to service providers.

The HHSC is further directed to determine, in consultation with the Centers for Medicare and Medicaid Services, if additional state-funded or government-funded programs are appropriate for inclusion in the consumer-directed services program. The HHSC is also to provide for the inclusion of cost-sharing provisions as practicable.

Not later than February 1 of each year, the HHSC will submit to the governor, lieutenant governor, and the clerks of the standing committees of the senate and house of representatives with primary jurisdiction over long-term care services a report on the effectiveness of the program. The report must include recommendations for improvements.

EFFECTIVE DATE

The Act would take effect on September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute differs from the original in SECTION 1, Sec. 32.057, by deleting and replacing the word "CARE" with the word "SERVICES" and deleting the word "DEMONSTRATION".

The substitute differs from the original in SECTION 1, Sec. 32.057 (b) by deleting the word "demonstration" and replacing it with the words "consumer-directed services."

The substitute differs from the original in SECTION 1, Sec. 32.057 (c) by deleting the word "demonstration" and replacing it with the words "consumer-directed services."

The substitute differs from the original in SECTION 1, Sec. 32.057 (d) by deleting the word "demonstration" and replacing it with the words "consumer-directed services."

The substitute differs from the original in SECTION 1, Sec. 32.057 (d) (3) by deleting the words "applies with and is approved by" and replacing them with "may apply with". The words "and the Internal Revenue Service" are also deleted.

The substitute differs from the original in SECTION 1, Sec. 32.057 (f) by deleting "The department shall operate the demonstration program in each of the Medicaid managed care service delivery areas" and replacing it with the following language, "The department may not implement the consumer-directed services program within the consolidated waiver pilot program before January 2, 2004."

The substitute differs from the original in SECTION 1, Sec. 32.057 (g) is renumbered as subsection (h) and a new subsection (g) is inserted that reads as follows: " The department, in consultation with the Centers for Medicare and Medicaid Services, shall:

- (1) determine which state or other government-funded programs are appropriate for inclusion in the consumer-directed services program; and
- (2) provide for the inclusion of cost-sharing provisions as practicable."

The substitute differs from the original in SECTION 1, Sec. 32.057 (g), which is renumbered as subsection (h) and has the following words deleted: "and for the implementation of the program in additional counties or statewide, as appropriate."

The substitute differs from the original in SECTION 1, Sec. 32.057 (h) which is renumbered as subsection

(i).