

1-1 By: Truitt (Senate Sponsor - Lindsay) H.B. No. 3122
1-2 (In the Senate - Received from the House May 12, 2003;
1-3 May 13, 2003, read first time and referred to Committee on Health
1-4 and Human Services; May 22, 2003, reported favorably by the
1-5 following vote: Yeas 9, Nays 0; May 22, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the establishment of locally based demonstration
1-9 projects to provide health care benefits to certain low-income
1-10 individuals.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subtitle I, Title 4, Government Code, is amended
1-13 by adding Chapter 534 to read as follows:

1-14 CHAPTER 534. LOCALLY BASED MEDICAID AND OTHER RELATED HEALTH CARE
1-15 INITIATIVES

1-16 SUBCHAPTER A. GENERAL PROVISIONS

1-17 Sec. 534.001. LEGISLATIVE INTENT. It is the intent of the
1-18 legislature that certain local governmental entities collaborate
1-19 to the extent necessary with other local governmental entities and
1-20 small business employers to provide or deliver cost-effective
1-21 health care services to persons eligible to participate in the
1-22 initiatives established under this chapter.

1-23 Sec. 534.002. DEFINITIONS. In this chapter:

1-24 (1) "Local governmental entity" means:

1-25 (A) a hospital district created and established
1-26 under the authority of Sections 4 through 11, Article IX, Texas
1-27 Constitution;

1-28 (B) a hospital authority created and established
1-29 under Chapter 262 or 264, Health and Safety Code, that to some
1-30 extent uses tax or other public revenue to provide health care
1-31 services to indigent persons;

1-32 (C) a hospital owned and operated by a
1-33 municipality, county, or hospital authority and created under
1-34 Chapter 262 or 264, Health and Safety Code;

1-35 (D) a medical school operated by this state;

1-36 (E) a medical school that receives state funds
1-37 under Section 61.093, Education Code, or a chiropractic school that
1-38 receives state funds under the General Appropriations Act;

1-39 (F) a teaching hospital operated by The
1-40 University of Texas System;

1-41 (G) a county that provides health care services
1-42 and assistance to indigent residents of the county under Subchapter
1-43 B, Chapter 61, Health and Safety Code;

1-44 (H) a governmental entity that provides funds to
1-45 a public hospital for the provision of health care services to
1-46 indigent persons under Section 61.062, Health and Safety Code;

1-47 (I) a county with a population of more than
1-48 400,000 that provides funds to a public hospital and that is not
1-49 included in the boundaries of a hospital district;

1-50 (J) a hospital owned by a municipality and leased
1-51 to and operated by a nonprofit hospital for a public purpose,
1-52 subject to federal approval of matching funds from such an entity;

1-53 (K) a health services district created and
1-54 established under Chapter 287, Health and Safety Code; and

1-55 (L) a statewide rural health care system
1-56 established under Chapter 20C or 845, Insurance Code.

1-57 (2) "Managed care organization" means a person who is
1-58 authorized or otherwise permitted by law to arrange for or provide a
1-59 managed care plan.

1-60 (3) "Managed care plan" means a plan under which a
1-61 person undertakes to provide, arrange for, pay for, or reimburse
1-62 any part of the cost of any health care services. A part of the plan
1-63 must consist of arranging for or providing health care services as
1-64 distinguished from indemnification against the cost of those

2-1 services on a prepaid basis through insurance or otherwise. The
2-2 term includes a primary care case management provider network. The
2-3 term does not include a plan that indemnifies a person for the cost
2-4 of health care services through insurance.

2-5 (4) "Task force" means the task force on local health
2-6 care initiatives established under Section 534.101.

2-7 Sec. 534.003. RULES. (a) The commission shall adopt rules
2-8 as necessary to implement this chapter.

2-9 (b) The commission may require the Texas Department of
2-10 Human Services or any other health and human services agency to
2-11 adopt, with the approval of the commission, any rules that may be
2-12 necessary to implement this chapter.

2-13 [Sections 534.004-534.100 reserved for expansion]

2-14 SUBCHAPTER B. TASK FORCE

2-15 Sec. 534.101. TASK FORCE ON LOCAL HEALTH CARE INITIATIVES.

2-16 (a) The commissioner shall establish a task force on local health
2-17 care initiatives.

2-18 (b) The commissioner shall appoint as members of the task
2-19 force:

2-20 (1) 10 representatives of local governmental
2-21 entities, at least seven of whom must be representatives of local
2-22 governmental entities located in counties or municipalities with a
2-23 population of 500,000 or more and one of whom represents the
2-24 interests of local governmental entities in rural areas;

2-25 (2) two representatives of health care providers,
2-26 including one member who represents the interests of private
2-27 nonprofit health benefit plans;

2-28 (3) one representative of small business owners;

2-29 (4) one physician licensed under Subtitle B, Title 3,
2-30 Occupations Code; and

2-31 (5) one public member.

2-32 (c) The members of the task force serve staggered two-year
2-33 terms with as near as possible to half of the members' terms
2-34 expiring February 1 of each year. The members shall draw lots at
2-35 the first task force meeting to determine the length of each
2-36 member's initial term and the members' terms that expire each year.

2-37 (d) The commissioner shall designate a member of the task
2-38 force to serve as presiding officer.

2-39 (e) A member of the task force is not entitled to
2-40 compensation for service on the task force and is not entitled to
2-41 reimbursement for travel expenses.

2-42 Sec. 534.102. POWERS AND DUTIES. (a) The task force may,
2-43 in conjunction with the commission, develop one or both of the
2-44 demonstration projects authorized under Subchapter C.

2-45 (b) The task force shall:

2-46 (1) advise the commission on local health care issues
2-47 and concerns affecting local governmental entities selected to
2-48 participate in a demonstration project developed under Subchapter
2-49 C;

2-50 (2) assist the commission with the preparation of a
2-51 report that may be required by Section 534.203;

2-52 (3) if one or both of the demonstration projects
2-53 authorized under Subchapter C are established, identify
2-54 administrative costs that the commission may incur with regard to
2-55 the implementation of each of the demonstration projects that is
2-56 established and develop a mechanism to provide for the
2-57 reimbursement of those costs by the participating local
2-58 governmental entities; and

2-59 (4) perform any other duty or function prescribed by
2-60 this chapter or other law.

2-61 Sec. 534.103. MEETINGS. The task force shall meet at the
2-62 call of the presiding officer.

2-63 [Sections 534.104-534.200 reserved for expansion]

2-64 SUBCHAPTER C. DEMONSTRATION PROJECTS TO PROVIDE HEALTH CARE
2-65 COVERAGE TO LOW-INCOME PARENTS OF CHILDREN RECEIVING MEDICAID

2-66 Sec. 534.201. DEMONSTRATION PROJECT TO EXTEND MEDICAID
2-67 COVERAGE TO CERTAIN LOW-INCOME PARENTS. (a) The commission and
2-68 task force may jointly develop a locally based demonstration
2-69 project to provide medical assistance under the state Medicaid

3-1 program to an individual who:

3-2 (1) is the parent of a child receiving medical
 3-3 assistance under the state Medicaid program;

3-4 (2) has a family income that is at or below 100 percent
 3-5 of the federal poverty level;

3-6 (3) is not otherwise eligible for medical assistance
 3-7 under the state Medicaid program at the time the individual's
 3-8 eligibility for participation in the demonstration project is
 3-9 determined; and

3-10 (4) is not covered by health insurance or another type
 3-11 of health benefit plan other than a health benefit plan
 3-12 administered by or on behalf of a local governmental entity.

3-13 (b) If the demonstration project is established, the
 3-14 commission and task force shall jointly:

3-15 (1) develop a health benefit plan operating as an
 3-16 extension of the state Medicaid program and determine the benefits
 3-17 package included in the plan, which may not include all of the
 3-18 Medicaid program benefits;

3-19 (2) ensure that the project is financed using money
 3-20 and any other resources made available by participating local
 3-21 governmental entities to the commission for matching purposes to
 3-22 maximize federal money for the state Medicaid program;

3-23 (3) ensure that each participating local governmental
 3-24 entity receives money to provide services, through the health
 3-25 benefit plan, to project participants residing in the geographical
 3-26 area served by the entity in an amount that is at least equal to the
 3-27 amount of:

3-28 (A) money or other resources that were provided
 3-29 for matching by the entity for purposes of the project; and

3-30 (B) any corresponding federal matching money;

3-31 (4) provide participating local governmental entities
 3-32 with the option to form, with the assistance of the commission and
 3-33 task force, exclusive provider networks to provide and deliver
 3-34 health care services to project participants using a managed care
 3-35 approach;

3-36 (5) design the project in a manner that, to the extent
 3-37 possible, uses a local governmental entity's existing indigent
 3-38 health care delivery system and administrative structure to provide
 3-39 services through the health benefit plan to project participants;
 3-40 and

3-41 (6) design the project in a manner that allows, to the
 3-42 extent allowed by federal law or other federal authorization, local
 3-43 governmental entities to make determinations of eligibility and
 3-44 enroll eligible individuals in the project.

3-45 (c) A health benefit plan developed under this section may
 3-46 require an individual who participates in the project to make
 3-47 copayments or pay deductible amounts on a sliding scale basis.

3-48 (d) Local money described by Subsection (b)(2) includes tax
 3-49 or other revenue spent to provide indigent health care services to
 3-50 project participants before they were eligible to participate in
 3-51 the demonstration project.

3-52 (e) The manner in which a local governmental entity makes
 3-53 money available for matching purposes under Subsection (b)(2) may
 3-54 include an option for the entity to be able to certify the amount of
 3-55 money considered available instead of sending the money directly to
 3-56 the state.

3-57 (f) A provider network described by Subsection (b)(4) may
 3-58 include a combination of public and private health care providers.
 3-59 A local governmental entity that forms an exclusive provider
 3-60 network under a demonstration project established under this
 3-61 section may include itself as a member of the network.

3-62 (g) The commission may not implement a project without the
 3-63 approval of the task force.

3-64 (h) A local governmental entity that wants to participate in
 3-65 a project established under this section must obtain approval for
 3-66 that participation from the entity's governing body, except that a
 3-67 hospital district created under Chapter 281, Health and Safety
 3-68 Code, must instead obtain that approval from the commissioners
 3-69 court of the county in which the district is located. A local

4-1 governmental entity that receives permission to participate shall
 4-2 notify the commission and task force of its intention to
 4-3 participate as soon as possible after September 1, 2003. If a
 4-4 project is implemented, the commission shall select each local
 4-5 governmental entity that makes money available for matching
 4-6 purposes under Subsection (b)(2).

4-7 (i) This section expires September 1, 2009.

4-8 Sec. 534.202. DEMONSTRATION PROJECT TO OFFER HEALTH CARE
 4-9 COVERAGE TO CERTAIN LOW-INCOME WORKING PARENTS. (a) The
 4-10 commission and task force may jointly develop a demonstration
 4-11 project in which local governmental entities partner with employers
 4-12 to offer health benefits coverage to employees who:

4-13 (1) are the parents of a child receiving medical
 4-14 assistance under the state Medicaid program or of a child enrolled
 4-15 in the state child health plan program under Chapter 62, Health and
 4-16 Safety Code;

4-17 (2) have family incomes that are at or below 200
 4-18 percent of the federal poverty level; and

4-19 (3) are not covered by health insurance or another
 4-20 type of health benefit plan other than a health benefit plan that is
 4-21 administered by or on behalf of a local governmental entity.

4-22 (b) The components of a demonstration project developed
 4-23 under this section must include:

4-24 (1) the development of a health benefit plan to
 4-25 provide coverage for health care services to project participants
 4-26 that:

4-27 (A) requires plan coverage to be purchased using
 4-28 a combination of local, federal, participant, and employer
 4-29 contributions;

4-30 (B) provides a benefits package that is similar
 4-31 to benefits packages offered by employer-sponsored health benefit
 4-32 plans but may not cover all of the state Medicaid program benefits;
 4-33 and

4-34 (C) to the extent possible eliminates coverage
 4-35 for duplicative or extraordinary services; and

4-36 (2) the development of sliding scale premiums for
 4-37 certain project participants, including the manner in which the
 4-38 premium is paid.

4-39 (c) If the demonstration project is established, the
 4-40 commission and task force shall jointly:

4-41 (1) review similar initiatives in other states;

4-42 (2) ensure that the project is:

4-43 (A) designed and administered in a manner that
 4-44 qualifies for federal funding; and

4-45 (B) financed using a combination of local,
 4-46 federal, and private money; and

4-47 (3) provide a participating local governmental entity
 4-48 with the option to contract with a managed care organization to
 4-49 administer the health benefit plan in the geographical area served
 4-50 by the local governmental entity.

4-51 (d) In developing a health benefit plan under Subsection
 4-52 (b)(1), the commissioner and task force must include provisions
 4-53 intended to discourage:

4-54 (1) employers and other persons from electing to
 4-55 discontinue offering coverage for individuals under employee or
 4-56 other group health benefit plans; and

4-57 (2) individuals with access to adequate health benefit
 4-58 plan coverage, other than coverage under the health benefit plan
 4-59 developed under Subsection (b)(1), from electing not to obtain or
 4-60 to discontinue that coverage.

4-61 (e) A health benefit plan developed under Subsection (b)(1)
 4-62 is not subject to a law that requires coverage or the offer of
 4-63 coverage of a health care service or benefit.

4-64 (f) The commission and task force shall jointly determine
 4-65 the amounts each person described by Subsection (b)(1)(A) must
 4-66 contribute to the total cost of a health benefit plan developed for
 4-67 a demonstration project established under this section, except that
 4-68 the commission may not require a project participant whose income
 4-69 is not greater than 100 percent of the federal poverty level to pay

5-1 a premium.

5-2 (g) Local money described by Subsection (c)(2)(B) includes
 5-3 tax or other revenue spent to provide indigent health care services
 5-4 to project participants before they were eligible to participate in
 5-5 the project and any other resources made available to the
 5-6 commission under this section for federal matching purposes.

5-7 (h) The commission may not implement a project without the
 5-8 approval of the task force.

5-9 (i) A local governmental entity that wants to participate in
 5-10 a project established under this section must obtain approval for
 5-11 that participation from the entity's governing body, except that a
 5-12 hospital district created under Chapter 281, Health and Safety
 5-13 Code, must instead obtain that approval from the commissioners
 5-14 court of the county in which the district is located. If a project
 5-15 is implemented, the commission and task force shall select each
 5-16 local governmental entity that makes local money described by
 5-17 Subsections (c)(2)(B) and (g) available for the project. The
 5-18 commission shall provide information as requested regarding the
 5-19 project to any local governmental entity that is interested in
 5-20 participating in the project.

5-21 (j) At the request of the commissioner, the Texas Department
 5-22 of Insurance shall provide any necessary assistance with the
 5-23 development of the health benefit plan under Subsection (b)(1).

5-24 (k) This section expires September 1, 2009.

5-25 Sec. 534.203. REPORTS. (a) If a demonstration project is
 5-26 established under Section 534.201 or 534.202, the commission, not
 5-27 later than December 1 of each even-numbered year, shall submit a
 5-28 report to the legislature regarding the operation and
 5-29 cost-effectiveness of each project established under those
 5-30 sections.

5-31 (b) The report for the demonstration project established
 5-32 under Section 534.202 must include a recommendation regarding the
 5-33 feasibility of expanding the project statewide.

5-34 (c) This section expires September 1, 2009.

5-35 [Sections 534.204-534.300 reserved for expansion]

5-36 SUBCHAPTER D. MISCELLANEOUS PROVISIONS

5-37 Sec. 534.301. EXPIRATION. This chapter expires September
 5-38 1, 2011.

5-39 SECTION 2. Section 285.091, Health and Safety Code, is
 5-40 amended by adding Subsection (c) to read as follows:

5-41 (c) A hospital district created under general or special law
 5-42 may contract or collaborate with a local governmental entity, as
 5-43 defined by Section 534.002, Government Code, or any other public or
 5-44 private entity as necessary to provide or deliver health care
 5-45 services under a demonstration project established under Section
 5-46 534.201 or 534.202, Government Code, in which the hospital district
 5-47 participates.

5-48 SECTION 3. Section 287.078, Health and Safety Code, is
 5-49 amended to read as follows:

5-50 Sec. 287.078. DISTRICT ~~[OPERATING AND MANAGEMENT]~~
 5-51 CONTRACTS AND COLLABORATIONS. (a) The board may enter into
 5-52 operating or management contracts relating to health care
 5-53 facilities owned by the district or for which the district assumes
 5-54 responsibility for managing and operating under the terms of the
 5-55 contract with the counties and hospital districts that created the
 5-56 district.

5-57 (b) The board may contract or collaborate with a local
 5-58 governmental entity, as defined by Section 534.002, Government
 5-59 Code, or any other public or private entity as necessary to provide
 5-60 or deliver health care services under a demonstration project
 5-61 established under Section 534.201 or 534.202, Government Code, in
 5-62 which the district participates.

5-63 SECTION 4. The Health and Human Services Commission may
 5-64 request and actively pursue any necessary waivers, including a
 5-65 Health Insurance Flexibility and Accountability (HIFA) waiver,
 5-66 from a federal agency or any other appropriate entity to enable the
 5-67 commission to implement a demonstration project established under
 5-68 Section 534.201 or 534.202, Government Code, as added by this Act.
 5-69 The commission may not implement a demonstration project described

6-1 by this section until the necessary waivers or authorizations are
6-2 granted.

6-3 SECTION 5. Not later than January 1, 2004, the commissioner
6-4 of health and human services shall appoint members to the task force
6-5 on local health care initiatives established under Section 534.101,
6-6 Government Code, as added by this Act.

6-7 SECTION 6. (a) On the first anniversary of the date of
6-8 approval of a federal waiver or other authorization submitted under
6-9 Section 4 of this Act for the implementation of a demonstration
6-10 project established by Section 534.201, Government Code, as added
6-11 by this Act, the Health and Human Services Commission shall submit a
6-12 report on the operation of the project to the governor, lieutenant
6-13 governor, speaker of the house of representatives, and clerks of
6-14 the standing committees of the senate and house of representatives
6-15 with primary jurisdiction over the state Medicaid program and
6-16 indigent health care matters. The report must include:

6-17 (1) a detailed description of the project's impact, if
6-18 any, on the number of uninsured individuals in the state;

6-19 (2) the amount of cost-savings generated by each of
6-20 the local governmental entities participating in the project; and

6-21 (3) information on the overall effectiveness and
6-22 efficiency of the project, including the identification of any
6-23 barriers to achieving the efficient operation of the project.

6-24 (b) On the first anniversary of the date of approval of a
6-25 federal waiver or other authorization submitted under Section 4 of
6-26 this Act for the implementation of a demonstration project
6-27 established by Section 534.202, Government Code, as added by this
6-28 Act, the Health and Human Services Commission shall submit a report
6-29 on the operation of the project to the governor, lieutenant
6-30 governor, speaker of the house of representatives, and clerks of
6-31 the standing committees of the senate and house of representatives
6-32 with primary jurisdiction over the state Medicaid program and
6-33 indigent health care matters. The report must include:

6-34 (1) the information required by Subsections
6-35 (a)(1)-(3) of this section; and

6-36 (2) a description of the project's impact on the small
6-37 business community, including the employers participating in the
6-38 project.

6-39 (c) A report required by this section shall be prepared with
6-40 the assistance of the task force on local health care initiatives
6-41 established under Section 534.101, Government Code, as added by
6-42 this Act.

6-43 SECTION 7. If the Health and Human Services Commission
6-44 requests a federal waiver or other authorization under Section 4 of
6-45 this Act but does not obtain the waiver or authorization, the Health
6-46 and Human Services Commission shall:

6-47 (1) identify any federal, state, or local issues that
6-48 may have impacted the determination for approval or disapproval of
6-49 the authorization; and

6-50 (2) submit a report of its findings to the governor,
6-51 lieutenant governor, speaker of the house of representatives, and
6-52 clerks of the standing committees of the senate and house of
6-53 representatives with primary jurisdiction over the state Medicaid
6-54 program and indigent health care matters.

6-55 SECTION 8. This Act takes effect September 1, 2003.

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