

By: Lindsay

S.B. No. 428

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of locally based demonstration projects to provide health care benefits to certain low-income parents of children receiving Medicaid or enrolled in the state child health plan.

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

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

CHAPTER 534. LOCALLY BASED MEDICAID AND OTHER RELATED HEALTH CARE INITIATIVES SUBCHAPTER A. GENERAL PROVISIONS

Sec. 534.001. LEGISLATIVE INTENT. It is the intent of the legislature that certain local governmental 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. In this chapter:

(1) "Local governmental entity" means:

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

(B) a hospital authority created and established under Chapter 262 or 264, Health and Safety Code, that to some extent uses tax or other public revenue to provide health care

1 services to indigent persons;

2 (C) a hospital owned and operated by a
3 municipality, county, or hospital authority and created under
4 Chapter 262 or 264, Health and Safety Code;

5 (D) a medical school operated by this state;

6 (E) a medical school that receives state funds
7 under Section 61.093, Education Code, or a chiropractic school that
8 receives state funds under the General Appropriations Act;

9 (F) a teaching hospital operated by The
10 University of Texas System;

11 (G) a county that provides health care services
12 and assistance to indigent residents of the county under Subchapter
13 B, Chapter 61, Health and Safety Code;

14 (H) a governmental entity that provides funds to
15 a public hospital for the provision of health care services to
16 indigent persons under Section 61.062, Health and Safety Code;

17 (I) a county with a population of more than
18 400,000 that provides funds to a public hospital and that is not
19 included in the boundaries of a hospital district;

20 (J) a hospital owned by a municipality and leased
21 to and operated by a nonprofit hospital for a public purpose,
22 subject to federal approval of matching funds from such an entity;

23 (K) a health services district created and
24 established under Chapter 287, Health and Safety Code; and

25 (L) a statewide rural health care system
26 established under Chapter 20C or 845, Insurance Code.

27 (2) "Managed care organization" means a person who is

1 authorized or otherwise permitted by law to arrange for or provide a
2 managed care plan.

3 (3) "Managed care plan" means a plan under which a
4 person undertakes to provide, arrange for, pay for, or reimburse
5 any part of the cost of any health care services. A part of the plan
6 must consist of arranging for or providing health care services as
7 distinguished from indemnification against the cost of those
8 services on a prepaid basis through insurance or otherwise. The
9 term includes a primary care case management provider network. The
10 term does not include a plan that indemnifies a person for the cost
11 of health care services through insurance.

12 (4) "Task force" means the task force on local health
13 care initiatives established under Section 534.101.

14 Sec. 534.003. RULES. (a) The commission shall adopt rules
15 as necessary to implement this chapter.

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

20 [Sections 534.004-534.100 reserved for expansion]

21 SUBCHAPTER B. TASK FORCE

22 Sec. 534.101. TASK FORCE ON LOCAL HEALTH CARE INITIATIVES.

23 (a) The commissioner shall establish a task force on local health
24 care initiatives.

25 (b) The commissioner shall appoint as members of the task
26 force:

27 (1) 10 representatives of local governmental

1 entities, at least seven of whom must be representatives of local
2 governmental entities located in counties or municipalities with a
3 population of 500,000 or more and one of whom represents the
4 interests of local governmental entities in rural areas;

5 (2) two representatives of health care providers,
6 including one member who represents the interests of private
7 nonprofit health benefit plans; and

8 (3) one representative of small business owners.

9 (c) A member of the task force serves at the will of the
10 commissioner.

11 (d) The commissioner shall designate a member of the task
12 force to serve as presiding officer.

13 Sec. 534.102. POWERS AND DUTIES. The task force shall:

14 (1) assist the commission with the development and
15 implementation of each of the demonstration projects required to be
16 established under Subchapter C;

17 (2) advise the commission on local health care issues
18 and concerns affecting local governmental entities selected to
19 participate in a demonstration project required to be established
20 under Subchapter C;

21 (3) assist the commission with the preparation of a
22 report required by Section 534.203; and

23 (4) perform any other duty or function prescribed by
24 this chapter or other law.

25 Sec. 534.103. MEETINGS. The task force shall meet at the
26 call of the presiding officer.

27 Sec. 534.104. OTHER LAW. Chapter 2110, Government Code,

1 does not apply to the task force.

2 [Sections 534.105-534.200 reserved for expansion]

3 SUBCHAPTER C. DEMONSTRATION PROJECTS TO PROVIDE HEALTH CARE

4 COVERAGE TO LOW-INCOME PARENTS OF CHILDREN RECEIVING MEDICAID

5 Sec. 534.201. DEMONSTRATION PROJECT TO EXTEND MEDICAID

6 COVERAGE TO CERTAIN LOW-INCOME PARENTS. (a) The commission shall
7 develop and implement a locally based demonstration project to
8 provide medical assistance under the state Medicaid program to an
9 individual who:

10 (1) is the parent of a child receiving medical
11 assistance under the state Medicaid program;

12 (2) has a family income that is at or below 100 percent
13 of the federal poverty level;

14 (3) is not otherwise eligible for medical assistance
15 under the state Medicaid program at the time the individual's
16 eligibility for participation in the demonstration project is
17 determined; and

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

21 (b) In establishing the demonstration project, the
22 commission shall:

23 (1) develop a health benefit plan operating as an
24 extension of the state Medicaid program;

25 (2) ensure that the project is financed using money
26 and any other resources made available by participating local
27 governmental entities to the commission for matching purposes to

1 maximize federal money for the state Medicaid program;

2 (3) ensure that each participating local governmental
3 entity receives money to provide services, through the health
4 benefit plan, to project participants residing in the geographical
5 area served by the entity in an amount that is at least equal to the
6 amount of:

7 (A) money or other resources that were provided
8 for matching by the entity for purposes of the project; and

9 (B) any corresponding federal matching money;

10 (4) provide participating local governmental entities
11 with the option to form, with the assistance of the commission,
12 exclusive provider networks to provide and deliver health care
13 services to project participants using a managed care approach;

14 (5) design the project in a manner that, to the extent
15 possible, uses a local governmental entity's existing indigent
16 health care delivery system and administrative structure to provide
17 services through the health benefit plan to project participants;

18 (6) allow for a local governmental entity to perform
19 the work of determining the eligibility of an individual to
20 participate in the project, and, to the extent the federal
21 government will allow, enroll the participant in the project; and

22 (7) work in conjunction with the task force to develop
23 each component of the project.

24 (c) The health benefit plan developed under this section may
25 require an individual who participates in the project to make
26 copayments or pay deductible amounts on a sliding scale basis.

27 (d) Local money described by Subsection (b)(2) includes tax

1 or other revenue spent to provide indigent health care services to
2 project participants before they were eligible to participate in
3 the demonstration project.

4 (e) The manner in which a local governmental entity makes
5 money available for matching purposes under Subsection (b)(2) may
6 include an option for the entity to be able to certify the amount of
7 money considered available instead of sending the money directly to
8 the state.

9 (f) A provider network described by Subsection (b)(4) may
10 include a combination of public and private health care providers.
11 A local governmental entity that forms an exclusive provider
12 network under the demonstration project may include itself as a
13 member of the network.

14 (g) A local governmental entity that wants to participate in
15 the demonstration project shall notify the commission and task
16 force of its intention as soon as possible after September 1, 2003.
17 To implement the project, the commission shall select local
18 governmental entities that have the necessary health care delivery
19 infrastructure and financing in place to participate in the
20 project, either alone or in combination with other local
21 governmental entities that also want to participate.

22 (h) This section expires September 1, 2009.

23 Sec. 534.202. DEMONSTRATION PROJECT TO OFFER HEALTH CARE
24 COVERAGE TO CERTAIN LOW-INCOME WORKING PARENTS. (a) The
25 commission shall develop and implement a demonstration project in
26 which local governmental entities partner with employers to offer
27 health benefits coverage to employees who:

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

5 (2) have family incomes that are at or below 200
6 percent of the federal poverty level; and

7 (3) are not covered by health insurance or another
8 type of health benefit plan other than a health benefit plan that is
9 administered by or on behalf of a local governmental entity.

10 (b) The components of the demonstration project must
11 include:

12 (1) the development of a health benefit plan to
13 provide coverage for health care services to project participants
14 that:

15 (A) requires plan coverage to be purchased using
16 a combination of local, federal, participant, and employer
17 contributions;

18 (B) provides a benefits package that is similar
19 to benefits packages offered by employer-sponsored health benefit
20 plans but may not cover all of the state Medicaid program benefits;
21 and

22 (C) to the extent possible eliminates coverage
23 for duplicative or extraordinary services; and

24 (2) the development of sliding scale premiums for
25 certain project participants, including the manner in which the
26 premium is paid.

27 (c) In establishing the demonstration project, the

1 commission shall:

2 (1) work in conjunction with the task force to develop
3 each component of the project;

4 (2) review similar initiatives in other states;

5 (3) ensure that the project is:

6 (A) designed and administered in a manner that
7 qualifies for federal funding; and

8 (B) financed using a combination of local,
9 federal, and private money; and

10 (4) provide a participating local governmental entity
11 with the option to contract with a managed care organization to
12 administer the health benefit plan in the geographical area served
13 by the local governmental entity.

14 (d) In developing the health benefit plan under Subsection
15 (b)(1), the commissioner must include provisions intended to
16 discourage:

17 (1) employers and other persons from electing to
18 discontinue offering coverage for individuals under employee or
19 other group health benefit plans; and

20 (2) individuals with access to adequate health benefit
21 plan coverage, other than coverage under the health benefit plan
22 developed under Subsection (b)(1), from electing not to obtain or
23 to discontinue that coverage.

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

27 (f) The commission shall determine the amounts each person

1 described by Subsection (b)(1)(A) must contribute to the total cost
2 of the health benefit plan developed for the demonstration project,
3 except that the commission may not require a project participant
4 whose income is not greater than 100 percent of the federal poverty
5 level to pay a premium.

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

11 (h) To implement the demonstration project, the commission
12 shall select local governmental entities that have the health care
13 delivery infrastructure and financing in place for participation in
14 the project. The commission shall provide information as requested
15 regarding the project to any local governmental entity that is
16 interested in participating in the project.

17 (i) At the request of the commissioner, the Texas Department
18 of Insurance shall provide any necessary assistance with the
19 development of the health benefit plan under Subsection (b)(1).

20 (j) This section expires September 1, 2009.

21 Sec. 534.203. REPORTS. (a) Not later than December 1 of
22 each even-numbered year, the commission shall submit reports to the
23 legislature regarding the operation and cost-effectiveness of the
24 demonstration projects established under Sections 534.201 and
25 534.202.

26 (b) The report for the demonstration project established
27 under Section 534.202 must include a recommendation regarding the

1 feasibility of expanding the project statewide.

2 (c) This section expires September 1, 2009.

3 [Sections 534.204-534.300 reserved for expansion]

4 SUBCHAPTER D. MISCELLANEOUS PROVISIONS

5 Sec. 534.301. EXPIRATION. This chapter expires September
6 1, 2011.

7 SECTION 2. Section 285.091, Health and Safety Code, is
8 amended by adding Subsection (c) to read as follows:

9 (c) A hospital district created under general or special law
10 may contract or collaborate with a local governmental entity, as
11 defined by Section 534.001, Government Code, or any other public or
12 private entity as necessary to provide or deliver health care
13 services under a demonstration project established under Section
14 534.201 or 534.202, Government Code.

15 SECTION 3. Section 287.078, Health and Safety Code, is
16 amended to read as follows:

17 Sec. 287.078. DISTRICT [~~OPERATING AND MANAGEMENT~~]
18 CONTRACTS AND COLLABORATIONS. (a) The board may enter into
19 operating or management contracts relating to health care
20 facilities owned by the district or for which the district assumes
21 responsibility for managing and operating under the terms of the
22 contract with the counties and hospital districts that created the
23 district.

24 (b) The board may contract or collaborate with a local
25 governmental entity, as defined by Section 534.001, Government
26 Code, or any other public or private entity as necessary to provide
27 or deliver health care services under a demonstration project

1 established under Section 534.201 or 534.202, Government Code.

2 SECTION 4. Not later than September 1, 2003, the Health and
3 Human Services Commission shall request and actively pursue any
4 necessary waivers, including a Health Insurance Flexibility and
5 Accountability (HIFA) waiver, from a federal agency or any other
6 appropriate entity to enable the commission to implement the
7 demonstration projects required by Sections 534.201 and 534.202,
8 Government Code, as added by this Act. The commission may delay
9 implementing a demonstration project described by this section
10 until the necessary waivers or authorizations are granted.

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

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

26 (1) a detailed description of the project's impact, if
27 any, on the number of uninsured individuals in the state;

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

3 (3) information on the overall effectiveness and
4 efficiency of the project, including the identification of any
5 barriers to achieving the efficient operation of the project.

6 (b) On the first anniversary of the date of approval of the
7 federal waiver or other authorization submitted under Section 4 of
8 this Act for the implementation of a demonstration project
9 established by Section 534.202, Government Code, as added by this
10 Act, the Health and Human Services Commission shall submit a report
11 on the operation of the project to the governor, lieutenant
12 governor, speaker of the house of representatives, and the clerks
13 of the standing committees of the senate and house of
14 representatives with primary jurisdiction over the state Medicaid
15 program and indigent health care matters. The report must include:

16 (1) the information required by Subsection (a)(1)-(3)
17 of this section; and

18 (2) a description of the project's impact on the small
19 business community, including the employers participating in the
20 project.

21 (c) A report required by this section shall be prepared with
22 the assistance of the task force on local health care initiatives
23 established under Section 534.101, Government Code, as added by
24 this Act.

25 SECTION 7. If a federal waiver or other authorization is not
26 obtained before December 1, 2006, from all necessary federal
27 agencies to implement a demonstration project developed under

1 Chapter 534, Government Code, as added by this Act, the Health and
2 Human Services Commission shall:

3 (1) identify any federal, state, or local issues that
4 may have impacted the determination for approval or disapproval of
5 the authorization; and

6 (2) submit a report of its findings to the governor,
7 lieutenant governor, speaker of the house of representatives, and
8 the clerks of the standing committees of the senate and house of
9 representatives with primary jurisdiction over the state Medicaid
10 program and indigent health care matters.

11 SECTION 8. This Act takes effect September 1, 2003.