

BILL ANALYSIS

C.S.H.B. 497
By: Zerwas
Public Health
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Medicaid is a health insurance program that is financed jointly by the federal government and state governments for low-income people who do not have the money or insurance to pay for health care. The goal of the program is to provide medical and other health care services to eligible individuals so that they are able to remain as self-sufficient as possible. Medicaid is also administrated by each state with guidelines set by each state, subject to federal rules and laws. The states are required to cover certain services in the Medicaid program in order to receive federal funding. The Medicaid program allows the election of optional services by each state.

State spending on health and human services is rising rapidly, and one of the main drivers behind state and federal budgets is the growth of the Medicaid program. The Congressional Budget Office has determined that the current spending levels for the Medicaid program cannot be sustained in the future. The State of Texas needs to be prepared for potential reforms of the Medicaid program at the federal level.

C.S.H.B. 497 requires the Health and Human Service Commission (HHSC) and the Texas Department of Insurance (TDI) to study the effects of a reduced, or significantly altered or abolished, Medicaid program on the health care delivery system in Texas. The bill requires HHSC and TDI to jointly develop a contingency plan for the continuation of the health care delivery system in Texas if such drastic changes were to occur at the federal level.

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

C.S.H.B. 497 requires the Health and Human Services Commission (HHSC) and the Texas Department of Insurance (TDI) to conduct a joint study to determine the effect on health care infrastructure, including health care delivery mechanisms, if the state Medicaid program is abolished or the amount of federal matching money available to the state Medicaid program is severely reduced. The bill specifies that the study must address the effect on the availability of and accessibility to health care services provided under the state Medicaid program as of the bill's effective date. The bill authorizes HHSC and TDI, in conducting the study, to seek input from health advocacy groups.

C.S.H.B. 497 requires HHSC and TDI, as part of the study, to identify all available public and private health care resources throughout the state that are not funded wholly or partly by Medicaid; identify population groups most at risk of losing services if the state Medicaid program were abolished or federal funding severely reduced; and determine the effect abolishment of the state Medicaid program would have on local health care service providers and local financing mechanisms that provide or support care to individuals who cannot afford necessary health services. The bill requires HHSC and TDI, not later than July 1, 2010, to

submit a report of the study's findings and conclusions to the lieutenant governor, the speaker of the house of representatives, and the presiding officers of the standing committees of the senate and house having primary jurisdiction over health and human services. The bill requires the report to include a statewide contingency plan for the transition of recipients of health care services from the state Medicaid program to a new health care delivery system and an analysis of the fiscal impact to the state in providing health care services to population groups served by the state Medicaid program if the program were abolished or the federal matching money reduced. The bill authorizes the executive commissioner of the HHSC and the commissioner of insurance to adopt the transition plan as a contingency plan for transitioning recipients of health care services from the state Medicaid program to a new health care delivery system.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 497 differs from the original by authorizing the Health and Human Services Commission (HHSC) and the Texas Department of Insurance (TDI), in conducting the study, to seek input from health advocacy groups. The substitute differs from the original by removing the requirement of HHSC and TDI to determine the extent to which the state Medicaid program has become a substitute for private health care coverage and to recommend policies to limit that effect and increase private and charitable providers. The substitute differs from the original by removing the requirement of HHSC and TDI to submit recommendations in addition to the findings and conclusions resulting from the study. The substitute differs from the original by authorizing the executive commissioner of HHSC and the commissioner of insurance to adopt the plan, whereas the original requires the adoption of the plan by the executive commissioner of HHSC and the commissioner of insurance.