BILL ANALYSIS

C.S.H.B. 2686
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Public Health
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Texas leads the nation in the number of children without medical insurance. Of the 1.5 million uninsured Texas children, 64 percent qualify for the Children's Health Insurance Program (CHIP) and Medicaid benefits. Enrolling these children in CHIP will significantly lessen the number of uninsured children in Texas. In order to provide CHIP patients with accessible, quality health care, however, fundamental reforms to the physician- and patient-incentive structures are necessary.

CHIP reimburses primary care physicians for less than the amount it costs a physician to see a sick patient, making a physician lose money on every CHIP patient the physician sees. Physicians are therefore financially compelled to limit or not accept CHIP patients into their practice, keeping CHIP patients from receiving quality health care.

The recent United States Supreme Court Case of *Frew v. Hawkins* resulted in the Health and Human Services Commission (HHSC) increasing certain physician reimbursement rates, which resulted in greater provider participation, more providers joining the Medicaid program, and new provider Medicaid claims increasing by 57 percent.

CHIP enrollee copayments vary depending on the income level of the member's family. In an effort to promote the use of primary care and discourage the use of emergency rooms for non-urgent care, CHIP copayments for hospital inpatient visits are significantly higher than the copayments for office visits. Nevertheless, HHSC estimates that 50 to 70 percent of emergency room visits by CHIP and Medicaid patients are classified as non-urgent. This indicates that the current patient-incentive structure is failing to discourage CHIP patients from seeking non-urgent care in the emergency room, resulting in a tax burden for the people of Texas.

C.S.H.B. 2686 creates a two-year pilot project in one or more established CHIP service areas that is designed to increase enrollee access to primary care services and simplify enrollment procedures under the child health plan program. The bill increases CHIP primary care physician reimbursement rates to be comparable to Medicare rates for certain health care services. The bill simplifies CHIP enrollment by creating a simplified application, reducing application processing delays and procedural denials, and providing at least one service contact in each county to assist in the application process.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the executive commissioner of the Health and Human Services Commission in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 2686 amends the Health and Safety Code to require the Health and Human Services Commission (HHSC), not later than October 1, 2009, to establish a two-year pilot project in one or more Medicaid service areas that is designed to increase enrollee access to primary care

services and simplify enrollment procedures under the child health plan program. The bill requires the executive commissioner of HHSC to establish health care provider reimbursement rates for primary care services provided in lower-cost medical settings that are comparable to the federal Medicare program rates for the same or similar services for each pilot project service area.

C.S.H.B. 2686 requires the executive commissioner to identify CPT codes that present primary care services for purposes of the pilot project, prescribe and use an alternative application for child health plan coverage that is written on a sixth-grade reading comprehension level, and require any enrollment services provider in the service area to reduce application processing delays and procedural denials and increase renewal rates. The bill establishes the period of eligibility for child health plan benefits under the pilot project for an individual who resides in the service area and is determined eligible for coverage.

C.S.H.B. 2686 requires HHSC to provide at least one point of service contact in each county in the pilot project service area where trained personnel are available to personally assist interested individuals who reside in the service area with the application form and procedures for child health plan coverage. The bill authorizes HHSC to enroll an individual in the child health plan program under the pilot project only during the first year of the project.

C.S.H.B. 2686 requires HHSC, not later than January 1, 2011, to submit an initial report to the governor, the lieutenant governor, the speaker of the house of representatives, and the presiding officers of the standing committees of the senate and house of representatives having primary jurisdiction over the child health plan program. The bill requires the report to evaluate the operation of the pilot project and make recommendations regarding the continuation or expansion of the pilot project. The bill requires the report to include information relating to any increased enrollment in the child health plan as a result of the pilot project, increased provider participation in the child health plan as a result of the pilot project, and the enrollment changes implemented under the pilot project, such as reduced application processing delays and procedural denials and affected enrollment rates. The bill requires the report to include recommendations for the statewide implementation of successful pilot project strategies. The bill requires HHSC, not later than the 60th day after the date the pilot project terminates, to submit a final report regarding the results of the pilot project to include the same information required for the initial report. The bill provides for the expiration of the pilot project on January 1, 2013. The bill requires the executive commissioner of HHSC to adopt rules necessary to implement the pilot project. The bill defines "CPT code," "lower-cost medical setting," "primary care services," and "service area."

C.S.H.B. 2686 requires a state agency that is affected by a provision of the bill to request a federal waiver or authorization if the agency determines that a waiver or authorization is necessary for the implementation of the provision, and it authorizes the agency to delay implementation until the federal waiver or authorization is obtained.

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. 2686 differs from the original by defining "service area" as the geographical area determined by the Health and Human Services Commission (HHSC) that is coterminous with one or more Medicaid service areas, rather than by reference to a provision establishing the pilot project in one or more Medicaid service areas. The substitute omits a provision in the original requiring the executive commissioner of HHSC to waive the copayment requirement for primary care services under cost-sharing provisions for an enrollee who resides in the pilot-project

service area and who receives primary care services in a lower-cost medical setting, but continue to impose other copayments required under those provisions.

C.S.H.B. 2686 differs from the original by establishing that the period of eligibility for child health plan benefits under the pilot program is that provided under current law, whereas the original provides that a child remains eligible for benefits until the earlier of the end of a period not to exceed 24 months, the individual's 19th birthday, or the date the pilot project expires. The substitute omits a provision in the original requiring HHSC to perform a continuous coverage review under the child health plan during the 12th month, rather than the sixth month, following the date of initial enrollment or reenrollment of an individual who resides in the service area and who would otherwise be subject to the review under current law.

C.S.H.B. 2686 adds a provision not included in the original authorizing HHSC to enroll an individual in the child health plan program under the pilot project only during the first year of the project. The substitute omits a provision in the original continuing coverage for an individual participating in the pilot project if the expiration date of the pilot project is earlier than the date the individual's coverage would otherwise end under the child health plan. The substitute differs from the original by setting the date by which the HHSC is required to submit an initial report evaluating the pilot project as January 1, 2011, rather than December 1, 2010. The substitute differs from the original by setting the date by which HHSC is required to submit a final report regarding the results of the project as the 60th day after the date the pilot project terminates, rather than November 1, 2011. The substitute differs from the original by setting the date on which provisions relating to the pilot project expire as January 1, 2013, rather than December 1, 2011. The substitute adds a provision not in the original requiring the executive commissioner to adopt rules to implement the pilot project.