

## **BILL ANALYSIS**

H.B. 2245  
By: Zerwas  
Public Health  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Currently, many Medicaid clients use the emergency room for conditions that could be treated in a primary care setting, such as a doctor's office or clinic, where the treatment costs much less. Redirecting clients with non-emergent conditions to the primary care setting could save the state approximately \$180 million a year.

One way to reduce use of emergency rooms for non-emergent care is to implement a cost-effective physician incentive program throughout the Texas Medicaid program. Several maintenance organizations participating in the Texas Medicaid program have implemented programs that include incentives for a physician to offer routine after-hour appointments and report that the cost of the physician incentive program is offset by reduced use of emergency rooms.

H.B. 2245 seeks to reduce the use of emergency rooms for non-emergent care by requiring a study to evaluate the benefits of a cost-effective physician incentive program throughout the Texas Medicaid program and, according to the results of the study, establish such a program.

### **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**

H.B. 2245 amends the Government Code to add a temporary provision, set to expire September 1, 2013, requiring the Health and Human Services Commission (HHSC) to conduct a study to evaluate physician incentive programs that attempt to reduce hospital emergency room use for non-emergent conditions by recipients under Medicaid. The bill requires each physician incentive program evaluated in the study to be administered by a health maintenance organization participating in the STAR or STAR + PLUS Medicaid managed care program and to provide incentives to primary care providers who attempt to reduce emergency room use for non-emergent conditions by recipients. The bill requires the study to evaluate the cost-effectiveness of each component included in a physician incentive program and to evaluate any change in statute required to implement each component within the Medicaid fee-for-service or primary care case management model. The bill requires the executive commissioner of HHSC to submit to the governor and the Legislative Budget Board a report summarizing the findings of the study not later than August 31, 2012.

H.B. 2245 requires the executive commissioner, by rule, to establish a physician incentive program designed to reduce the use of hospital emergency room services for non-emergent conditions by recipients under Medicaid and authorizes the executive commissioner, in establishing the physician incentive program, to include only the program components identified as cost-effective in the commission's study evaluating physician incentive programs. The bill requires the executive commissioner to implement controls to ensure that after-hours services

billed are actually being provided outside of normal business hours, if the physician incentive program includes the payment of an enhanced reimbursement rate for routine after-hours appointments. The bill 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**

September 1, 2011.