

BILL ANALYSIS

Senate Research Center
83R23374 CJC/JSL-D

C.S.S.B. 1808
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Finance
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

With the passage of the Patient Protection and Affordable Care Act (Act) in 2010, the United States government signaled its intention to provide government-funded health care coverage for a greatly expanded population of Americans. Following several legal challenges, the Act was ultimately upheld by the United States Supreme Court in a 5-4 decision which affirmed that the Act and its associated "individual mandate" were both constitutional and allowable under the law. In articulating the court's majority opinion, Chief Justice John Roberts made clear that while the federal government could not compel the states to expand their Medicaid programs as originally proposed, the option of pursuing such an expansion would be left to the states.

In an effort to draw down new federal funding available under the Act, many states have since opted to expand their Medicaid-eligible population to include new clients who would have previously fallen outside the functional or financial requirements of the existing Medicaid program. While Texas has yet to agree to any form of Medicaid expansion, the state continues to negotiate with the federal government regarding the circumstances under which an expansion would be considered, including increased flexibility in the administration of the Medicaid program.

Proponents of expanding the state's Medicaid program have argued that the costs associated with treating the state's uninsured in the emergency room are currently being borne by local counties and hospital districts in the form of uncompensated care; a cost which they say is ultimately passed on to the local taxpayer. They further claim that accepting the federal funds associated with Medicaid expansion could largely absorb these costs.

S.J.R. 61, and its enabling legislation C.S.S.B. 1808, requires the Health and Human Services Commission, Legislative Budget Board, and comptroller of public accounts of the State of Texas to determine the amount of uncompensated care costs that local governments would save under an expanded Medicaid program, and requires that those funds be returned to Texas taxpayers in the form of a tax rate reduction.

Such a tax cut will only take effect if Texas were to negotiate, and agree to, some form of a Texas-based Medicaid solution, and requires the approval of Texas voters in a statewide constitutional election. This legislation is intended to protect Texans from being "double taxed" for the provision of uncompensated care services—once at the federal level and once more at the local level.

C.S.S.B. 1808 amends current law relating to the cost effects of expanding eligibility for medical assistance under the federal Patient Protection and Affordable Care Act.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 32, Human Resources Code, by adding Section 32.02473, as follows:

Sec. 32.02473. COST EFFECTS OF EXPANDED ELIGIBILITY FOR MEDICAL ASSISTANCE UNDER PATIENT PROTECTION AND AFFORDABLE CARE ACT.

(a) Defines "commission" in this section.

(b) Requires the Health and Human Services Commission (HHSC), in cooperation with the comptroller of public accounts of the State of Texas (comptroller) and Legislative Budget Board (LBB), if HHSC expands eligibility for medical assistance in accordance with and provides medical assistance using federal matching funds made available under the Patient Protection and Affordable Care Act (Pub. L. No. 111-148) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152), to conduct a study regarding the cost effects of that expanded eligibility. Requires that the study identify:

(1) the estimated amount of uncompensated care costs the state will save each state fiscal year by expanding that eligibility;

(2) the estimated amount of health care costs hospital districts and counties in this state will save each state fiscal year by expanding that eligibility; and

(3) the estimated reduction in uncompensated care costs to hospital districts and counties that will result from the expansion of medical assistance eligibility and that would otherwise be paid from hospital district and county tax revenue.

(c) Requires HHSC to ensure that cost savings identified under Subsection (b)(1) are reflected in each biennial legislative appropriations request submitted to LBB by HHSC or a health and human services agency.

(d) Requires LBB, in preparing a general appropriations bill as required by Section 322.008 (Appropriations Bill), Government Code, to ensure that any proposed appropriation for providing health care to residents of this state reflects the cost savings identified under Subsection (b)(1) and the legislative appropriations requests prepared in accordance with Subsection (c).

SECTION 2. Amends Chapter 26, Tax Code, by adding Section 26.0442, as follows:

Sec. 26.0442. TAX RATE ADJUSTMENT FOR EXPANDED ELIGIBILITY FOR MEDICAL ASSISTANCE UNDER PATIENT PROTECTION AND AFFORDABLE CARE ACT. Provides that in the first tax year in which a hospital district or a county adopts a tax rate and in which the state expands eligibility for medical assistance in accordance with and provides medical assistance using federal matching funds made available under the Patient Protection and Affordable Care Act (Pub. L. No. 111-148) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152), the effective tax rate and the rollback tax rate for the hospital district or the county are decreased by the rate that, if applied to the current total value, would impose an amount of taxes equal to the reduction in uncompensated care costs realized by the hospital district or county as identified under Section 32.02473(b)(3), Human Resources Code, that will result from the provision of that assistance.

SECTION 3. (a) Requires HHSC, in cooperation with the comptroller and LBB, not later than the first anniversary of the effective date of expanded eligibility criteria implemented in accordance with the Patient Protection and Affordable Care Act (Pub. L. No. 111-148) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152) for the Medicaid program, to complete the study required under Section 32.02473(b), Human Resources Code, as added by this Act.

(b) Provides that Sections 32.02473(c) and (d), Human Resources Code, as added by this Act, apply only to legislative appropriations requests and general appropriations bills, respectively, prepared on or after the date HHSC completes the study required by Section 32.02473(b), Human Resources Code, as added by this Act.

SECTION 4. Requires a state agency, if necessary for implementation of a provision of this Act, to request a waiver or authorization from a federal agency, and authorizes a delay of implementation until such a waiver or authorization is granted.

SECTION 5. Effective date: September 1, 2013.