By: Deuell S.B. No. 1477

A BILL TO BE ENTITLED

AN ACT

relating to flexibility in the administration of the Medicaid program, a block grant funding approach to Medicaid expansion, and the establishment of a health benefit exchange tailored to the needs of the state.

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

SECTION 1. Subchapter B, Chapter 531, Government Code, is amended by adding Section 531.02105 to read as follows:

Sec. 531.02105. FLEXIBILITY FROM FEDERAL REQUIREMENTS. The commission shall negotiate with the United States secretary of health and human services, the federal Centers for Medicare and Medicaid Services, and other appropriate persons for flexibility to adjust the operation of the Medicaid program without the necessity of receiving federal approval for all changes to the program. Any agreement reached must identify broad categories of:

(1) program changes that may be made without the need for additional federal approval; and

(2) program changes that require additional federal approval.

SECTION 2. Subtitle I, Title 4, Government Code, is amended by adding Chapter 539 to read as follows:

CHAPTER 539. BLOCK GRANT PROGRAM FOR MEDICAID EXPANSION POPULATION

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 539.001. DEFINITIONS. In this chapter:

(1) "Health benefit exchange" means an American Health Benefit Exchange administered by the federal government, an exchange created pursuant to Section 1311(b) of the Patient Protection and Affordable Care Act (42 U.S.C. Section 18031(b)), or a federally-authorized alternative state exchange.

(2) "Medicaid expansion population" means the category of persons who would not be eligible for medical assistance under the eligibility criteria in effect on December 31, 2013, but for whom federal matching funds are available under the Patient Protection and Affordable Care Act (Pub. L. No. 111-148) as amended by the Health Care Affordable Care Act of 2010 (Pub. L. No. 111-152) to provide that assistance.

(3) "Medicaid program" means the medical assistance program established and operated under Title XIX of the federal Social Security Act (42 U.S.C. Section 1396 et seq.).

(4) "State Medicaid program" means the medical assistance program operated by this state as part of the Medicaid program.

Sec. 539.002. CONFLICT WITH OTHER LAW. To the extent of a conflict between a provision of this chapter and another state law, the provision of this chapter controls.

SUBCHAPTER B. MEDICAID EXPANSION POPULATION PROGRAM REQUIREMENTS

Sec. 539.051. FEDERAL AUTHORIZATION FOR BLOCK GRANT SYSTEM. The commission shall actively negotiate with the United States secretary of health and human services, the federal Centers for Medicare and Medicaid Services, and other appropriate persons for federal authorization for the state to operate the component of the

state Medicaid program for providing program benefits to the Medicaid expansion population under a block grant funding system.

Sec. 539.052. MINIMUM REQUIREMENTS OF FEDERAL AUTHORIZATION. (a) Federal authorization obtained under Section 539.051 must allow for providing state Medicaid program benefits to recipients in the Medicaid expansion population in the form of premium assistance so private health benefit coverage may be obtained through a health benefit exchange.

(b) The authorization negotiated as provided by Section 539.051 must also allow for the provision of state Medicaid program benefits to recipients in the Medicaid expansion population in a manner that:

(1) encourages the use of private health benefit coverage obtained through a health benefit exchange rather than public benefits systems by providing premium assistance;

(2) creates customized health benefit plans for certain defined populations within the Medicaid expansion group;

(3) encourages individuals who have access to private employer-based health benefit coverage to obtain or maintain that coverage;

(4) includes cost-sharing provisions that require a recipient to be responsible for the payment of some premiums, copayments, and deductibles in amounts not to exceed five percent of a recipient's income;

(5) establishes wellness initiatives;

(6) encourages healthy lifestyles by adjusting copayments and deductibles based on certain health risk factors;

(7) requires each recipient to undergo an annual physical examination with a primary care physician;

(8) requires each recipient to lock into one primary care physician who will coordinate patient care, including the need for diagnostic testing, treatments, and referrals to specialists;

(9) contains work requirements for recipients, with exceptions for recipients who are disabled, caretakers of disabled family members, or caretakers of young children who are not of school age; and

(10) requires that health benefit plans for recipients to be issued on a guaranteed issue basis.

Sec. 539.053. IMPLEMENTATION OF BLOCK GRANT SYSTEM. (a) If the commission receives the authorization described by Section 539.052, the commission shall provide state Medicaid program benefits to all persons in the Medicaid expansion population who apply and are determined eligible for the assistance.

(b) The commission shall:

(1) provide state Medicaid program benefits to persons in the Medicaid expansion population in the manner allowed under the authorization; and

(2) may not provide benefits to those persons under any fee-for-service or managed care delivery model or arrangement used to provide benefits to recipients who are not in the Medicaid expansion population.

SUBCHAPTER C. FUNDING REDUCTIONS

Sec. 539.101. APPROPRIATIONS REDUCTIONS. The commission shall ensure that legislative appropriations requests for the

commission and health and human services agencies reflect reductions in the appropriated amounts needed to provide indigent health care services that result from the program implemented under this chapter.

SECTION 3. The Health and Human Services Commission shall actively develop a proposal for the authorization from the appropriate federal entity as required by Chapter 539, Government Code, as added by this Act. As soon as possible after the effective date of this Act, the Health and Human Services Commission shall request and actively pursue obtaining the authorization from the appropriate federal entity.

SECTION 4. (a) The Health and Human Services Commission, the Texas Department of Insurance, or the commission in conjunction with the department, shall negotiate with the appropriate federal entity for authorization to develop a state health benefit exchange. The negotiated authorization must allow the state health benefit exchange to be flexible, patient-friendly, tailored to the needs of the state, and be similar to the health benefit exchange described in the Patients' Choice Act, S.B. 516, 111th Congress (2009), or H.R. 2520, 111th Congress (2009).

(b) If the appropriate federal entity authorizes a state health benefit exchange described in Subsection (a) of this section, the Health and Human Services Commission, the Texas Department of Insurance, or the commission in conjunction with the department, shall develop and implement the health benefit exchange.

SECTION 5. This Act takes effect immediately if it receives

a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.