

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 8, 2019

TO: Honorable Eddie Lucio III, Chair, House Committee on Insurance

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB4127 by Hinojosa (Relating to the Healthy Texas Program; authorizing a fee.), As
Introduced

The fiscal implications of the bill cannot be determined at this time because the manner and timing of implementation of the program, the sources of funding, and the disposition of certain Federal Funds if it were to be adopted are unknown.

Fiscal Analysis

The bill would establish a comprehensive, universal, single-payer, non-exclusive health program called "Healthy Texas Program" or similar for all residents of Texas. The program would cover all medical care determined to be medically appropriate by a member's health care provider and would include specific services. The program would not require members to pay enrollment or cost-sharing fees. Institutions of higher education would be authorized to purchase coverage under the program for a student, or a student's dependent, who is not a resident.

Covered benefits would include all health care services covered under the child health plan program, Medicaid, Medicare, and all essential health benefits mandated by the Affordable Care Act. These benefits would be available to Healthy Texas Program members without regard to whether the member would otherwise for or covered by those programs. The board would establish requirements and standards, to the extent authorized by federal law, for replacing and merging the program health care services and ancillary services currently provided by other programs, including Medicare, Medicaid, an other federally matched public health programs.

To administer the program, the bill would establish a new agency, the Healthy Texas Board (board) and its advisory committee, specifying membership qualifications, selection, and term as well as staffing, open meetings, and rule adoption. The board could receive gifts, grants, and donations from government, individuals, associations, foundations, and corporations and could enter into any necessary contracts with health care providers, health care organizations, delivery systems, or coordinators according to rules, methodologies, and standards it would establish including specific provisions for collective negotiation.

Members would be encouraged to enroll with a care coordinator, which whom that member would remain enrolled until the member becomes enrolled with a different care coordinator or ceases to be a member. A health care provider would only be reimbursed for services if the provider is also enrolled with a care coordinator at the time the health care service is provided. The board would establish and maintain procedures, equal standards, and rules for providers and care coordinators.

The board would adopt rules related to contracting and establishing payment methodologies for covered health care services and care coordination provided to members. Except for care coordination, health care services provided to a member under the program would be paid for on a fee-for-service basis unless the board established another payment methodology. Payment methodologies and rates would include components of reimbursement for direct and indirect graduate medical education. The board would establish and maintain procedures and standards for recognizing health care providers physically located outside the state for the sake of members who may require out-of-state health care services while traveling.

The board would provide for the collection and availability of certain hospital data to promote and protect public, environmental, and occupational health as applicable by law and would protect personally identifiable information. The bill would require participating providers to provide specific information to the program for reviewing accessibility, quality assurance, cost containment, payments, and for other studies.

The bill would establish the Healthy Texas Fund (fund) as a special fund in the state treasury outside the General Revenue Fund. The bill would require the state to deposit money received from federal payments in the state treasury for use by the Healthy Texas Program according to the provisions of the bill. The fund would also consist of specific transfers from the Health and Human Services Commission (HHSC), any state or federal money for the purposes of specific health services, and accrued interest. The board would establish and maintain a prudent reserve in the fund.

The board would seek any federal waiver or other federal approval and submit each state plan amendment necessary to operate the program. The board would apply to any appropriate federal official for any waiver or other arrangement under Medicare, Medicaid, the Affordable Care Act, and any federally matched program that provides federal money for payment for health care services so that members receive all benefits under the program and the state receives all federal payments under the applicable program.

The bill would require the Legislature to develop a revenue plan in conjunction with the General Appropriations Act, considering anticipated federal revenue available, and appropriate money for the program as necessary, consulting appropriate stakeholders and keeping a prudent reserve. The bill would allow the board to administer Medicare or any federally matched public health program. The bill would require the board to provide Medicare parts B and D to those eligible, and require those eligible for Medicare parts A, B, and D to participate, providing financial assistance for low-income members. The bill would require participants to provide specific information required to participate in federally funded health programs.

The bill would require the board and its advisory committee and specific stakeholders, by September 1, 2021, to develop a proposal for certain coverage including long-term care patients, those covered under current workers compensation system, out-of-state retirees, and retirees who accrued benefits before creation of the program.

The bill would require specific provisions for an implementation period including enrollment, data collection, eligibility, and financing.

The bill provides that private health plans may not cover anything that is covered by the Healthy Texas program, which could decrease the number of private health plan lines operating.

The bill would require the board to use money from the fund for a program to assist job transition

for individuals employed or previously employed in the fields of health insurance, health care service plans, and others whose jobs may have ended due to implementation of the Healthy Texas Program.

Chapter 1698 of the Insurance Code, as added by this act, would not be implemented until and unless the Executive Commissioner of HHSC notifies the Texas Senate and House that the Healthy Texas Fund has the revenue to fund the costs of implementing the chapter.

The bill would require the board to obtain federal approval necessary to operate the program and apply to applicable federal programs for payments.

The bill would take effect September 1, 2019.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.095, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

The Health and Human Services Commission (HHSC) and the Comptroller of Public Accounts (CPA) each indicate that the fiscal impact of the bill cannot be determined. Based on information from the Kaiser Family Foundation, the CPA estimates that it could cost approximately \$14.9 billion per fiscal year if only the uninsured and undocumented higher education students participated, or up to \$162.2 billion annually to cover all Texans, including undocumented students, the uninsured, children, adults, the disabled, and the elderly. That estimate includes the costs of Medicare, Medicaid, and public and private insurance plans currently in place. However, because the manner and timing of implementation of the program, as well as the sources of funding are unknown, the fiscal impact cannot be determined.

HHSC notes that the bill states appropriations made to health care programs would instead divert to the Healthy Texas fund created by the bill; however, it is unknown if this provision would result in full defunding of impacted HHSC client services programs. According to the agency, diversion of federal funds would be contingent on federal approval. The agency also notes that many of its client services programs also rely on local funds, which could potentially not be available under a single-payer source program. HHSC also indicates that the Healthy Texas Board would have authority over the new fund, which, because that funding supports HHSC's administration, could negatively affect HHSC's ability to support the Department of State Health Services and the Department of Family and Protective Services administratively.

The Texas Department of Insurance estimates that the bill would reduce workload related to major medical health form filings and eliminate the need for 8.0 FTEs in the Life and Health Lines Office. Due to the self-leveling nature of the TDI operating account, any change in appropriations made from the account would be considered in the annual adjustment of the maintenance tax rates. Therefore, the overall decrease in revenue into the TDI operating account would be equal to the decrease in expenses and no net change in fund balance would occur because of this bill.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time. To the extent that health care providers are units of local government, they could receive increased reimbursement for care that is currently uncompensated. However, other provisions of the bill could increase or decrease costs and revenue to counties and hospital districts.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance, 529 Health and Human Services Commission

LBB Staff: WP, CMa, JQ, BH