

SUBJECT: Health and Human Services Commission Medicaid managed care authority

COMMITTEE: Public Health — committee substitute recommended

VOTE: 6 ayes — Berlanga, Hirschi, Coleman, Davila, Glaze, Maxey

0 nays

2 absent — Delisi, Janek

WITNESSES: For — None

Against — None

On — Lisa McGiffert, Consumers Union; Anne Dunkelberg, Center for Public Policy Priorities; Don Gilbert, Texas Department of Mental Health and Mental Retardation; Patti Patterson, M.D., Texas Department of Health; Mike McKinney, Texas Health and Human Services Commission

BACKGROUND : Medicaid, the state/federal health benefits program, assists about two million low-income, uninsured Texans with health care services and pays for about 66,000 nursing home residents each month. It helps fund programs in at least 12 state agencies, and contributes toward graduate medical education costs.

“Managed care” unites health care financing and delivery in health benefit plans that govern both the use and cost of health care services. The best known type is the health maintenance organization, or HMO.

DIGEST: CSHB 2913 would make the Health and Human Services Commission responsible for the policy, administration, evaluation, and operation of the Medicaid managed care program and would require the commission to consult with a special interagency advisory committee and each affected health and human services agency.

The commissioner would have to supervise employees of health and human services agencies in the performance of Medicaid managed care duties and assign duties as necessary.

An interagency advisory committee would consist of the commissioner, who would serve as presiding officer, and representatives of the Texas Department of Health, the Texas Department of Human Services, the Texas Department of Mental Health and Mental Retardation and other state agencies as considered appropriate by the commissioner. The committee would have to meet at least once every two months, and would not be subject to state laws requiring agency evaluation of advisory committees and reports to the Legislative Budget Board.

The bill would take effect September 1, 1997.

**SUPPORTERS
SAY:**

CSHB 2913 would improve the implementation and oversight of a significant and evolving change in the Medicaid program, the shift from fee-for-service reimbursement of providers to managed care systems. Medicaid is a \$9 billion program, and over 800,000 recipients are expected to be enrolled in Medicaid managed care programs by the fall of 1999. This bill would hold one agency accountable for state program expenditures, contracts, enrollee and provider satisfaction and cost-savings associated with the move to managed care.

The Health and Human Services Commission is the appropriate agency for this task because it is the umbrella oversight agency for all of health and human services and has been designated by the state as the official state Medicaid Office to design state policy, coordinate state activities with federal directives, and administer federal funds. However, it currently has no “hands-on” authority over the agencies it is supposed to coordinate — it has no authority to implement Medicaid policies it considers necessary or to direct or modify the Medicaid activities in state agencies under its purview. Other state agencies that administer Medicaid programs, such as the departments of health, human services and mental health and mental retardation, are each governed by boards to whom they must first respond.

Coordination of activities is essential for a successful shift to managed care, which began in Travis County as a test program in 1993 and is now expanding into other selected regions. Waiting for two more years for the completion of a sunset review of all health and human services agencies to determine whether consolidation or other agency administration changes are needed for Medicaid would be too late to be effective because this important

program change is occurring now. However radical change, such as placing all Medicaid programs under one agency or board, should wait for such a review.

**OPPONENTS
SAY:**

This bill is unnecessary and would add another layer of bureaucracy in state government in the form of a statutorily required interagency committee without necessarily increasing program effectiveness. This bill could complicate instead of streamline state agency operations by authorizing the commissioner to supervise and direct the activities of individuals employed by other agencies. State agencies can coordinate activities through the Health and Human Services Commission without legal requirements to do so, and without confusing, cross-agency supervision of employees.

CSHB 2913 also would only address Medicaid managed care — it would still leave other components of the Medicaid program, such as nursing home payments, fee-for-service contracts and investigations, fragmented between several state agencies, most notably the departments of health, human services, mental health and mental retardation, and several other smaller agencies or agencies with related activities, such as the Office of the Attorney General. The Legislature should wait for sunset commission review of all health care agencies next session before re-organizing or adding layers to the current bureaucratic structure.

**OTHER
OPPONENTS
SAY:**

Instead of an interagency committee, the Legislature should put the entire Medicaid program under a single board so as to improve public input and oversight.

NOTES:

The committee substitute changed the original version of the bill by removing provisions that would have made the commission responsible for all aspects of Medicaid managed care and transferred all funds, records and property of the Medicaid managed care program from operating state agencies to the commission. The committee substitute also added a requirement for the establishment of an interagency advisory committee to the commission.

HB 3258 by Coleman, which would direct Medicaid managed care contracting and oversight by the Health and Human Services Commission, was placed on the May 7 General State Calendar.

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HB 2307 by Junell, which would grant ratesetting and fee authority to the commission, is pending in the House Public Health Committee.