

SUBJECT: Creating a demonstration project for psychotropic medications

COMMITTEE: Public Health — committee substitute recommended

VOTE: 7 ayes — Gray, Coleman, Capelo, Longoria, Maxey, Uresti, Wohlgemuth
0 nays
2 absent — Delisi, Glaze

WITNESSES: For — *Registered but did not testify:* Helen Kent Davis, Texas Medical Association; Anne Dunkelberg, Center for Public Policy Priorities; Lisa McGiffert, Consumers Union; Hannah Riddering, Texas National Organization for Women; Angela Shannon; Thanh Trinh; John Umphress, Texas Association of Public and Nonprofit Hospitals

Against — None

On — Karen Hale, Texas Department of Mental Health and Mental Retardation; *Registered but did not testify:* Patricia Gladden, Texas Department of Health; Gerald McKimney, Texas Department of Mental Health and Mental Retardation

BACKGROUND: The federal government provides funding for a variety of state medical assistance programs, including Medicaid for the poor, disabled and elderly. Federal and state regulations generally determine uses for those funds, but the federal government has created ways for states to apply for a waiver from regulations or to propose a demonstration project, pursuant to Section 1115(a) of the Social Security Act.

DIGEST: CSHB 895 would create a demonstration project for individuals with a mental illness that could cause them to become disabled if left untreated to receive psychotropic medication if they otherwise would not be eligible for such assistance. The Health and Human Services Commission (HHSC) would have to develop the program and set limitations on the number of individuals who could participate.

Eligibility would be limited to individuals who had a mental illness, were between the ages of 19 and 64, had an income below 200 percent of the federal poverty level, and did not have private or public health coverage. Once in the program, participants would not be re-evaluated for eligibility for another 12 months. The program only would provide psychotropic medications and related lab services, not the full range of Medicaid benefits. HHSC could require cost-sharing payments to the extent allowed under federal law.

This program would be funded through excess funds at HHSC to the extent possible. Each even-numbered year by December 1, HHSC would submit a report to the Legislature detailing the project's progress. By December 1, 2006, HHSC would perform an evaluation of the cost-effectiveness of the project. If it found the program to be cost effective, it would include the program in its budget request for the following year.

The section of the Human Resources Code that would establish this program would expire on September 1, 2009. This bill would direct HHSC to seek any necessary federal waivers or authorizations needed to implement the provisions of this bill. The agency could delay implementation until the federal waivers or authorization were granted.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2001.

**SUPPORTERS
SAY:**

CSHB 895 would help individuals with mental illness stay off public assistance. Some people with a mental illness can be stabilized enough through medication to work and be self-sufficient. Because medication is very expensive, however, self-sufficiency can cause them to lose the ability to pay for the medications, which results in their returning to public assistance. This program would break that cycle by providing people with the medications and support they needed and allowing them to continue to be self-sufficient.

This program would maximize the state's funding. The Texas Department of Mental Health and Mental Retardation currently has general-revenue funded programs that provide some medications to individuals in this situation. This

program would draw down federal Medicaid match funds, maximizing the state's funding.

OPPONENTS
SAY:

Medication for certain diseases is very expensive, but the state should not pick and choose which diseases deserve medication. Transplant recipients and cancer patients take medications that are very expensive and can lead to these individuals becoming eligible for public assistance, but the state does not have a special program for them. The state should not discriminate based on disease, but rather should retain income-based eligibility programs.

NOTES:

The committee substitute included an eligibility requirement that individuals have a mental illness that could lead to disability if untreated, rather than just a mental illness. It would not subject participants to the three-prescription limit currently imposed under the medical assistance program, and would include 12-month continuous eligibility, limited enrollment, and cost-sharing. The committee substitute would expire two years later than the bill as filed.

The fiscal note estimated that the bill would result in a net income of \$2.7 million to the state for fiscal 2002-03, but would cost the state approximately \$6.3 million the following biennium. These estimates are based on the assumption that what the state would spend on the program would be offset partially by no longer paying for medication for a portion of the programs participants through the Texas Department of Mental Health and Mental Retardation's general revenue-funded programs.