

**SUBJECT:** Authorizing reductions in Article 2 agencies

**COMMITTEE:** Appropriations — committee substitute recommended

**VOTE:** 15 ayes — Heflin, Berman, Branch, B. Brown, F. Brown, Crownover, J. Davis, Hamric, Hope, Hupp, Isett, Pickett, Pitts, Stick, Wohlgemuth

2 nays — Luna, Ellis

12 absent — Deshotel, Dukes, Eiland, Gutierrez, E. Jones, Kolkhorst, McClendon, Menendez, Raymond, Solis, Truitt, Turner

**WITNESSES:** For — Mike Bright, The ARC of Texas

Against — Charles Ferguson and Jim Miller, Texans Supporting State Schools; Pam Gionfriddo, Mental Health Association in Texas

On — Patrick Bresette, Center for Public Policy Priorities; G.K. Sprinkle, Texas Ambulance Association

**BACKGROUND:** Art. 3, sec. 35 of the Texas Constitution limits bills to one subject, except for general appropriations bills, which can include various subjects and accounts. However, this provision has been interpreted as prohibiting the general appropriations bill from changing substantive law. In other words, appropriations bills deal only with spending. Because the levels of funding in an appropriations bill assume certain programmatic changes, the statutory changes required to meet that funding level are contained in other legislation.

On April 17, the House passed HB 1 by Heflin, the House version of the general appropriations bill for fiscal 2004-2005. The Senate passed its version of the bill on April 29, and the bill now is in conference committee.

The statutory changes required to implement the final version of the state budget will be contained in a series of bills, all of which have been reported favorably by the House Appropriations Committee.

For further discussion of issues in the state budget, see HRO State Finance Report Number 78-2, *CSHB 1: The House Appropriation's Committee's Proposed Budget for Fiscal 2004-05*, April 9, 2003.

DIGEST:

CSHB 3519 would amend statutes relating to health and human services in the areas of Medicaid rate setting, quality assurance fee for long-term care, TANF asset limits, personal needs allowance, and certain medical programs. Notwithstanding any other statute, health and human services agencies could reduce expenditures by consolidating reports, delivering them by electronic means, or using electronic transmission for other communications such as billing or certificates; or extending the effective period of any license, permit, or registration issued by the agency.

**Medicaid rate setting.** The bill would permit the Health and Human Services Commission to adjust Medicaid reimbursement rates to achieve the objectives of the Medicaid program. The adjustment would be made in a manner consistent with the commission's rate setting methodologies, relevant state or federal law, economic conditions that could affect provider participation in the program, and available state and federal funds.

**Quality assurance fee.** The bill would require the bed fee to be assessed on all facilities operated by MHMR. Combined with federal matching funds, the quality assurance fee would be used to support the rate incentive program. Funds raised by the fee, combined with federal matching funds, also could be used for waiver programs for people with mental retardation or for any other HHS purpose approved by the governor and the Legislative Budget Board. It would repeal HHSC's authority to use the fee for a rate increase for waiver programs.

**TANF asset limits.** CSHB 3519 would lower the asset limit for TANF eligibility from \$2,000 to \$1,000, and would repeal the separate limit of \$3,000 for a household in which a disabled or elderly person resided.

**Personal needs allowance.** The bill would reduce the personal needs allowance given to elderly nursing home residents who received Supplemental Security Income payments and Medicaid from \$60 per month to \$45.

**Medical programs.** CSHB 3519 would repeal the medically needy health program and the requirement that the Medicaid program reimburse for the services of a podiatrist, psychologist, or marriage and family therapist.

The bill would authorize a state agency to pursue any needed federal waiver or authorization to implement the bill. It 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, 2003.

**NOTES:**

Other bills that would make statutory revisions to implement HB 1 are:

- HB 3306 by Berman, relating to appropriations for the judiciary in Article 4;
- HB 3443 by Pickett, relating to appropriations for business and economic development agencies in Article 7;
- HB 3441 by Pickett, relating to appropriations for general government agencies in Article 1;
- HB 3459 by Pitts, relating to appropriations for agencies of public education and higher education in Article 3;
- HB 3305 by Berman, relating to appropriations for criminal justice agencies in Article 5;
- HB 3378 by Hope, relating to appropriations for Article 8 regulatory agencies; and
- HB 3442 by Pickett, relating to natural resources appropriations in Article 6.

The fiscal note attached to CSHB 3519 estimates a savings of \$228 million in fiscal 2004-05. The quality assurance fee provision in this bill also was in CSHB 2292 by Wohlgemuth, which passed the House on April 28.