

- SUBJECT:** Postponing continuous 12-month Medicaid eligibility for children
- COMMITTEE:** Select Committee on State Health Care Expenditures — favorable, without amendment
- VOTE:** 8 ayes — Delisi, Gutierrez, Berman, Crownover, Deshotel, Harper-Brown, Miller, Truitt
- 1 nay — Capelo
- 2 absent — Uresti, Wohlgemuth
- WITNESSES:** For — Jose Camacho, Texas Association of Community Health Centers; Carrie Coleman, Texas Association of Health Plans; Anne Dunkelberg, Center for Public Policy Priorities; Lisa McGiffert, Consumers Union; Michael Parish, M.D., Texas Medical Association
- Against — None
- On — Trey Berndt, Health and Human Services Commission; Linda Gibson, Comptroller of Public Accounts
- BACKGROUND:** In 2001, the 77th Legislature enacted SB 43 by Zaffirini, a bill designed to simplify Medicaid applications and enrollment for children. The four primary changes in the bill were a simplified application and screening process; interviews by telephone rather than face-to-face; an asset test similar to the one used for the Children's Health Insurance Program (CHIP); and continuous eligibility. The bill directed the Health and Human Services Commission (HHSC) to implement six-month continuous eligibility by February 1, 2002, then establish 12-month continuous Medicaid eligibility for children no earlier than September 1, 2002, and no later than June 1, 2003.
- Prior to SB 43, the eligibility period for all Medicaid recipients was six months, but it was not continuous. If a recipient's income or assets rose above the eligibility level during the six-month period, coverage would be terminated. In January 2002, HHSC made the six-month eligibility continuous for children.

DIGEST: HB 728 would direct the Health and Human Services Commission (HHSC) to implement the rules to establish 12-month continuous Medicaid eligibility for children no earlier than September 1, 2005. It would direct the agency to obtain any necessary waivers or authorization from federal agencies to implement 12-month continuous eligibility.

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, 2003.

SUPPORTERS SAY: HB 728 is a compromise between what the state must do to save money and what the state ought to do to protect the health of children. Postponing implementation would save the state \$286 million in general revenue in the coming biennium. This savings could be used to save CHIP from being cut out of the budget entirely. The state is in a tough fiscal position and must use scarce dollars wisely to avoid cutting children's services whenever possible. Twelve-month continuous eligibility is imperative for children's health, but can wait two more years if it means that more children can be served today.

Postponing 12-month continuous eligibility would not kick any kids off the program. The only way for a child to be turned away from Medicaid under this bill would be if the family income or assets rose above eligibility levels. In this time of scarce state funding, Medicaid resources should go toward the children who are the most in need, not those whose family income is above the eligibility requirements.

This bill would not undo any of SB 43's benefits. Continuous eligibility would be in place in 2005, bringing all the value of a year-long medical home and reduced administrative complexity for parents and the state. Already many of the benefits of Medicaid simplification have been realized. HHSC has changed eligibility determination from a six-month period to six-month continuous eligibility, simplified the application and enrollment process, and made the asset test similar to that for CHIP.

Children in CHIP also may have six-month continuous eligibility. The funding levels assumed in CSHB 1 by Heflin, the general appropriations bill for fiscal 2004-05, assume that CHIP continuous eligibility would change from 12 months to six months.

OPPONENTS
SAY:

This bill represents no compromise at all — it would avoid taxes at the cost of children’s health. Texas does not have a spending problem, but rather a revenue problem. Because the state is unwilling to close loopholes for big businesses or establish a progressive system of taxation, children will go without medical care.

Eligible children would fall off the program if the state postponed 12-month continuous eligibility. Some children’s parents would be unable to return the paperwork in time, causing their children to lose coverage even though they still were eligible.

In addition, many eligible children who fell off the program would go without routine care only to wind up very sick in the emergency room. This would force taxpayers to pay for care at their local hospitals in the more expensive, less appropriate emergency setting. HB 728 would allow the state to save money up front, but local taxpayers would have to foot the rest of the bill.

Postponing continuous eligibility to achieve savings would remove more than \$700 million from the Texas economy. Funding for children’s medical care does not go to the children, but to doctors, nurses, hospitals, and all other areas of Texas’ health care economy. Reducing general revenue funding for Medicaid also would result in a proportionately larger loss because of federal matching dollars that Texas would never receive.

OTHER
OPPONENTS
SAY:

The state should take this opportunity to repeal 12-month continuous eligibility altogether. If CHIP has six-month continuous eligibility, Medicaid should as well. The needed improvement was from six-month non-continuous eligibility to continuous eligibility, which already has been done.

NOTES:

The fiscal note for HB 728 estimates that the bill would save \$286 million in general revenue and \$435.6 million in federal funds in fiscal 2004-05.

The proposal in HB 728 was part of the comptroller’s E-Texas Report, *Limited Government, Unlimited Opportunity*. The Comptroller’s Office estimated the postponement of 12-month continuous eligibility would save \$703 million in all funds in fiscal 2004-05. It estimated that without the proposal, HHSC would enroll an additional 161,000 children each month in fiscal 2004 and 187,000 per month in fiscal 2005.

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The companion bill, SB 941 by Duncan, has been referred to the Senate Health and Human Services Committee.