

SUBJECT: Revising Medicaid service practices and procedures

COMMITTEE: Public Health — committee substitute recommended

VOTE: 7 ayes — Delisi, Coleman, Dawson, Jackson, McReynolds, Solis, Truitt
0 nays
2 absent — Laubenberg, Zedler

SENATE VOTE: On final passage, April 26 — 31-0, on Local and Uncontested Calendar

WITNESSES: For — None
Against — None
On — David Balland, Tim Broadhurst, Olga Garcia, Billy Millwee, Health and Human Services Commission; Susan Syler, Department of Aging and Disability Services

BACKGROUND: Medicaid, the state-federal health insurance program for children, low-income families, the elderly, and disabled individuals, is administered in Texas by the Health and Human Services Commission (HHSC).

DIGEST: CSSB 1188 would direct HHSC to most efficiently use information and financing methods, including maximizing the receipt of federal funds, and reduce administrative burden on participants in the program. HHSC also would have to perform evaluations, including risk assessments and quality reviews, to ensure integrity of the program.

The bill would direct HHSC to investigate a number of programmatic changes, including accepting a program benefit in lieu of supplemental rebates, implementing new services such as respite care, expanded disease management, and additional home health benefits, and optimizing case management initiatives. It also would have to evaluate current programs to determine if they were producing quality outcomes. HHSC would have to embark on a patient and provider education campaign to coordinate the dissemination of information and improve outcomes.

HHSC would establish an Office of Community Collaboration responsible for sharing information and working with stakeholders involved in Medicaid services.

Long-term care. HHSC would have to ensure that Medicaid offered the broadest array of long-term care options possible, including consumer-directed services and end-of-life care. It also would adopt fee schedules for certain long-term care services, such as dental care and durable medical equipment and other methods for achieving cost efficiencies, such as discounted prescription drug plans, auditing of billing, and a reimbursement system for individuals dually eligible for both Medicaid and Medicare. SB 1188 also would require evaluation of case management fees used in primary care case management.

Managed care. The bill would require managed care organizations to use advanced practice nurses in addition to physicians as primary care providers and reimburse federally qualified health centers for after-hours services without a referral. The bill would limit the amount an insurer could charge the state for data about other insurance coverage Medicaid recipients might have. Insurers would be prohibited from charging a fee to process claims for reimbursement.

Improve administration of contracts. HHSC would have to improve the administration of contracts by retaining a qualified staff, maximizing recovery options, decreasing administrative burden, requiring conformity in reporting, and other business practices. HHSC would have to post on its Web site the name and information about managed care organizations that failed to meet contractual requirements and received final enforcement actions.

HHSC would evaluate the feasibility of a new federal waiver combining quality assurance functions, such as utilization review, case management, and provider incentives. If feasible, HHSC would be directed to obtain the waiver.

The bill would require HHSC to make periodic reports to the Legislature on implementation of these projects. If a waiver or other federal authorization were required, HHSC would be directed to obtain it.

The bill would take effect September 1, 2005.

**SUPPORTERS
SAY:**

Since 2003, the health and human services delivery system has undergone a complete reorganization due to HB 2292 by Wohlgenuth, enacted by the 78th Legislature. Now that the infrastructure is in place, the next step is to focus on business practices and efficiencies in certain programs. This bill would establish a strong basis for the types of activities HHSC should perform in the Medicaid program to ensure that the interests of taxpayers, recipients, stakeholders, and administrators were best served. Medicaid is one of the largest budget functions in Texas with an annual budget of over \$9 billion in fiscal 2005. This bill would ensure help that HHSC continued to be a prudent steward of those funds.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The committee substitute added provisions about Medicaid financing, insurance, benefits in lieu of supplemental rebates, rate setting, and possible new initiatives. It would not include a requirement in the Senate-passed version that managed care contracts include provider payment rates.

The fiscal note projects that CSSB 1188 would result in a gain of less than \$1 million to general revenue-related funds in fiscal 2006-07.