

BILL ANALYSIS

Senate Research Center
77R8137 KKA-D

C.S.S.B. 1156
By: Zaffirini
Finance
4/10/2001
Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, the state of Texas, along with the nation, is experiencing an increase in cost per Medicaid recipient. This is due to the general rise in health care utilization, the recent rise in caseload, the increasing utilization and prices of prescription drugs, and the decrease in Texas' Federal Medical Assistance Percentage. C.S.S.B. 1156 relates to the financing of, and eligibility for, the state Medicaid program. The bill contains provisions for Medicaid reform and includes changes to the limits for the vendor drug program; the removal of assets test for Medicaid children; continuous eligibility for children transitioning from Medicaid to CHIP or private insurers; waivers for medications and related services for persons with HIV infection or AIDS; and women's health care services and a medical assistance buy-in program for certain recipients with disabilities.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 32.024, Human Resources Code, by adding Subsection (x), to require the Health and Human Services Commission (department), in its rules and standards governing the vendor drug program, to provide for cost-sharing by recipients of prescription drug benefits under the medical assistance program in a manner that ensures that recipients with higher levels of income are required to pay progressively higher percentages of the costs of prescription drugs.

SECTION 2. Amends Chapter 32B, Human Resources Code, by adding Section 32.053, as follows:

Sec. 32.053. DEMONSTRATION PROJECT FOR CERTAIN MEDICATIONS AND RELATED SERVICES. Requires the department to establish a demonstration project to provide to a person through the medical assistance program psychotropic medications and related laboratory and medical services necessary to conform to a prescribed medical regime for those medications.

- (b) Provides that a person is eligible to participate in the demonstration project if the person meets certain requirements.
- (c) Requires the department, notwithstanding any other provision of this section, to provide each participant in the demonstration project with a 12-month period of continuous eligibility for participation in the project.
- (d) Provides that a participant in the demonstration project is not subject to the monthly three-prescription limit under the medical assistance program.
- (e) Requires the department to establish an appropriate enrollment limit for the demonstration project and prohibits allowing participation in the project to exceed that limit. Requires the department, once the limit is reached, to establish a waiting list for

enrollment in the demonstration project.

(f) Authorizes the department, to the extent permitted by federal law, to require a participant in the demonstration project to make cost-sharing payments for services provided through the project.

(g) Requires the department, to the maximum extent possible, to use existing resources to fund the demonstration project.

(h) Requires the department, not later than December 1 of each even-numbered year, to submit a biennial report to the legislature regarding the department's progress in establishing and operating the demonstration project.

(i) Requires the department, not later than December 1, 2006, to evaluate the cost-effectiveness of the demonstration project, including whether the preventive drug treatments and related services provided under the project offset future long-term care costs for project participants. Requires the department, if the results of the evaluation indicate that the project is cost-effective, to incorporate a request for funding for the continuation of the program in the department's budget request for the next state fiscal biennium.

(j) Provides that this section expires September 1, 2009.

SECTION 3. Amends Chapter 531B, Government Code, by adding Sections 531.02101 and 531.02102, a follows:

Sec. 531.02101. TRANSFER AUTHORITY RELATING TO ADMINISTRATION OF MEDICAID PROGRAM. (a) Authorizes the commission, under certain specific conditions, to transfer any power, duty, function, program, activity, obligation, right, contract, record, employee, property, appropriation, or other money relating to administration of the Medicaid program from a health and human services agency to the commission.

(b) Prohibits a transfer authorized by Subsection (a) from taking effect unless approved by the Medicaid legislative oversight committee created under Section 531.02102.

(c) Requires the commission to notify the Legislative Budget Board and the governor's office of budget and planning not later than the 30th day before the effective date of a transfer authorized by Subsection (a).

Sec. 531.02102. MEDICAID LEGISLATIVE OVERSIGHT COMMITTEE. (a) Sets forth the composition of the Medicaid legislative oversight committee.

(b) Provides that a member of the committee serves at the pleasure of the appointing official.

(c) Requires the lieutenant governor and the speaker of the house of representatives to appoint the presiding officer of the committee on an alternating basis. Requires the presiding officer to serve a two-year term expiring February 1 of each odd-numbered year.

(d) Requires the committee to carry out certain duties.

(e) Authorizes the committee to use staff of standing committees in the senate and house of representatives with appropriate jurisdiction, the Department of Information

Resources, the state auditor, the Texas Legislative Council, and the Legislative Budget Board in carrying out its responsibilities.

SECTION 4. Amends Section 531.0214(d), Government Code, to delete language regarding information relating to Medicaid clients for whom more than three medications have been prescribed and the medical effect denial of Medicaid coverage for more than three medications has had on Medicaid client.

SECTION 5. Amends Section 531.026(a), Government Code, to add language specifying new individuals and groups to whom the commission is required to submit a consolidated health and human services budget recommendation not later than October 15 of each even-numbered year.

SECTION 6. Amends Chapter 531B, Government Code, by adding Section 531.0261, as follows:

Sec. 531.0261. **CONSOLIDATED MEDICAID APPROPRIATIONS REQUEST.** (a) Requires the commission to include in the consolidated budget recommendation required by Section 531.026 a consolidated Medicaid appropriations request for the subsequent fiscal biennium.

(b) Requires the commission to carry out certain duties related to the Medicaid appropriations request.

SECTION 7. Amends Chapter 531B, Government Code, by adding Section 531.0272, as follows:

Sec. 531.0272. **COMPREHENSIVE MEDICAID OPERATING BUDGET; QUARTERLY EXPENDITURE REPORTS.** (a) Requires the commission to prepare a comprehensive Medicaid operating budget at the beginning of each fiscal year, with input as appropriate from each health and human services agency that receives legislative appropriations relating to the Medicaid program.

(b) Requires the commission to monitor all Medicaid expenditures by the commission and health and human services agencies and submit quarterly Medicaid expenditure reports to certain individuals and groups.

(c) Requires the commission to prepare the comprehensive Medicaid operating budget and quarterly Medicaid expenditure reports with input from the Legislative Budget Board and the governor's office of budget and planning to ensure that the information described by Section 531.0261(b)(1) is reflected.

SECTION 8. Amends Chapter 533A, Government Code, by adding Sections 533.0055 and 533.016, as follows:

Sec. 533.0055. **EVALUATION OF REPORTING REQUIREMENTS AND INSPECTION PROCEDURES.** (a) Requires the commission to perform certain duties.

(b) Requires the Health and Human Services Commission (commission) to submit a report to the legislature regarding the evaluation of and methods for streamlining on-site inspection procedures and reporting requirements for managed care organizations and health care providers providing health care services to recipients. Requires the report to include recommendations on which methods should be implemented and a schedule for implementation.

(c) Provides that this section expires September 1, 2002.

Sec. 533.016. **INTERAGENCY SHARING OF INFORMATION.** Requires the

commission to require a health and human services agency implementing the Medicaid managed care program to provide to each other health and human services agency implementing the Medicaid managed care program information reported to that agency by a managed care organization or health care provider providing services to recipients.

SECTION 9. Transfers the functions of the Texas Department of Health relating to the Medicaid program to the Health and Human Services Commission on January 1, 2002, or on an earlier date specified by the Health and Human Services Commission.

SECTION 10. Requires the state agency responsible for implementing the demonstration projects required by Sections 32.053, Human Resources Code, as added by this Act, to request and actively pursue any necessary waivers or authorizations from the Health Care Financing Administration or other appropriate entities to enable the agency to implement the demonstration projects not later than September 1, 2002. Authorizes the agency to delay implementing the demonstration projects until the necessary waivers or authorizations are granted.

SECTION 11. Requires The Health and Human Services Commission to submit the report required by Section 533.0055(b), Government Code, as added by this Act, not later than November 1, 2002.

SECTION 12. Requires the lieutenant governor and the speaker of the house, as soon as possible after the effective date of this Act, to appoint the members of the Medicaid legislative oversight committee created by Section 531.02102, Government Code, as added by this Act. Requires the lieutenant governor to appoint the initial presiding officer of the committee.

SECTION 13. (a) Requires a state agency affected by a provision of this Act to request a waiver or authorization and authorizes the agency to delay implementing that provision until the waiver or authorization is granted, if the agency determines before implementing any provision of this Act that a waiver or authorization from a federal agency is necessary, subject to Subsection (b) of this section.

(b) Provides that implementation of Section 32.053, Human Resources Code, as added by this Act, is governed by Section 10 of this Act.

SECTION 14. (a) Effective date: September 1, 2001, except as provided by Subsection (b) of this section. Provides that this Act applies to a person receiving medical assistance on or after that date regardless of the date on which the person began receiving that medical assistance.

(b) Effective date: upon passage or September 1, 2001, for Sections 2, 8, and 10 of this Act.

SUMMARY OF COMMITTEE CHANGES

Differs from original as follows:

- SECTION 1. Adds language requiring the Health and Human Services Commission (department), in its rules and standards governing the vendor drug program, to provide for cost-sharing by recipients of prescription drug benefits under the medical assistance program in a manner that ensures that recipients with higher levels of income are required to pay progressively higher percentages of the costs of prescription drugs.
- Deletes original SECTIONS 2-5.
- Redesignates original SECTION 6 as SECTION 2, deletes proposed Sections 32.054 and 32.055, Human Resources Code, and adds language relating to which persons are eligible to participate in the demonstration project in proposed Section 32.053(b). Adds new Subsections (c), (e), (f), and (g), and redesignates original Subsections (f)

and (g) to (i) and (j). In Subsection (j) it changes the expiration date of the section from September 1, 2007, to September 1, 2009.

- SECTION 3. Adds a new SECTION 3 relating to the transfer of authority relating to administration of the Medicaid program.
- Redesignates original SECTION 8 as SECTION 4.
- SECTION 5. Adds a new SECTION 5 to amend Section 531.026(a), Government Code, to add language specifying new individuals and groups to whom the commission is required to prepare and submit a consolidated health and human services budget recommendation not later than October 15 of each even-numbered year.
- SECTION 6. Adds a new SECTION 6 relating to a consolidated Medicaid appropriations request.
- Deletes original SECTION 7 relating to a demonstration project for a medical assistance buy-in program for certain recipients with disabilities.
- SECTION 7. Adds a new SECTION 7 relating to a comprehensive Medicaid operating budget and quarterly expenditure reports.
- Redesignates original SECTION 9 as SECTION 8.
- SECTION 9. Adds a new SECTION 9 to transfer the functions of the Texas Department of Health relating to the Medicaid program to the Health and Human Services Commission on January 1, 2002, or on an earlier date specified by the Health and Human Services Commission.
- Deletes original SECTION 10 relating to a given sum being appropriated to the commission for the implementation of this Act.
- Deletes original SECTION 11 relating to the adoption of rules by the commission or other appropriate state agency operating part of the medical assistance program.
- Redesignates original SECTION 12 as SECTION 10.
- Redesignates original SECTION 13 as SECTION 11.
- SECTION 12. Adds a new SECTION 12 relating to the appointment of members to the Medicaid legislative oversight committee.
- SECTION 13. Makes conforming changes in Subsection (b).
- SECTION 14. Makes conforming changes in Subsection (b).