

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1585
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.S.B. 1585 directs the Health and Human Services Commission (HHSC), the Department of Aging and Disability Services (DADS), and the Office of the Comptroller of Public Accounts of the State of Texas (comptroller's officer) to the conduct a study on the feasibility of establishing a prepaid investment plan or product to help citizens of this state finance and access residential care.

Background:

- The health care needs of Texas seniors and those living with disabilities are increasing and becoming more complex. Texas has the third-largest population of older adults and the second-largest population of people with disabilities in the nation. This has high cost implications for families with older adults or an individual with a disability, especially those who require long-term or residential care services.
- In Texas, the annual cost of residential care can range from \$35,000 to \$67,000. Medicare payment is limited and only a small portion of the population has long-term care insurance. Medicaid is the largest payer of these services in Texas but individuals still have to contribute an average of \$715 per month, which is almost all of their income.
- Due to the high cost of long-term care services and lack of payment alternatives for those who do not qualify for Medicaid, residential care services are not accessible to or bankrupt middle-class working Texans. Although Texas offers services to families who have children with complex health needs, the wait times can be up to 12 to 13 years.

Provision:

- The purpose of C.S.S.B. 1585 is to study the feasibility of developing a cost-effective payment alternative to help Texans cover the cost of residential care. The bill requires HHSC, DADS, and the comptroller's office to conduct the feasibility study and submit a report to the legislature.
- The program would be administered by the state and modeled after the prepaid higher education tuition programs such as the Texas Tomorrow Fund. The plan would allow individuals to invest in a prepaid investment plan or product that provides financial support to cover the cost of residential care programs.
- This ensures that families who have older adults or individuals living with disabilities have the financial security and peace of mind that their loved ones will be taken care of in the future. This has cost-savings implication for the state as it decreases the state contribution to care for these individuals.

Committee Substitute

- Strikes the word "industry" on page 2, line 17, to allow state agencies to consult with advocacy groups and other stakeholders rather than limiting to industry stakeholders.
- Deletes the "nursing facility" definition on page 1 (this term is not used anywhere else and was a Texas Legislative Council error).

- Redefines "residential care" to expand the settings that can be financed through the prepaid investment plan. The "least restrictive care setting" is a federal term used to encourage individuals to seek care in home or community-based care rather than in an institutional setting.

C.S.S.B. 1585 amends current law relating to a study on the feasibility of establishing a prepaid investment plan or other product to help citizens of this state finance and access residential care.

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. (a) Defines "commission," "executive commissioner," and "residential care."

(b) Requires the executive commissioner of the Health and Human Services Commission (executive commissioner), in cooperation with the comptroller of public accounts of the State of Texas (comptroller) and the commissioner of aging and disability services, to conduct a study on the feasibility of developing a program that is:

(1) modeled after the prepaid higher education tuition program established under Subchapter F (Prepaid Higher Education Tuition Program), Chapter 54, Education Code;

(2) administered by the state; and

(3) designed to provide a mechanism through which citizens of this state may invest in a prepaid investment plan or other product meant to supplement long-term care insurance by providing participants additional financial support to cover the cost of residential care.

(c) Requires the executive commissioner, in conducting the study under Subsection (b) of this section, to:

(1) evaluate existing systems and programs for providing residential care in this state;

(2) evaluate the economic circumstances of the elderly and low-income populations and persons with disabilities in this state who are in need of residential care;

(3) consider alternative systems and programs for providing and financing residential care that will increase the affordability, sustainability, desirability, quality, and cost-effectiveness of residential care in this state, taking into consideration model systems and programs used in other states;

(4) consult with interested stakeholders as well as other appropriate state and federal agencies;

(5) consider ways to encourage participation, coordination, and involvement of the federal government and private sector; and

(6) consider the possibility of developing a tax-advantaged investment plan under which either contributions to the plan are tax-deductible for federal income tax purposes or distributions of earnings from the plan are not subject to federal income tax.

(d) Requires the executive commissioner, not later than November 1, 2016, to submit a written report containing the findings of the study conducted under Subsection (b) of this section together with the executive commissioner's recommendations to the governor and the legislature. Requires that the recommendations include proposals for alternative systems described by Subsection (c)(3) of this section that are developed based on the findings of the study.

(e) Provides that this section expires September 1, 2017.

SECTION 2. Effective date: upon passage or September 1, 2015.