HOUSE
RESEARCH
ORGANIZATION bill analysis   5/16/95

SB 602
Zaffirini, Moncrief, et al.
(CSSB 602 by Maxey)

SUBJECT: Implementation of a Medicaid computer database

COMMITTEE: Public Health — committee substitute recommended

VOTE: 9 ayes — Berlanga, Hirschi, Coleman, Delisi, Glaze, Janek, Maxey, McDonald, Rodriguez

              0 nays

SENATE VOTE: On final passage, March 23 — 30-0)

WITNESSES: (*On House companion, HB 1973*)

              For — Joyce Dawidczyk, United Cerebral Palsy; Nancy Epstein, Disability Policy Consortium; James Willmann, Texas Nurses Association.

              Against — None

              On — DeAnn Friedholm, Texas Health and Human Services Commission; Lynne Hudson, Susan Steeg, Texas Department of Health; Donald Gessler, M.D., Texas HMO Association.

BACKGROUND: For background on Medicaid, the state-federal health program for certain low-income persons, see analysis of SB 10 in today's *Daily Floor Report*.

DIGEST: CSSB 602 would require the Health and Human Services Commission and each health and human services agency that administers a part of the Medicaid program to jointly develop a coordinated and integrated database system. The system would be used to facilitate comprehensive analysis of Medicaid data and to detect provider or client fraud.

              The system would also have to provide information to analyze the use of prescription medicines, including information relating to Medicaid clients for whom more than three medications have been prescribed and the medical effect denial of Medicaid coverage of more than three medications has had on Medicaid clients.

The commission would be required to coordinate the efforts of the agencies with the efforts of the other agencies involved in a statewide health data collection system enacted by the 74th Legislature and to avoid duplication of state expenditures for computer hardware, staff or services.

The bill would take effect September 1, 1995.

SUPPORTERS SAY:

CSSB 602 would help the state synthesize existing data collection efforts, accurately analyze and budget Medicaid expenditures and detect Medicaid fraud and abuse. Medicaid data is collected by many state agencies but in formats that are not integrated or useful to investigate specific questions or patterns of fraud and abuse. It can take two to six weeks to get adequate information due to reprogramming needs, data complexities and competing agency priorities.

An integrated data system would also give the state a tool to detect where statutory or regulatory changes could be made to make the program more cost-efficient, to comprehensively audit the Medicaid program and to monitor quality of care and client satisfaction.

CSSB 602 would require $1.1 million for start-up costs only in 1996 — for computer hardware and software and administrative costs for integrating the data — and nominal software and associated costs each subsequent year. Half of the anticipated costs would be paid by the federal government, and coordination with other state data collection efforts would be ensured by provisions requiring commission to avoid duplicating hardware, software and personnel expenses.

Savings resulting from improved ratemaking, nonpayment for fraudulent services and better budgeting are anticipated from an integrated database but are not reflected in the fiscal note because they are difficult to predict.

CSSB 602 proposes steps recommended by the Senate Health and Human Services Committee interim study on Medicaid reform.

OPPONENTS SAY:

No apparent opposition

NOTES: The committee substitute added to the Senate-passed version provisions requiring the avoidance of duplication of state health database expenditures and requiring information and analysis on the use of prescription drugs.

Also on today's calendar are five other bills relating to Medicaid and allied issues: SB 10, SB 600, SB 601, SB 604 and SB 605.