

**SUBJECT:** Medicaid exemption for certain nursing home beds

**COMMITTEE:** Human Services — committee substitute recommended

**VOTE:** 7 ayes — Naishtat, Maxey, Christian, J. Davis, Noriega, Truitt, Wohlgemuth  
0 nays  
2 absent — Chavez, Telford

**WITNESSES:** For — Randy Johnson, Sears Methodist Retirement System; Mauro Reyna, AARP  
Against — None  
On — Marc Gold, Department of Human Services; Tim Graves, Texas Health Care Association; Glen Provost, Texas Tech University Health Sciences Center

**BACKGROUND:** Sec. 32.0213 of the Human Resources Code requires the Department of Human Services to establish procedures for controlling the number of Medicaid beds in nursing facilities. New Medicaid-certified nursing home beds cannot be built unless certain occupancy rates are achieved. Exemptions to this rule are made under certain circumstances for Alzheimer’s services, rural counties, underserved areas, and areas with high minority populations. The commissioner also may authorize an exemption under special circumstances.

**DIGEST:** CSHB 3693 would require DHS to exempt from the procedures for controlling the number of Medicaid beds a facility that:  
! is affiliated with a state-supported medical school;  
! is located on land owned or controlled by the state-supported medical school; and  
! serves as a teaching facility for physicians and related health care professionals.  
The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

SUPPORTERS  
SAY:

CSHB 3693 would allow for the establishment of a unique, comprehensive geriatric care, teaching, and research center in Lubbock on the campus of Texas Tech. The elderly are the fastest growing segment of the population, and the demand for long-term health care services is expected to increase dramatically.

The center would help the whole state of Texas to meet the needs of its aging population by providing:

- ! on-site training for a variety of health care professionals interested in working in the nursing home and geriatric fields, including nurses, doctors, pharmacists, and aides;
- ! services, consultations, and instruction to other areas of the state through telecommunications and through the participation of staff from surrounding nursing facilities; and
- ! a way to meet the needs of the indigent and elderly population of rural West Texas communities.

The center plans to have a total of about 120 beds, 60 of which would be dedicated to the care of residents with Alzheimer's disease, with 30 beds for Medicaid-eligible residents. Medicaid recipients represent a significant majority of Texas nursing home residents. The inclusion of Medicaid beds would give the teaching facility a resident mix that reflects the Texas nursing home population. Adding only 30 Medicaid beds would have minimal impact on statewide and local occupancy rates.

The impact of this bill on the state would be much greater than the issue of increasing nursing home beds. All of the deans in the Texas Tech health-related programs are participating in the design of this program. The Texas Tech geriatric teaching center is the only such facility proposed in Texas. Although other medical schools have nursing homes that are affiliated with their operations, this would be the only *on-campus* facility, and the first teaching facility of this nature on a university campus in the country.

Most health professionals trained in this center will relocate to other parts of the state, benefitting the overall health care system in Texas.

The exemption that would be authorized by this bill already is limited and would not have a significant impact on the building of additional beds. The state could decide to limit this exemption in the future if proposals for on-

campus facilities begin to increase as a result of this bill.

The geriatric center would be managed by the Sears Methodist Retirement Center. Texas Tech plans on pulling together an advisory panel that would include statewide experts in the health care and geriatric fields as well as local providers.

OPPONENTS  
SAY:

This bill could increase the number of unused nursing home beds in Texas, and could cause unfair competition for existing nursing homes not only for residents, but for nurses and other needed staff.

This bill would not be limited to the Texas Tech/Sears Methodist Retirement Center proposal, but would affect every state medical school. There currently are about 31,000 unoccupied Medicaid-certified nursing home beds in Texas, and about 9,500 empty beds in nursing facilities associated with medical schools.

The number of Medicaid-certified beds needs to be contained because the state ends up paying for both empty Medicaid beds and occupied beds, due to the way costs are calculated and reported by Medicaid-certified facilities. Any increase in the number of Medicaid beds potentially increases unnecessary Medicaid costs.

OTHER  
OPPONENTS  
SAY:

The exemption should be made more limited in scope and should require the involvement of local nursing facility and long-term care providers. For example, the facility should be limited to 60 beds and should be required to establish an advisory panel to help design the teaching program and to include local providers in opportunities for internships and special training.

NOTES:

The committee substitute removed the effective date of September 1, 1999, from the filed version of the bill and instead would have the bill take immediate effect.