

- SUBJECT:** Demonstration project for federal-local medical assistance for adults
- COMMITTEE:** Public Health — committee substitute recommended
- VOTE:** 7 ayes — Gray, Coleman, Delisi, Glaze, Maxey, Uresti, Wohlgemuth
1 present, not voting — Capelo
0 nays
1 absent — Longoria
- WITNESSES:** For — Anne Dunkelberg, Center for Public Policy Priorities; David Gonzales, Texas Pharmacy Association; Deborah Kastrin, El Paso County Commissioners Court; David Lurie, City of Austin and Travis County Health and Human Services Department; Lisa McGiffert, Consumers Union; Karen Reagan, Texas Federation of Drug Stores and Texas Retailers Association; *Registered but did not testify:* Ed Berger, Seton Healthcare Network; Alison Dieter, Texas Gray Panthers; DeAnn Friedholm, Americaid Community Care; Jill Ireland; Susan Jones, Texas Hospital Association; Leah Rummel, Texas Association of Health Plans; Linda Rushing, Texas Catholic Conference; Marc Samuels, Texas Academy of Internal Medicine
Against — None
On — Linda Wertz, Health and Human Services Commission
- BACKGROUND:** The federal government provides funding for a variety of state medical assistance programs, including Medicaid for the poor, disabled, and elderly. Uses for those funds are generally determined by federal and state regulations, but the federal government has created ways for states to try programs that are not in regulation. To do this, states must apply for a waiver or propose a demonstration project, pursuant to the federal Social Security Act, sec. 1115(a).
- DIGEST:** CSHB 2807 would direct the Health and Human Services Commission (HHSC) to establish a demonstration project to provide medical assistance to

adults whose income was below 200 percent of the federal poverty level. The program would be financed through local funds, which would be certified rather than transferred to the state. Participating cities or counties would receive federal matching funds for their local funds.

Individuals who met the income requirement, were not otherwise eligible for Medicaid, and did not have health insurance would be eligible to participate in this program. The program could not limit benefits for prescription drugs.

The Texas Department of Health (TDH) would have to select the cities or counties to participate in this demonstration project. At least one county in the project would have to have a population of more than 725,000, or at least one city would have to have a population of more than 600,000.

HHSC would have to monitor the use of medical services, preventative care, and prescription drugs. Each even-numbered year, TDH would have to evaluate the efficacy of the program and, if warranted, incorporate the project into its budget request for the next biennium. TDH also would have to submit a report to the Legislature summarizing its findings.

CSHB 2807 would direct HHSC to seek any necessary federal waivers or authorizations needed to implement the bill's provisions. The agency could delay implementation until the federal waivers or authorization was granted. TDH would have to implement the demonstration project by January 1, 2002.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2001.

**SUPPORTERS
SAY:**

CSHB 2807 would provide medical assistance to low-income people who earn too much to be eligible for Medicaid but too little to afford health insurance. Many counties and cities in Texas have stepped in with funding to provide some sort of health coverage for these people, but these entities are limited in the number of people they can serve by the amount of funding they can dedicate to their coverage. This bill would allow cities or counties to cover more people because the federal government would match the local funds at the same rate it matches state funds for Medicaid, about a 60/40

split of federal to state money.

CSHB 2807 would allow many areas of Texas to take advantage of this program if they wanted. Even though this would be a demonstration project, which usually implies a smaller scope, any county or city could take part, either individually or regionally. The population requirements for one city or county within a regional plan would ensure that the program could be administered by a county with sufficient resources to serve in that function.

This bill would encourage communities to support their residents who need medical assistance. Because there would be a federal match for local funds, communities would make a greater impact and could be more willing to dedicate funds for this purpose.

OPPONENTS
SAY:

No apparent opposition.

NOTES:

According to the bill's fiscal note, the demonstration project would cost the state \$176,000 in general revenue in fiscal 2002 for automation costs. Local governments would spend about \$8.6 million in fiscal 2002-03, and federal funding would total \$13.3 million.

The committee substitute changed the income limitation from 100 percent of the federal poverty level to 200 percent, added provisions that would ensure that the program would not limit prescriptions, and added requirements for the size of local governments that could participate.