

SUBJECT: Evaluation of required co-payments for Medicaid managed care

COMMITTEE: Public Health — favorable, without amendment

VOTE: 9 ayes — Gray, Coleman, Capelo, Delisi, Glaze, Longoria, Maxey, Uresti, Wohlgemuth
0 nays

SENATE VOTE: On final passage, May 2 — 29-0

WITNESSES: None

BACKGROUND: Medicaid is the state-federal health care program for the poor, elderly, and disabled. In 1995, the 74th Legislature enacted SB 10 by Zaffirini, which established the Medicaid managed care program. Medical benefits now are provided two ways through Medicaid — fee-for-service or managed care.

Federal Medicaid regulations permit limited cost sharing in the form of nominal deductibles or coinsurance payments. These funds can be used to offset the total amount of federal and state expenditures.

DIGEST: SB 101 would direct the Health and Human Services Commission (HHSC) to evaluate the feasibility of requiring nominal co-payments from Medicaid recipients. HHSC would make a recommendation to the Legislature based on this evaluation by November 1, 2002. This provision would expire September 1, 2003.

The 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:**

SB 101 would direct HHSC to look at an option that some believe would improve the Medicaid system. Co-payments are a reality of private medical coverage and for CHIP, the state-assisted health insurance program for children of low-income families who do not qualify for Medicaid. Co-payments would allow recipients to participate in their health care and could reduce the association of being on Medicaid with welfare. Cost-sharing arrangements also can be used to encourage recipients to establish a “medical home” with a primary-care doctor, thus reducing inappropriate use of the emergency room. SB 101 would direct HHSC to study the feasibility of implementing these provisions, but would leave the decision up to the Legislature.

**OPPONENTS
SAY:**

The study would be a waste of resources given that the state’s options for instituting co-payments are well defined by federal law and that lawmakers do not need additional information to make a decision about using them. The federal regulations define the rates and populations that the state can consider in cost-sharing. Also, decisions are being made this session about cost-sharing in pharmaceuticals through SB 1156 by Zaffirini, the omnibus Medicaid bill. The state has enough information about cost sharing; now it needs to use that information to make decisions.

NOTES:

The committee amendment would expand the evaluation of using co-pays to all Medicaid recipients, not just those enrolled in Medicaid managed care.