SUBJECT: Provision of indigent health care in counties

COMMITTEE: Public Health — committee substitute recommended

VOTE: 7 ayes — Delisi, Jackson, Cohen, Gonzales, S. King, Olivo, Truitt

0 nays

2 absent — Laubenberg, Coleman

SENATE VOTE: On final passage, March 28 — 30-0, on Local and Uncontested Calendar

WITNESSES: (*On original version:*)
For — *Registered, but did not testify:* Jennifer Cutrer, Parkland Health and Hospital System

Against — None

On — *Registered, but did not testify:* Jan Maberry, Texas Department of State Health Services; Glen Van Slyke, Harris County Hospital District

(*On committee substitute SB 551:*)
For — Jim Allison, County Judges and Commissioners Associate of Texas; (*Registered, but did not testify:* Van York, Borden County)

BACKGROUND: Health and Safety Code, ch. 61, the Indigent Health Care and Treatment Act, defines the indigent health-care responsibilities of counties and public hospitals. For people residing in counties that do not have a hospital district, the County Indigent Health Care Program (CIHCP) provides health care services to eligible county residents with incomes at or below 21 percent of the federal poverty level (FPL). The county is responsible for paying up to $30,000 of qualifying health expenses per resident. Program requirements must be less restrictive than Temporary Assistance for Needy Families (TANF) guidelines, and application, documentation, and verification procedures must be consistent with and analogous to procedures used to determine eligibility for TANF.

A county is eligible to receive state assistance through CIHCP once it has spent 8 percent of its general revenue tax levy on mandatory indigent health-care services for eligible individuals. Under CIHCP, the state funds 90 percent of qualifying medical expenses that the county provides in excess of 8 percent of the county tax levy. If state assistance funding is depleted, counties that exceed the expenditure threshold are not obligated to continue to provide indigent health care.

The Texas Department of State Health Services (DSHS) administers CIHCP. DSHS Region 3 is the region encompassing the Dallas area.

DIGEST:

CSSB 551 would conform CIHCP application and eligibility procedures with TANF guidelines. The transferal of countable resources could not be more restrictive than the resource requirement for the TANF program.

CIHCP eligibility and liability requirements. The minimum eligibility standards for CIHCP would be increased to incorporate a net income eligibility level of 25 percent of the federal poverty level rather than 21 percent FPL. The maximum county liability for each state fiscal year for the health care services to each eligible county resident would be increased from $30,000 to $35,000.

Reporting requirements. The bill would require DSHS to establish uniform reporting requirements for hospital districts. Public hospitals, counties, and hospital districts would provide required reports to DSHS annually.

By the 30th day after the beginning of the state fiscal year, a county would have to submit to DSHS eligibility standards, application procedures, and a statement of the total amount of county funds expended for indigent health care services in the previous state fiscal year.

Regional health care systems review committee. CSSB 551 would create the regional health care systems review committee to conduct public hearings and study the implication of implementing regional health care services to address indigent health care in Region 3. The committee would be composed of each legislator, county commissioner, county judge, and executive director of a public or nonprofit hospital system in or representing Region 3. The committee would:

- examine whether a regional system to provide indigent health care should be offered throughout the region;
- examine whether there should be a mechanism for additional counties to participate in the regional health care system; and
- perform a review of funding and financing options, including a review of funding indigent health care in the region.

The committee could accept gifts, grants, and other support to carry out its duties. By September 1, 2008, the committee would issue a report on indigent health care that summarized hearings and studies conducted by the committee and legislation and recommendations proposed by the committee.

General provisions. A county only would have to notify DSHS of the county's intent to provide medically necessary services in addition to basic services provided under CIHCP to receive credit for those services toward eligibility for CIHCP state assistance.

A public hospital could adopt reasonable procedures to minimize and detect fraud. The hearings process for public hospital districts would provide for appropriate due process.

The bill would repeal Health and Safety Code, sec. 61.023 so that a county no longer could contract with DSHS to perform CIHCP eligibility determination.

The bill would take effect September 1, 2007, and would apply to any application for health assistance for which a final determination of eligibility had not been made before the effective date.

SUPPORTERS SAY:

CSSB 551 would make necessary changes conforming the Texas indigent health care law to TANF guidelines and would increase health care coverage for the indigent population. Counties are the primary source of care for the indigent population in Texas. People with incomes of up to 25 percent FPL cannot afford adequate health care. Using 2007 standards, the 25 percent FPL standard would qualify families of four making $5,163 or less per year to receive indigent health care services. The new standards would enhance health care given to indigent populations and would allow the state to use more of the funding it has committed to CIHCP. With the 21 percent FPL standard, the state did not exhaust its entire CIHCP budget in 2006. In addition, the 25 percent FPL standard only would represent a

fraction of the standard that hospitals in hospital districts are required to provide to indigent populations to continue receiving certain federal funds. The requirement that counties spend up to $35,000 for the health care services of each eligible county resident would represent the first increase in this requirements since 1987. The increase in this bill would represent only a fraction of inflation during the past 20 years.

The size of the fiscal note is deceiving, because CIHCP assistance is limited to appropriated funds. During fiscal 2006-07, the CIHCP program was appropriated $14.1 million, including approximately $5.6 million per year that could be used to match county indigent care expenditures. The full amount of funding indicated in the fiscal note would not be paid by the state unless the budget for the CIHCP program was more than doubled in fiscal 2008-09.

The bill would afford other benefits, including providing greater insight into indigent care spending by requiring counties to report on their indigent care programs, which would help ensure that the program complied with statute. Also, the bill would create regional health care systems review committee which could explore funding options for indigent health care on a regional basis.

OPPONENTS SAY:

CSSB 551 would have a large fiscal note due to increases in eligibility requirements for CIHCP. The state should not be assuming more responsibility for paying for indigent care, nor should it be placing more requirements on counties and public hospitals. The requirements would be imposed upon the counties, but hospitals would be impacted as well because public hospitals are required to endeavor to provide the same basic services provided by the county. Increases in services and eligibility standards should be optional, not mandatory. The state should not tell local governments and hospitals how to take care of the residents of their service areas.

NOTES:

The fiscal note indicates a cost of $27.8 million in fiscal 2008-09. DSHS estimates an annual cost of $13.9 million in general revenue due to 60 additional counties qualifying for state assistance under the program.