HOUSE
RESEARCH
ORGANIZATION bill analysis | 5/1/2009 | HB 67
Lucio, et al.

SUBJECT: Medicaid buy-in program for children with developmental disabilities

COMMITTEE: Human Services — favorable, without amendment

VOTE: 9 ayes — Rose, Herrero, Darby, Elkins, Hernandez, Hughes, Legler, Naishtat, Walle

0 nays

WITNESSES: For — Douglas Best; Terri Carriker; John Holcomb, Texas Medical Association, Texas Pediatric Society, and Texas Academy of Family Physicians; Carla Obledo; Violeta Yost; Dolores Zarate; (*Registered, but did not testify:* Jennifer Banda, Texas Hospital Association; Conni Barker, De Pelchin Children's Center; Ed Berger and J.T. Dwyer, Seton Family of Hospitals; Elizabeth Bible; Dennis Borel, Coalition of Texans with Disabilities; Kelleigh Carter; Hilton Chancellor; Dawn Choate, The ARC of Texas; Katie Coburn, Texas Association of Community Health Centers; Melissa Cubria, TexPIRG; Anne Dunkelberg, Center for Public Policy Priorities; Kathy Eckstein, Children's Hospital Association of Texas; Randall Ellis, One Voice; Eileen Garcia-Matthews, Texans Care For Children; Kyla Hebert; Maria Huemmer, Texas Catholic Conference, Roman Catholic Bishops of Texas; Bob Kafka, ADAPT of Texas; Elizabeth Lippincott, CHRISTUS Health Texas Border Coalition; Mary Lopez, Methodist Healthcare Ministries; Scott McAninch, San Antonio Non Profit Council; Michelle McClelen, Texas Association of Community Organizations for Reform Now; Jeff Miller, Advocacy Incorporated; Bee Moorhead, Texas Impact; Susan Payne, Parent Association for the Retarded of Texas; Susan Payntor, Christian Life Commission Baptist General Convention of Texas; Patty Quinzi, Texas American Federation of Teachers; Jason Sabo, United Ways of Texas; Rebekah Schroeder, Texas Children's Hospital; Misty Shores; Andrew Smith, University Health System; Candise Spikes, Catholic Health Association of Texas; Gyl Wadge, Mental Health America of Texas; Arlene Wohlgemuth, Texas Association for Home Care; Christine Yanas, Teaching Hospitals of Texas)

Against — None

On — Colleen Horton, Texas Center for Disability Studies

BACKGROUND: The Texas Medicaid program provides health coverage for children based on age and family income. Children in the following age ranges qualify for Medicaid based on a family income that is at or below the federal poverty level noted:

- under age 1 — 185 percent of the federal poverty level;
- ages 1 to 5 — 133 percent of the federal poverty level; and
- ages 6 to 18 — 100 percent of the federal poverty level.

Children qualify for the Children's Health Insurance Program (CHIP) if their family's adjusted annual income is at or below 200 percent of the federal poverty level.

The federal Deficit Reduction Act (DRA) of 2005 authorizes families with incomes up to 300 percent of the federal poverty level to "buy-in" to Medicaid coverage for children ages 18 and under with severe disabilities. Under this coverage arrangement, the children receive full Medicaid coverage but their families must pay premiums in an amount determined on a sliding scale based on income. Premiums and other cost-sharing charges cannot exceed 5 percent of family incomes that are 200 percent or less of the federal poverty level. Premiums and other cost-sharing charges cannot exceed 7.5 percent of family income if family income is over 200 percent, but not over 300 percent, of the federal poverty level.

DIGEST: HB 67 would require the executive commissioner of the Health and Human Services Commission (HHSC) to develop and implement a Medicaid buy-in program for children with developmental disabilities, as authorized by the DRA, whose family incomes do not exceed 300 percent of the federal poverty level.

The commissioner would adopt rules for the Medicaid buy-in program, in accordance with federal law, that establish eligibility and cost-sharing requirements. Participants would make cost-sharing payments or pay monthly premiums according to a sliding scale based on family income. State agencies would request federal waivers or authorization, as necessary, to implement the Medicaid buy-in program for children with developmental disabilities.

The bill would take effect September 1, 2009.

SUPPORTERS SAY:

HB 67 would establish a Medicaid buy-in program that would provide medical care and therapy for children with significant physical or intellectual disabilities. This program would assist families with incomes of 300 percent or less of the federal poverty level in paying the high cost of special needs care and increase the quality of life for those children.

Most insurance does not cover the extensive physical and occupational therapies that children with significant disabilities need. Without proper health coverage or care, a child's condition could worsen or a family routinely could seek more costly care in hospital emergency rooms. Some families may have to institutionalize their children for them to receive care.

HB 67 would help avoid low-income parents having to take dramatic measures to the detriment of their family to ensure their children can remain in government-sponsored health care. Parents may divorce or refuse raises and promotions in order to maintain a child's health care eligibility.

Children eligible for the buy-in program could receive all the services they needed to remain healthy and achieve a better quality of life. The cost of even basic care for children with disabilities can be significant. Many require durable medical equipment, such as wheelchairs, and ongoing, costly drug therapies. In addition, they may require speech, occupational, and physical therapy at a young age in order to integrate into the community and learn communication and self-care skills. Children who need these therapies but do not receive them in the first six years of life may not benefit. A family of four making only $66,150 per year, which is 300 percent of the federal poverty level, cannot afford medical care and these therapies out-of-pocket.

The Medicaid buy-in program would include safeguards, established in federal law, that would prevent people from dropping private health coverage in favor of more extensive Medicaid coverage. There would be a 90-day waiting period from the time a child was covered under an employer-based plan to get coverage under the Medicaid buy-in program. Children whose parents had access to employer-based coverage that would pay for more than 50 percent of the premium would be required to stay enrolled in employer-based coverage. Children covered by employer-sponsored plans whose families still qualified for Medicaid buy-in based on income could receive wrap-around Medicaid coverage for the

Medicaid-eligible services that their existing health plans did not provide. Parents would pay a discounted premium to obtain their child's wrap-around coverage based on how much they contributed toward the employer-based plan.

The Medicaid buy-in program would be a more comprehensive and cost-effective program than a disabled child could receive through other state programs. A Medicaid buy-in program for children with disabilities under 300 percent of the federal poverty level is preferable to a similar Children's Health Insurance Program (CHIP) buy-in because the Medicaid program provides significantly more services that would be of greater long-term benefit to program participants. Other time-limited programs, such as Early Childhood Intervention for children ages 0 to 3 and the Individuals with Disabilities Education Act program in public schools, do not address children's needs for medical care, surgical care, medical equipment, or medications.

The state health insurance risk pool, designed for the medically uninsurable, is a beneficial program, yet the premiums are unaffordable for families under 300 percent of the federal poverty level. Families with children in the risk pool would have to pay twice the average premium that would be paid on the private market for a child of the same gender, age, and geographic region. In addition to the risk pool premium, families must pay high deductibles.

The Medicaid buy-in program would achieve long-term cost savings that could counterbalance much of the program's short-term Medicaid costs. Many children with disabilities who are not eligible currently for Medicaid services will be eligible for Medicaid services when they turn 19 and the state no longer determines their eligibility based on parental income. Without having been able to capitalize on a Medicaid buy-in program's medical and therapeutic services at a young age, which can dramatically increase developmental capacity, many people with disabilities would be more costly to the Medicaid program throughout the rest of their lives.

OPPONENTS SAY:

HB 67 should not expand the Medicaid program. The fiscal note indicates the Medicaid buy-in program annually would cost an additional $59.3 million in general revenue funds by fiscal 2014. All states are facing a fiscally challenging time. While other states are cutting their Medicaid services, Texas is serving its citizens well by maintaining existing Medicaid programs.

The state already has established public-assistance programs that provide health services for low-income Texans most in need. The Medicaid program covers children 18 and younger whose family incomes are at or below 100 percent of the federal poverty level. CHIP covers children whose family incomes are at or below 200 percent of the federal poverty level. In 2009, a child in a family of four making up to $44,100 annually would be eligible for CHIP.

The state health insurance risk pool was designed for people with high cost medical conditions who can afford the cost of premiums. People with children with special health care needs in families with incomes above 200 percent of the federal poverty level should be able to afford these premiums.

NOTES:

The companion bill, SB 187 by Deuell, which passed the Senate by 29-1 (Nichols) on April 23, also would implement a Medicaid buy-in program for children with disabilities, but it would require the program to be implemented by December 1, 2009. SB 187 would not take effect if a specific appropriation was not made for the buy-in program in the general appropriations act. SB 187 was reported favorably, without amendment, by the House Human Services Committee on April 30, making it eligible to be considered in lieu of HB 67.

The House-passed version of SB 1, the general appropriations bill, includes $19.2 million in general revenue funds for the Medicaid buy-in program in the Article 11 "wish list." The Senate-passed version of SB 1 includes $45.9 million in all funds for the program in Article 11.

The fiscal note indicates HB 67 would cost $19.2 million in general revenue funds in fiscal 2010-11, including $18.9 million in general revenue funds in fiscal 2011. LBB projects the program would not serve the maximum number of estimated recipients until fiscal 2013. General revenue funds required for the program would increase to $59.3 million in fiscal 2014.