

**SUBJECT:** Study of comprehensive substance abuse treatment for Medicaid clients

**COMMITTEE:** Public Health — committee substitute recommended

**VOTE:** 7 ayes — Kolkhorst, Naishtat, Gonzales, Hopson, S. King, McReynolds, Zerwas  
0 nays  
4 absent — Coleman, J. Davis, Laubenberg, Truitt

**SENATE VOTE:** On final passage, April 6 — 25-6 (Fraser, Huffman, Jackson, Nichols, Patrick, Shapiro)

**WITNESSES:** For — Jennifer Gilley, Tarrant Count Mental Health Connection; Joe Lovelace, Texas Council of Community MHMR Centers; Lisa Poynor, Association of Substance Abuse Programs, Inc.; Buddy Ruiz, Austin Travis County Mental Health Mental Retardation; (*Registered, but did not testify*: Conni Barker, DePelchin Children’s Center; Michael Gutierrez; Kathryn Lewis, Advocacy, Incorporated; Michelle Romero, Texas Medical Association; Chris Shields, Texas Association of Addiction Professionals; Katherine Zackel, Texans Care for Children)  
  
Against — None  
  
On — Matthew Ferrara, Department of State Health Services; (*Registered, but did not testify*: Kay Ghahremani, Health and Human Services Commission)

**DIGEST:** CSSB 796 would require the Health and Human Services Commission (HHSC) to monitor the provision of comprehensive substance abuse treatment to Medicaid recipients who were at least 21 years old and would analyze data relating to the provision of those services. The treatment to be studied would include assessment, residential and outpatient detoxification, medication-assisted treatment, outpatient chemical dependency counseling, and specialized residential services for women.

The study data would have to measure results over three consecutive years, including the year a recipient received comprehensive substance abuse treatment and the years immediately before and after treatment. The data would include:

- the number of treatment recipients;
- the type of treatment provided;
- the average annual cost per recipient of the comprehensive substance abuse treatment;
- the average annual cost per recipient of all other treatment under the Medicaid program; and
- the average annual number per recipient of inpatient days, emergency visits, and outpatient visits.

HHSC would collect data — including the average annual cost of Medicaid treatments and the average annual number per recipient of inpatient days, emergency visits, and outpatient days — on Medicaid recipients who were at least 21 years old who did not have evidence of a substance abuse disorder.

The bill would establish the guidelines for data analysis. The Legislative Budget Board, using data provided by the commission, would evaluate cost and utilization trends and determine whether the provision of comprehensive substance abuse treatment through the Medicaid program resulted in an increase in overall Medicaid spending. By February 1, 2013, the LBB would publish a report of the data. If the LBB determined the treatment program increased overall Medicaid spending, HHSC would be required to end the program for Medicaid recipients over age 21. Authorization for the study would expire March 1, 2013.

State agencies could request any federal waiver or authorization that was necessary to implement this bill.

The bill would take effect September 1, 2009.

**SUPPORTERS  
SAY:**

CSSB 796 would enhance the health of Medicaid patients with substance abuse disorders and could reduce costs in the state Medicaid program. The bill are based on the 2009 *Texas State Government Effectiveness and Efficiency* LBB staff report recommendation entitled “Increase Access to Substance Abuse Treatment for Adult Medicaid Clients.” The LBB recommended the provisions of this bill because studies indicate that

people with untreated substance abuse disorders, which are recognized by the National Institutes of Health as manageable brain diseases, have twice the medical costs of those without. These costs arise from the increased likelihood of injury or illness associated with substance abuse and third-party impacts, such as babies born to mothers who abused drugs or alcohol during pregnancy. Medicaid spent at least \$110 million on non-treatment related substance abuse costs in fiscal year 2006.

The fiscal note indicates that this program would not cost general revenue because the cost to provide the comprehensive substance abuse treatment to Medicaid clients is assumed to be offset by reductions in other Medicaid spending. An evaluation of a similar Washington state program reflected a net Medicaid spending reduction of \$252 per client per month realized during the first year of the treatment program. An evaluation of substance abuse treatment in fiscal 2006 in the Texas NorthSTAR Medicaid program demonstrated savings similar to the Washington program. Participants in a substance abuse program also likely would reduce criminal justice costs, due to a decreased rate of incarceration associated with successful substance abuse treatment. Although this bill likely would save the state money, it would include a March 2013 expiration so the program could be terminated if LBB found it was not cost-effective.

**OPPONENTS  
SAY:**

While the fiscal note indicates the bill would not cost general revenue funds, CSSB 796 could add costs to the Medicaid program when there are many vulnerable Texans with other needs that would be affected if the substance abuse treatment program ultimately cost the state. Texas does not have the funding, resources, and time to help everyone, so the state should be more wise in serving the most needy.