SUBJECT: Delivery and quality of Medicaid acute care and long-term services

COMMITTEE: Human Services — committee substitute recommended

VOTE: 9 ayes — Raymond, N. Gonzalez, Fallon, Klick, Naishtat, Rose, Sanford, Scott Turner, Zerwas

0 nays

SENATE VOTE: On final passage, March 25 — 31-0

WITNESSES: For — Heidi Barriga-May, PerryLee Home Healthcare Services; Trey Berndt, AARP; Dennis Borel, Coalition of Texans with Disabilities; Danette Castle, Texas Council of Community Centers; Catherine Cranston, Personal Attendant Coalition of Texas, ADAPT of Texas; Jacob and Kim Fritzsching; Kaili Goslant, The Arc of Texas; Mark Griffith; Frank Jensen; Bob Kafka, ADAPT of Texas; Jean Langendorf, Easter Seals Central Texas; Carol Maxwell, The Arc of Texas; Jennifer McPhail, ADAPT; Marjorie Powell, Pharmaceutical Research and Manufacturers of America (PhRMA); David Reimer, KidsCare Therapy, Texas Association for Home Care & Hospice, Home Therapy Advocates for Kids; Heiwa Salovitz, ADAPT of Texas; David Wittie, ADAPT of Texas; Arlene Wohlgemuth, Texas Public Policy Foundation; (*Registered, but did not testify:* Chase Bearden, Coalition of Texans with Disabilities; Nora Belcher, Texas e-Health Alliance; Laurel Coppock; Ron Cranston, ADAPT of Texas, Personal Attendant Coalition of Texas; Tish Griffin, ADAPT of Texas; John Holcomb, Texas Medical Association; Annie Mahoney, Texas Conservative Coalition; Albert Metz, ADAPT of Texas; Mary Steele, ADAPT of Texas)

Against — John Berkely, Luther Social Services; Cayton Marsha, Seven Acres Jewish Senior Care Services; Cassandra Dickerson, Down Home Ranch; Leigh Dunson, Arianne Edgel, Amanda Fowles, Boyce Gunderlach, Ashley Loyd, Johnny McBurnett, Maggie Morrison, Glenn Newman, Edwina Rogers, Linda Sanders, William Seargent, Susan Shankles, James Sosa, and Nathan Williams, the Mary Lee Foundation; Mark Heard, Regency Nursing; Peter Henning; Susan Johnson; George Linial, LeadingAge Texas; Sid Rich, Texas Association of Residential

Care Communities; Jeri Slone, Bluebonnet Homes, Inc.; David Thomason, LeadingAge Texas; and six individuals; (*Registered, but did not testify:* Joyce Abbott, Amy Drake, Jan Morrison, and Meghann Torres, the Mary Lee Foundation; Deanna Abraham, Mosaic; Shannon Crawford, Mosaic; William Horabin, Independent Nursing Homes; Sarah Watkins, Community Now; Marva Weaver, Mosaic; and eight individuals)

On — Lynne Brooks, Disability Services of the Southwest, Inc.; Lynni Cohen, PerryLee Home Healthcare Services; Anne Dunkelberg, Center for Public Policy Priorities; David Gonzales, Texas Association of Health Plans; Tim Graves, Texas Health Care Association; Rachel Hammon, Texas Association for Home Care & Hospice; Gordon Israel, Draco Services, Inc.; Cotina McNeal, PerryLee Home Healthcare Services; Susan Murphree, Disability Rights Texas; Tim Schauer, Texas Association of Community Based Health Plans; Carole Smith, Private Providers Association of Texas; Sarah Spencer, Angels of Care Pediatric Home Health; Doug Svien, Providers Alliance for Community Services in Texas; Chris Traylor, Health and Human Services Commission; Debby Salinas Valdez, Texas Adults with Autism & IDD; and five individuals; (*Registered, but did not testify:* Irma Canfield; Beth Engelking, Department of Family and Protective Services; Michelle Harper, Health and Human Services Commission; Gary Jessee, Health and Human Services Commission; Elizabeth "Liz" Kromrei, Department of Family and Protective Services; Linda Levine; Ruth Mason; Joe Tate, Community Now; Jon Weizenbaum, Texas Department of Aging and Disability Services

DIGEST:

CSSB 7 would redesign the Medicaid delivery system for individuals with intellectual and developmental disabilities (IDD) in need of both acute-care and long term services and supports. The bill would expand Medicaid's STAR+PLUS managed care program and implement numerous other reforms to the Medicaid system. Among its provisions, the bill would:

- provide basic attendant and habilitation services to individuals with IDD currently on waiting lists for services;
- expand STAR+PLUS to the Medicaid Rural Service Area and carve nursing facility services into STAR+PLUS;
- coordinate through a managed care plan the delivery of acute-care services to all eligible individuals with disabilities;
- establish a long-term plan to pilot and deliver services for

individuals with intellectual and developmental disabilities through managed care;

- expand on quality-based payment initiatives, including for managed care organizations (MCOs) and providers of long-term services and supports (LTSS);
- direct the Health and Human Services Commission (HHSC) to implement a new functional assessment tool that would more accurately assess service needs for individuals with intellectual and developmental disabilities;
- allow the development of additional housing supports for individuals with intellectual and developmental disabilities; and
- establish and expand stakeholder monitoring and reporting groups.

Delivery system redesign for individuals with intellectual and developmental disabilities. CSSB 7 would require HHSC and the Department of Aging and Disability Services (DADS) to implement an acute care services and LTSS system for individuals with IDD. Among the program's goals would be to provide cost-efficient Medicaid services to more individuals on a more personalized level in order to provide high-quality care that improves outcomes, including the reduction of unnecessary institutionalization and potentially preventable events.

The bill would establish the Intellectual and Developmental Disability System Redesign Advisory Committee to advise HHSC and DADS on the implementation of the acute-care services and LTSS system redesign.

CSSB 7 would allow HHSC and DADS to develop and implement Medicaid managed care pilot programs to deliver LTSS to individuals with IDD. The pilots would use a capitated — or capped — payment method, in which providers were reimbursed based on a flat fee for each enrollee per month, rather than a traditional fee-for-service model.

The bill would outline the criteria by which DADS would select and evaluate the pilot programs, including increasing access to LTSS, improving quality of care, and using person-centered planning to promote meaningful outcomes. The bill would require the pilot programs be implemented by September 1, 2017 and would expire no later than September 1, 2019.

CSSB 7 would initiate a two-stage process for modifying the delivery of services to individuals with IDD. In stage one, HHSC would provide

acute-care Medicaid program benefits to individuals with IDD through the STAR+PLUS Medicaid managed care program. HHSC would implement the most cost-effective option for the delivery of basic attendant and habilitation services to maximize federal funding for the program, including by assisting eligible individuals to receive services in community-based settings.

In the second stage, individuals with IDD would be transitioned to STAR+PLUS for long-term services and supports. By September 1, 2018, HHSC would transition clients in the Texas home living (TxHmL) waiver program. By September 1, 2021, all other IDD clients in waiver programs, plus those living in intermediate care facilities, would be transitioned to STAR+PLUS. Individual Medicaid waiver programs would be continued only if necessary.

Medicaid managed care expansion. CSSB 7 would require HHSC to study the feasibility of automatic enrollment of eligible individuals in Medicaid managed care organizations, and would implement an automatic enrollment process if it were found to be feasible.

The bill would expand the STAR+PLUS Medicaid managed care program to all areas of the state to serve individuals eligible for acute-care services and long-term services and supports.

STAR+PLUS would provide benefits to eligible recipients residing in nursing facilities. The bill would establish requirements for managed care organizations (MCOs) providing covering in nursing facilities, including standards for the settlement of clean claims, reducing potentially preventable events, and unnecessary hospitalizations. It would also require an MCO to establish an electronic portal through which nursing facility providers could submit claims to any participating MCO and establish a STAR+PLUS Nursing Facility Advisory Committee to advise HHSC on the implementation of the STAR+PLUS Medicaid managed care program in nursing facilities.

CSSB 7 would establish a STAR Kids capped managed care program to provide medical assistance to children with disabilities, accompanied by a STAR Kids Managed Care Advisory Committee.

The bill would also create the STAR+PLUS Quality Council to advise the commission on the development of policy recommendations to ensure that

eligible recipients in the STAR+PLUS program received quality, person-centered, acute-care services and long-term services and supports.

The bill would prohibit an MCO from implementing significant, non-negotiated, across-the-board provider reimbursement cuts unless they had the prior approval of HHSC.

CSSB 7 would expand the membership of the Medicaid managed care advisory committee and require HHSC and DADS to use it to coordinate information and stakeholder input relevant to the implementation and operation of Medicaid managed care.

Provisions for individuals with intellectual and developmental disabilities. CSSB 7 would require that DADS develop and implement a comprehensive assessment instrument and resource allocation process for individuals with IDD to ensure that each individual received the range of services that were appropriate based on the individual's functional needs.

HHSC's executive commissioner would adopt or amend rules as necessary to allow for additional housing supports for individuals with IDD. Housing options would include community-based housing, non-provider-owned residential settings, assistance with living more independently, and rental properties with on-site supports. DADS would coordinate with other state and local agencies to expand opportunities for accessible, affordable, and integrated housing.

Subject to the availability of federal funding, the bill would require that DADS develop and implement specialized training for caregivers and first responders providing services to individuals whose IDD or behavioral health status put them at risk of institutionalization. It would also require that DADS establish intervention teams to provide services and supports to individuals with IDD and behavioral needs at risk of institutionalization.

Quality-based outcomes and payments. CSSB 7 would require the HHSC commissioner, in consultation with the Medicaid and Children's Health Insurance Program (CHIP) Quality-Based Payment Advisory Committee and other interested stakeholders, to establish a clinical improvement program to identify customizable goals designed to improve quality of care and reduce potentially preventable events. It also would require that MCOs develop and implement collaborative program

improvement strategies to address these goals.

CSSB 7 would require that the HHSC commissioner create an incentive program that would direct a larger portion of Medicaid managed care recipients who did not actively choose their desired plan to automatically enroll in managed care plans that were more efficient, provided a higher quality of care, and had better outcomes than others.

Other reform provisions. The bill would require HHSC to pursue and, if appropriate, implement premium rate-setting strategies that encouraged provider payment reform and more efficient service delivery. In doing so, the commissioner would review and consider strategies employed by other states.

CSSB 7 would require that HHSC and other human services agencies share data to facilitate patient care coordination, quality improvement, and cost savings in Medicaid, CHIP, and other health and human services programs. It would align Medicaid and CHIP service delivery areas to the extent possible.

If it were cost-effective, the bill would require HHSC implement a wellness screening program for Medicaid recipients to detect health risks and establish a health baseline for each recipient that could be used to customize their treatment plans.

CSSB 7 would require that local mental health authorities ensure the provision of services to children with serious emotional, behavioral, or mental disturbances, and to adults with severe mental illness who were experiencing significant functional impairment. The bill would update the list of applicable mental health disorders to align with the DSM-5, and would require that each authority reduce the involvement of the criminal justice system in managing adults with these disorders. These provisions would take effect January 1, 2014.

CSSB 7 would clarify that for purposes of calculating a hospital's uncompensated care payment under the disproportionate share program or the uncompensated care program, a third-party commercial payment exceeding the Medicaid allowable cost for a service provided to a recipient would not be considered a medical assistance payment.

CSSB 7 would take effect September 1, 2013.

SUPPORTERS SAY:

CSSB 7 would improve acute-care and long-term services and supports to individuals who were intellectually or developmentally disabled, while eventually saving the state more than $100 million per year.

Most important, the bill would begin the long-term process of integrating a fragmented Medicaid managed care system based on outdated waiver and eligibility categories into a more efficient and personalized system based on the functional needs of the recipient. Integrated care would free up administrative resources for increased services.

In the short term, CSSB 7 would provide attendant and habilitation services to thousands of disabled Texans who are not currently receiving services, many of whom have been on waiting lists for years. Over time, increasing numbers of disabled, aged, and chronically ill Medicaid recipients would receive maintenance care in their communities, reducing their reliance on acute care through more expensive emergency rooms.

The bill would expand the STAR+PLUS managed care program statewide, increasing the savings previously achieved by managed care organizations within the Medicaid program. The statewide expansion also would increase competition among providers brought into the network, increasing quality and lowering costs. Bringing nursing facilities, which still operate on a fee-for-service basis, into a capped, managed care model, would result in large cost savings for a population that receives a disproportionately large portion of state Medicaid dollars.

Concerns about the quality of service under managed care organizations are overstated. Texas' experiment with Medicaid managed care is approaching its 20th year and the results have been lower costs to taxpayers, reduced fraud, and more efficient service. Moreover, CSSB 7 would provide for several stakeholder input processes and outline requirements that participating health plans would have to follow.

OPPONENTS SAY:

CSSB 7 would be an unnecessary disruption to the Medicaid program in Texas with little hope of realizing savings or quality gains. Providers in Texas are independent and would be reluctant to coordinate more closely, as the bill would hope to accomplish. For the bill's projected cost savings to become reality, providers would need to be highly integrated already.

The bill's expansion of managed care would result in lower quality care

for Medicaid patients because managed care organizations would be incentivized to cut costs at the expense of outcomes. Moreover, the crisis in providers willing to accept Medicaid would be exacerbated by another expansion of managed care.

Already, Medicaid recipients in managed care organizations have trouble finding specialists. To expand this model to those patients in most need of specialized care would create higher costs and added burdens on patients and caretakers.

NOTES:

The Legislative Budget Board estimates that CSSB 7 would have a positive impact to general revenue funds of $6.1 million in fiscal 2014-15, with a net positive impact exceeding $100 million per year beginning in fiscal 2016.