

SUBJECT: Increasing reimbursement rates for Medicaid acute care therapy

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 21 ayes — Zerwas, Longoria, Ashby, Capriglione, Cosper, S. Davis, Dean, Dukes, Giddings, Gonzales, Howard, Miller, Muñoz, Perez, Phelan, Roberts, J. Rodriguez, Rose, Sheffield, Walle, Wu

0 nays

6 absent — G. Bonnen, González, Koop, Raney, Simmons, VanDeaver

WITNESSES: For — Jessica Touron, Ageless Living Home Health; Justin Hillger, Angels of Care Pediatric Home Health; Shawn Montgomery, Countryside Therapy; Laura Montgomery, Countryside Therapy Group, Countryside Therapy Group Home Health; Steven Aleman, Disability Rights Texas; Jolene Sanders, Easterseals; Amy Litzinger, Easterseals Central Texas; Crystal Brown, MDCP/Protect TX Fragile Kids; Suzette Fields and Hannah Mehta, Protect TX Fragile Kids; Jennifer Riley, Sage Care Therapy; Stephanie Rubin, Texans Care for Children; Rachel Hammon, Texas Association for Home Care & Hospice; Jason Stark, Texas Occupational Therapy Association; Kyle Piccola, The Arc of Texas; and eight individuals; (*Registered, but did not testify:* Anne Dunkelberg, Center for Public Policy Priorities; Chris Masey and Chase Bearden, Coalition of Texans with Disabilities; Sebastien Laroche, Methodist Healthcare Ministries of South Texas, Inc.; Knox Kimberly, Upbring; Susan Armstrong; Marlene Lobberecht; Leah Stephanow)

Against — (*Registered, but did not testify:* Adam Cahn, Cahnman's Musings; John Marler, Texans 4 Truth)

On — Greta Rymal, Charles Smith, and Jami Snyder, Health and Human Services Commission

BACKGROUND: SB 1 by Nelson, the fiscal 2018-19 general appropriations act, appropriated \$24.4 million in general revenue funds and \$32.4 million in

federal funds to restore about 25 percent of the reductions made to Medicaid acute care therapy reimbursement rates during fiscal 2016-17. SB 1 directs the Health and Human Services Commission to allocate the restorations among provider types and procedure codes to preserve access to care for Medicaid fee-for-service and managed care clients.

SB 1 also appropriated \$14.1 million in general revenue funds and \$18.6 million in federal funds for fiscal 2018 to phase in and delay the reduction of reimbursement rates for therapy assistants made during fiscal 2016-17.

Texas Constitution, Art. 3, sec. 49-g governs the Economic Stabilization Fund (ESF), also known as the "rainy day fund," including the manner in which the Legislature may appropriate money from it. Under Art. 3, sec. 49-g(m), the Legislature may appropriate money from the ESF "at any time and for any purpose" after obtaining an affirmative vote of two-thirds of the members present in each house.

**DIGEST:** HB 25 would appropriate to the Health and Human Services Commission (HHSC) for Medicaid acute care therapy services \$34.2 million from the Economic Stabilization Fund (ESF) and \$45 million in federal funds for fiscal 2018, and \$36 million from the ESF and \$48.3 million in federal funds for fiscal 2019.

The bill would specify that it was the intent of the Legislature that:

- the appropriations in HB 25 be fully reflected in the reimbursement rates for Medicaid acute care therapy providers in both Medicaid fee-for-service and managed care; and
- HHSC allocate the appropriations among provider types and procedure codes for Medicaid acute care therapy services to preserve access to care for clients in both the Medicaid fee-for-service and managed care models.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership elected to each house. Otherwise, it would take effect on the 91st day after the last day of the special session,

provided it was approved by two-thirds of the members present in each house as required under Texas Constitution, Art. 3, Sec. 49-g(m).

**SUPPORTERS SAY:** HB 25 would fully restore funding for Medicaid pediatric acute care therapy rates and help ensure that Texas children with disabilities had access to vital services. Following cuts to reimbursement rates in fiscal 2016-17, parents have reported problems with Medicaid services, including having to wait months for their children to see a speech, occupational, or physical therapist.

Providers and parents also have reported that the cuts have caused physical, occupational, and speech therapists to close facilities, making it harder for children to access services, especially in rural areas. Without the restoration of therapy rates in HB 25, more providers could leave the profession, making it harder for parents to find a provider for their child either with or without Medicaid.

The bill also could help reduce the negative effects of cuts to the Early Childhood Intervention (ECI) program, which serves young children with disabilities and delays. Many children who receive ECI also depend on services through the Medicaid acute care therapy program, without which they could suffer permanent delays that prevent them from fully participating in society as adults.

HB 25 represents a responsible use of the Economic Stabilization Fund for a pressing budget issue. The Legislature should fully restore the cuts now, rather than risking further harm to the state's children. The study that found Texas was paying higher rates than other states was flawed and did not accurately consider variation in provider rates depending on the type of therapy service.

**OPPONENTS SAY:** The ESF is meant to address one-time expenses during an economic downturn, and Medicaid funding does not qualify for that use. The state budget already partially restored reductions made in fiscal 2016-17 to Medicaid therapy services following a study that found that Texas was paying higher rates than other states. Rates should not be further

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increased.

**NOTES:** According to the Legislative Budget Board's fiscal note, the bill would have no impact on general revenue related funds during fiscal 2018-19. It would cost \$70.2 million from the Economic Stabilization Fund and \$93.2 million in federal funds during fiscal 2018-19.