

## **BILL ANALYSIS**

Senate Research Center  
77R6489 SGA-D

S.B. 1054  
By: Shapleigh  
Health & Human Services  
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As Filed

### **DIGEST AND PURPOSE**

Currently, there is concern that the Medicaid reimbursement and Children's Health Insurance Program (CHIP) capitation rates in Strategic Investment Areas are significantly lower than those in other areas of the state. As proposed, S.B. 1054 requires the Health and Human Services Commission to eliminate the rate disparity in strategic investment areas by raising the Medicaid reimbursement and CHIP capitation rates to a statewide average and provide for a financial incentive to Medicaid physicians practicing in strategic investment areas.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 531B, Government Code, by adding Section 531.0221, as follows:

Sec. 531.0221. RATES AND EXPENDITURES IN STRATEGIC INVESTMENT AREAS. (a) Defines "child health plan program," "committee," and "strategic investment area."

(b) Requires the Commissioner of Health and Human Services (commissioner) to appoint an advisory committee to develop a strategic plan for eliminating the disparities between strategic investment areas and other areas of the state in certain programs and services.

(c) Requires the committee to periodically perform the research necessary to analyze and compare the rates and expenditures described by Subsection (b) and, not later than the date specified by the commissioner, produce a report based on the results of that analysis and comparison.

(d) Requires the committee, as part of the report required by Subsection (c), to make recommendations to the commissioner for addressing the problems created by disparities documented in the report, including recommendations for allocation of funds.

(e) Requires the commissioner to appoint 12 members to the advisory committee in a manner that ensures that the committee meets certain requirements.

(f) Requires the committee to elect officers from among the members of the committee.

(g) Requires appointments to the committee to be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointees.

(h) Prohibits a member of the committee from receiving compensation, but entitles a

member to reimbursement of travel expenses incurred by the member while conducting the business of the committee as provided by the General Appropriations Act.

(i) Requires the Health and Human Services Commission (commission) to provide administrative support and resources to the committee as necessary for the committee to perform the duties under this section.

(j) Provides that the committee is not subject to Chapter 2110 (State Agency Advisory Committees), Government Code.

(k) Requires the commission, with advice from the committee, to ensure that certain requirements are met.

(l) Requires the commission, for purposes of Subsection (k), to exclude data from strategic investment areas in determining the statewide average capitation rates under Medicaid managed care and the child health plan program and the statewide average total professional services expenditures per Medicaid recipient or per child enrolled in the child health plan program.

(m) Authorizes the commission, with advice from the committee and other appropriate groups, to vary the amount of any rate increases for professional services required by Subsection (k) according to the type of service provided.

(n) Requires the commission to develop mechanisms to pass any rate increase required by Subsection (k) directly to providers, including providers in Medicaid managed care service delivery areas with health maintenance organization, prepaid health plan, or primary care case management models.

(o) Requires the commission to contract with a public university to meet certain requirements.

(p) Provides that this section expires September 1, 2011.

SECTION 2. Requires a state agency, if before implementing any provision of this Act it determines that a waiver or authorization from a federal agency is necessary for implementation of that provision, to request the waiver or authorization and authorizes the state agency to delay may delay implementing that provision until the waiver or authorization is granted.

SECTION 3. (a) Requires the changes in rates and expenditures required by Section 531.0221(k), Government Code, as added by this Act, to be initiated not later than September 1, 2002.

(b) Requires the advisory committee on funding disparities in health programs to deliver the first report required by Section 531.0221(c), Government Code, as added by this Act, not later than September 1, 2002.

SECTION 4. Effective date: September 1, 2001.