BILL ANALYSIS

Senate Research Center
77R6491 SGA-D

S.B. 1055
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Health & Human Services
3/20/2001
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 (SIAs) are significantly lower than those of other areas in the state. SIAs are defined in the Texas Tax Code as counties with above average unemployment and below average per capita income, or areas that are federally designated urban enterprise communities or urban enhanced enterprise communities. The Medicaid reimbursement and CHIP capitation rates for the 43 border counties that meet the SIA definition have been demonstrated to be disproportionately lower than the rates paid outside of the SIAs for inpatient, outpatient, and professional services. As proposed, S.B. 1055 requires the Health and Human Services Commission (commission) to eliminate the CHIP disparity in SIAs by raising the rates to a statewide average. This bill also requires the commission to conduct three pilot programs to equalize Medicaid rates and expenditures and provide physician incentives. Finally, this bill directs the commission to contract with a public university to determine the effects of each rate change on consumer utilization and access to health care in SIAs.

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:
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> (1) capitation rates under Medicaid managed care and the child health plan program;
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> (2) fee for service reimbursement rates under the Medicaid program and the child health plan program for inpatient and outpatient hospital services; and
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> (3) total professional services expenditures per Medicaid recipient or per child enrolled in the child health plan program.
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> (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 to, as part of the report required by Subsection (c), 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 nine 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 the 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, Government Code.

(k) Requires the commission, with advice from the committee, to ensure that for the child health plan program, the disparities in rates and expenditures described by Subsection (b) are eliminated as soon as practicable so that the rates and expenditures in strategic investment areas equal the statewide average rates and expenditures.

(l) Requires the commission, with advice from the committee, to conduct three pilot programs to equalize Medicaid rates and expenditures and provide physician incentives. Requires each pilot program to be located in a county in a strategic investment area and meet certain requirements.

(m) Requires the commission, with advice from the committee, to ensure in the pilot program areas that certain requirements are met.

(n) Requires the commission, for purposes of Subsections (k) and (m), 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.

(o) 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 Subsections (k) and (m) according to the type of service provided.

(p) Requires the commission to develop mechanisms to pass any rate increase required by Subsections (k) and (m) directly to providers.

(q) Requires the commission to contract with a public university to accomplish certain goals.

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

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

SECTION 3. (a) Requires the changes in rates and expenditures required by Sections 531.0221(k) and (m), 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.