

## **BILL ANALYSIS**

Senate Research Center

S.B. 1156  
By: Zaffirini  
Finance  
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### **DIGEST AND PURPOSE**

Currently, the state of Texas, along with the nation, is experiencing an increase in cost per Medicaid recipient. This is due to the general rise in health care utilization, the recent rise in caseload, the increasing utilization and prices of prescription drugs, and the decrease in Texas' Federal Medical Assistance Percentage. As proposed, S.B. 1156 relates to the financing of, and eligibility for, the state Medicaid program. The bill contains provisions for Medicaid reform and includes changes to the limits for the vendor drug program; the removal of assets test for Medicaid children; continuous eligibility for children transitioning from Medicaid to CHIP or private insurers; waivers for medications and related services for persons with HIV infection or AIDS; and women's health care services and a medical assistance buy-in program for certain recipients with disabilities.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Health and Human Services Commission or an agency operating part of the medical assistance program as appropriate in SECTION 5 (Section 32.0261, Human Resources Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 32.024, Human Resources Code, by adding Subsection (x), to prohibit the Health and Human Services Commission (department), in its rules and standards governing the vendor drug program, from limiting benefits for the number of medications prescribed to a recipient of prescription drug benefits under the medical assistance program.

SECTION 2. Amends Chapter 32B, Human Resources Code, by adding Section 32.02415, as follows:

Sec. 32.02415. EXCLUSION OF ASSETS AND RESOURCES. Prohibits the department, to the extent allowed by federal law, from considering the assets and resources of a child under 19 years of age or the assets and resources of the child's parents or other caretaker for purposes of determining the child's eligibility for medical assistance.

SECTION 3. Amends Section 32.025, Human Resources Code, by adding Subsections (d) and (e), as follows:

(d) Requires the department, to the extent allowed by federal law and except as otherwise provided by this section, to adopt application forms and procedures for a request for medical assistance provided to a child under 19 years of age that are similar to the application forms and procedures adopted under Section 62.103 (Application Form and Procedures), Health and Safety Code.

(e) Requires the department to permit an application requesting medical assistance for a child under 19 years of age to be conducted by mail instead of through a personal appearance at a department office.

SECTION 4. Amends Section 32.026, Human Resources Code, by adding Subsections (d) and (e), as follows:

(d) Requires the department, in adopting rules under this section, to ensure, to the extent allowed by federal law, that documentation and verification procedures used in determining and certifying the eligibility and need for medical assistance of a child under 19 years of age are similar to the documentation and verification procedures used to determine a child's eligibility for coverage under Chapter 62 (Child Health Plan for Certain Low-Income Children), Health and Safety Code.

(e) Requires the department to permit a recertification review of the eligibility and need for medical assistance of a child under 19 years of age to be conducted by telephone or mail instead of through a personal appearance at a department office.

SECTION 5. Amends Chapter 32B, Human Resources Code, by adding Section 32.0261, as follows:

Sec. 32.0261. CONTINUOUS ELIGIBILITY. Requires the department to adopt rules in accordance with 42 U.S.C. Section 1396a(e)(12), as amended, to provide for a period of continuous eligibility for a child under 19 years of age who is determined to be eligible for medical assistance under this chapter. Requires the rules to provide that the child remains eligible for medical assistance, without additional review by the department and regardless of changes in the child's resources or income, until the earlier of the first anniversary of the date on which the child's eligibility was determined; or the child's 19th birthday.

SECTION 6. Amends Chapter 32B, Human Resources Code, by adding Sections 32.053-32.055, as follows:

Sec. 32.053. DEMONSTRATION PROJECT FOR CERTAIN MEDICATIONS AND RELATED SERVICES. (a) Requires the department to establish a five-year demonstration project to provide to a person through the medical assistance program psychotropic medications and related laboratory and physician services necessary to conform to a prescribed medical regime for those medications.

(b) Provides that a person is eligible to participate in the demonstration project if the person meets certain requirements.

(c) Provides that a participant in the demonstration project is not subject to the monthly three-prescription limit under the medical assistance program.

(d) Provides that participation in the demonstration project does not entitle a participant to other services provided under the medical assistance program.

(e) Requires the department, not later than December 1 of each even-numbered year, to submit a biennial report to the legislature regarding the department's progress in establishing and operating the demonstration project.

(f) Requires the department, not later than December 1, 2006, to evaluate the cost-effectiveness of the demonstration project, including whether the preventive drug treatments and related services provided under the project offset future long-term care costs for project participants. Requires the department, if the results of the evaluation indicate that the project is cost-effective, to incorporate a request for funding for the continuation of the program in the department's budget request for the next state fiscal biennium.

(g) Provides that this section expires September 1, 2007.

Sec. 32.054. DEMONSTRATION PROJECT FOR PERSONS WITH HIV INFECTION OR AIDS. (a) Provides that, in this section, "AIDS" and "HIV" have the meanings assigned by Section 81.101, Health and Safety Code.

(b) Requires the department to establish a demonstration project to provide a person with HIV infection or AIDS with certain services and medications through the medical assistance program.

(c) Requires the department to establish the demonstration project in at least two counties with a high prevalence of HIV infection and AIDS. Authorizes the department to request financial participation from the counties in which the department establishes the demonstration project.

(d) A person is eligible to participate in the demonstration project if the person meets certain requirements.

(e) Provides that participation in the demonstration project does not entitle a participant to other services provided under the medical assistance program.

(f) Provides that a participant in the demonstration project is not subject to the monthly three-prescription limit under the medical assistance program.

(g) Requires the department, not later than December 1 of each even-numbered year, to submit a biennial report to the legislature regarding the department's progress in establishing and operating the demonstration project.

(h) Requires the department, not later than December 1, 2006, to evaluate the cost-effectiveness of the demonstration project, including whether the services and medications provided offset future higher costs for project participants. Requires the department to incorporate a request for funding for the expansion of the project into additional counties or throughout the state, as appropriate, in the department's budget request for the next state fiscal biennium, if the results of the evaluation indicate that the project is cost-effective.

(i) Provides that this section expires September 1, 2007.

Sec. 32.055. DEMONSTRATION PROJECT FOR WOMEN'S HEALTH CARE SERVICES. (a) Requires the department to establish a five-year demonstration project through the medical assistance program to expand access to preventive health and family planning services for women. Authorizes a woman eligible under Subsection (b) to participate in the demonstration project to receive preventive health and family planning services including certain services.

(b) Provides that a woman is eligible to participate in the demonstration project if the woman meets certain requirements.

(c) Requires the department to compile a list of potential funding sources a client can use to help pay for treatment for health problems identified using services provided to the client under the demonstration project; and for which the client is not eligible to receive treatment under the medical assistance program.

(d) Requires the department, not later than December 1 of each even-numbered year, to submit a report to the legislature regarding the department's progress in establishing

and operating the demonstration project.

(e) Provides that this section expires September 1, 2007.

SECTION 7. Amends Chapter 32B, Human Resources Code, by adding Section 32.056, as follows:

Sec. 32.056. DEMONSTRATION PROJECT FOR MEDICAL ASSISTANCE BUY-IN PROGRAM FOR CERTAIN RECIPIENTS WITH DISABILITIES. (a) Requires the department to establish a demonstration project to implement in five sites a medical assistance buy-in program in accordance with the Ticket to Work and Work Incentives Improvement Act of 1999 (Pub. L. No. 106-170), as amended, to provide medical assistance to certain persons.

(b) Authorizes the department, in establishing the demonstration project, to perform certain duties.

(c) Requires the department to require a participant in the project to pay premiums to the extent required by 42 U.S.C. Section 1396o(g)(2), as amended.

(d) Requires the department, not later than December 1, 2002, to evaluate the effectiveness of the demonstration project in providing health care services to employed persons with disabilities. Requires the department to incorporate a request for funding for the continuation or expansion of the program in the department's budget request for the next state fiscal biennium, if the results of the evaluation indicate that the project is effective.

(e) Provides that this section expires September 1, 2003.

SECTION 8. Amends Section 531.0214(d), Government Code, to delete language regarding information relating to Medicaid clients for whom more than three medications have been prescribed and the medical effect denial of Medicaid coverage for more than three medications has had on Medicaid client.

SECTION 9. Amends Chapter 533A, Government Code, by adding Sections 533.0055 and 533.016, as follows:

Sec. 533.0055. EVALUATION OF REPORTING REQUIREMENTS AND INSPECTION PROCEDURES. (a) Requires the commission to perform certain duties.

(b) Requires the Health and Human Services Commission (commission) to submit a report to the legislature regarding the evaluation of and methods for streamlining on-site inspection procedures and reporting requirements for managed care organizations and health care providers providing health care services to recipients. Requires the report to include recommendations on which methods should be implemented and a schedule for implementation.

(c) Provides that this section expires September 1, 2002.

Sec. 533.016. INTERAGENCY SHARING OF INFORMATION. Requires the commission to require a health and human services agency implementing the Medicaid managed care program to provide to each other health and human services agency implementing the Medicaid managed care program information reported to that agency by a managed care organization or health care provider providing services to recipients.

SECTION 10. Provides that a given sum is appropriated to the Health and Human Services Commission for the implementation of this Act.

SECTION 11. Requires the Health and Human Services Commission or the appropriate state agency operating part of the medical assistance program under Chapter 32, Human Resources Code, to adopt rules required by Section 32.0261, Human Resources Code, as added by this Act, not later than October 1, 2001. Requires the rules to provide for a period of continuous eligibility in accordance with that section for a child whose initial or continued eligibility is determined on or after the effective date of the rules.

SECTION 12. Requires the state agencies responsible for implementing the demonstration projects required by Sections 32.053-32.055, Human Resources Code, as added by this Act, to request and actively pursue any necessary waivers or authorizations from the Health Care Financing Administration or other appropriate entities to enable the agencies to implement the demonstration projects not later than September 1, 2002. Authorizes the agencies to delay implementing the demonstration projects until the necessary waivers or authorizations are granted.

SECTION 13. Requires The Health and Human Services Commission to submit the report required by Section 533.0055(b), Government Code, as added by this Act, not later than November 1, 2002.

SECTION 14. (a) 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, subject to Subsection (b) of this section.

(b) Provides that implementation of Sections 32.053-32.055, Human Resources Code, as added by this Act, is governed by Section 12 of this Act.

SECTION 15. (a) Effective date: September 1, 2001, except as provided by Subsection (b) of this section. Provides that this Act applies to a person receiving medical assistance on or after that date regardless of the date on which the person began receiving that medical assistance.

(b) Effective date: upon passage or September 1, 2001, for Sections 6, 9, and 12 of this Act.