

## **BILL ANALYSIS**

Senate Research Center  
77R5297 SGA-D

S.B. 1299  
By: Lucio  
Health & Human Services  
4/4/2001  
As Filed

### **DIGEST AND PURPOSE**

Current Medicaid and CHIP reimbursement rates are substantially below the cost of providing services. As a result, some providers compensate for the differential by placing a quota on how many Medicaid and/or CHIP patients they will accept based on the number of private pay patients they anticipate, thereby offsetting the financial loss incurred by the low Medicaid/CHIP reimbursement rates. In those areas with disproportionately high numbers of Medicaid and CHIP patients, this balancing of costs tradeoff is not an option. Furthermore, the method of determining reimbursement rates, although intended to reflect local costs and utilization, fails to take into account such things as the adverse effects of low cost structures in certain areas and the many aspects of inadequate access to care. As proposed, S.B. 1299 requires the creation of a task force with multi-disciplined participation by professionals with varied resources and areas of expertise. The task force is charged with comprehensively evaluating reimbursement rates statewide including, but not limited to, specific considerations enumerated in the language of the bill, and developing recommendations for change.

### **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. TASK FORCE ON RATE-SETTING METHODOLOGIES FOR MEDICAID PROGRAM AND STATE CHILD HEALTH PLAN PROGRAM. (a) Defines "child health plan program" and "task force."

(b) Requires the commissioner of health and human services (commissioner) to appoint a task force to examine and evaluate rate-setting methodologies for the Medicaid program and the child health plan program.

(c) Requires the commissioner to appoint 11 members to serve on the task force. Sets forth the composition of the task force.

(d) Prohibits a member of the task force from receiving compensation, but entitles the member to reimbursement of travel expenses incurred by the member while conducting the business of the task force as provided by the General Appropriations Act.

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

(f) Provides that the task force is not subject to Chapter 2110 (State Agency Advisory Committees), Government Code.

(g) Requires the task force to perform the research necessary to evaluate the rate-setting methodologies for the Medicaid program and the child health plan program and, not later than December 1, 2002, produce a report based on the results of that evaluation. Requires the report to include recommendations of the task force on ways to improve the rate-setting methodologies.

(h) Requires the task force, in preparing the report required under Subsection (g), to examine certain relevant information

(i) Requires the task force to seek technical assistance if needed from representatives of the federal Health Care Financing Administration.

(j) Requires the task force to deliver the report required under Subsection (g) to the commissioner and to the legislature.

(k) Requires the task force to carry out certain duties.

(l) Provides that this section expires September 1, 2005.

SECTION 2. Effective date: September 1, 2001.