



June 1, 2011

Contact: Anne Dunkelberg, dunkelberg@cphp.org

ALERT: SPECIAL SESSION HEALTH CARE BILLS HAVE PUBLIC HEARINGS THURSDAY, JUNE 2

Major health care bills have been quickly re-filed in the 82nd Texas Legislature's First Called ("special") Session. Bills set for a hearing on Thursday, June 2—the third day of the new session—include a stand-alone proposal for Texas to ask Congress to turn Medicare, Medicaid, the Children's Health Insurance Program (CHIP), and all mental health and public health funding into a Block Grant to be run by Texas state government, and to end all federal minimum standards for who gets health care and how federal funds are used [Senate Bill (SB) 5 and House Bill (HB) 5]. Also set for hearing are nearly-identical large "omnibus" bills (SB 7 and HB 7) which set the stage for generally-positive health care payment and delivery reforms, with some troublesome provisions included. This *Policy Page* provides a quick overview of these four Senate and House bills, three of which will have public hearings on Thursday, June 2 (SB 5 and 7 at 10 a.m. in the Senate Finance Committee, and HB 7 in House Appropriations at 9 a.m.).

HB 5 and SB 5: Interstate Health Compact to Block Grant Medicare, Medicaid, and More....

HB 5 and SB 5 would pledge Texas to join with other states and ask Congress to turn Medicare, Medicaid, CHIP, and all mental health and public health funding into a Block Grant to be run by each individual state government, and allowing Texas to end all federal minimum standards for who gets health care and how federal funds are used. Despite the fact that our current US Congress and president would not realistically be expected to approve an interstate compact request to allow each compact state to take over administration of Medicare, Medicaid, CHIP and almost all other federal health spending (only military & veteran care, and Indian health care are exempt) and accept a block grant for all related funds, the bill nevertheless would establish authority for the state to ask to do just that.

Under this bill, the state will get 100% of federal health care funding set at the 2010 level. Texas would get our federal funding as a block grant starting with 2010 funding, and treated after that like a Block grant in the federal budget, with an annual increase based on population growth over 2010 and increased annually by the increase in the Gross Domestic Product. Texas would give up the right to increased federal funding for Medicare and Medicaid when there is increased need due to unexpected factors: economic downturns, pandemics, even natural disasters that can drive increases in enrollment and/or per-beneficiary costs. Under a compact with 2010-level funding, federal funding would no longer increase automatically to help cover these unanticipated costs.

The bill includes no requirement that Texas continue to serve the same populations or provide the same benefits in Medicare, Medicaid, CHIP, etc. It also makes no provision for building additional capacity to cover Texas' 6.4 million uninsured. CPPPP testified against this legislation in the regular session, read more at: <http://www.cphp.org/research.php?aid=1098&cid=3&scid=4>

HB 7 and SB 7: Real Health Care Payment and Delivery Reforms, Plus a Few Lemons:

These two bills are just over 140 pages, and nearly identical with each bill including just one provision that is not found in the other. Both bills include elements from the 82nd Regular Session's SB 23, SB 7, HB 32, HB 3537, and SB 8, plus some additional provisions.

CPPP is generally in support of SB 7 and HB 7, particularly the provisions derived from the Regular Session's SB 7 and SB 8, which lay the groundwork for the crucial and difficult changes needed to stop financially rewarding high-volume, wasteful, and ineffective health care, and to start making payment conditional on effective, well-coordinated, and safe health care. Positive Medicaid provisions include steps to improve access to after-hours care and identify health plan practices that reduce the demand for non-emergent care in the Emergency Room. Overall payment and delivery reforms call for new entities designed to coordinate care and promote "quality-based health care outcomes, patient safety, patient engagement, and coordination of services."

Read more about provisions CPPP supported at <http://www.cppp.org/research.php?aid=1099&cid=3&scid=4>.

The center does not support selected provisions in these long bills, specifically:

1. Section 1.18 of SB 7 (1.17 of HB 7), which would require HHSC to begin pursuing "sponsors" of some legal immigrants for repayment of benefits, when it is cost-effective to do so. CPPP believes the bill's language should be modified to ensure the agency identifies in advance which immigrants are going to be subject to the this policy, so that the immigrant may choose to forego the benefit, and so that immigrants who are not subject to re-payment issues will not be unnecessarily intimidated from meeting critical needs.
2. Section 1.20 of SB 7 (1.19 of HB 7), Family Planning Funding restrictions, creates a tiered hierarchy based on how comprehensive a health provider's services are and whether the facility is public or private for allocating federal family planning Block Grant funding. It also adds new language on restrictions for family planning funding under the Medicaid program (no use for abortion, and more vaguely, none to entities that either perform abortions with other funds or that "affiliate" with abortion providers). (See also: <http://www.cppp.org/research.php?aid=1108&cid=3&scid=4> .)
3. Another section within Article 3 of HB 7 (Article 4 of SB 7) picks up language originally in HB 32 (82nd Regular Session) by Rep. Creighton prohibiting the individual mandate under the federal ACA (health reform). As applied now in SB 7/HB 7, it is a largely symbolic show of opposition to national health reform, and would not have a significant legal impact. (See also: <http://www.cppp.org/research.php?aid=1103&cid=3&scid=4> .)

The text of these bills, along with details on Thursday's and future hearings, may be found at <http://www.capitol.state.tx.us>.

To learn more, sign up for e-mails, or make a donation, go to www.cppp.org.

The Center for Public Policy Priorities is a nonpartisan, nonprofit policy institute committed to improving public policies to better the economic and social conditions of low- and moderate-income Texans.