TESTIMONY:

SB 7 by Nelson (Senate Engrossed)

The Center for Public Policies (CPPP) is a nonpartisan, nonprofit 501(c)(3) policy institute established in 1985 and committed to improving public policies to better the economic and social conditions of low- and moderate-income Texans. Improving access to health care for Texans has been at the core of our mission and activities since our founding. The Center for Public Policy Priorities wishes to register in support of SB 7.

SB 7 would begin the process of reforming Texas Medicaid payment and delivery incentives to stop rewarding the over- or under-provision of care, and instead reward improved health outcomes and patient safety. SB 7 and SB 8 incorporate the types of reforms which will have to be tested and adopted across all US health care payors—Medicaid, Medicare, and private insurance—in order to rein in the growth of health care spendnig as a percentage of US GDP and relative to overall inflation.

Building Capacity, Changing Provider and Beneficiary Incentives to Reduce ER Use for Non-Emergency Sick Care

- CPPP strongly supports the important steps taken to build access and capcity for urgent "sick care" outside of standard office hours by making that capacity a mandated component of "quality-based health homes" (**Section 536.103**)
- We also support the efforts in **Section 531.086** to identify the cost-effective practice now in pace ion Texas Medicaid HMOs, but which are not currently being replicated across Texas Medicaid Managed Care.
- CPPP supports the directive in **Section 531.0861** to develop a Medicaid physician incentive program to reduce ER use for non-emergency conditions.

Because of the good-faith effort to address the very real shortage of alternatives and access for urgent and sick care, the center supports the implementation of Medicaid co-payments for ER use for non-emergency conditions as long as implementation fully complies with federal law and rules.

2006 federal law created the ER use for non-emergency conditions co-payment option, which can be applied to all Medicaid enrollees under these specific circumstances:

(1) the hospital must provide the client with the name and location of an alternate provider that is available and accessible, and

(2) make a referral to help with scheduling of the treatment.

Federal regulations are clear that these co-payments are not allowed where no alternative care site is available. The new co-payment's financial incentive will work best to redirect families to less costly sites only if it is matched—and thereby reinforced—with strong good-faith-efforts by Texas Medicaid to increase ease of access to those sites.

If a client still chooses to seek the treatment of the non-emergent care in the Emergency Room, they may be charged a limited co-payment.

Improvements Needed

Clarifying Compliance with Federal law. CPPP has requested this amendment from the author:

To clarify intent that all co-payment policy in Texas Medicaid will be consistent with federal law and regulations, add a new Sec. 32.0641 subsection (c):

Section 32.0641, Human Resources Code, is amended to read as follows:

(c) The department shall develop systems required to facilitate implementation of cost sharing that will be:

(1) consistent with Section 1916 and 1916A of the Social Security Act (42 U.S.C. 1396o and 1396o-1); and

(2) for services other than non-emergency care received in an emergency room, operational no later than January 1, 2014.

Adequate Consumer Representation. CPPP agrees with AARP that the Quality-Based Payment Advisory Committee (Section 356.002) should include a consumer representative for long term care consumers. We further suggest adding a representative for non-elderly Texans with disabilities and another for Families and Children, for a minimum of three consumer representatives, to better represent the diversity of the Texas Medicaid enrollee population.

Thank you for the opportunity to testify on this important bill.

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