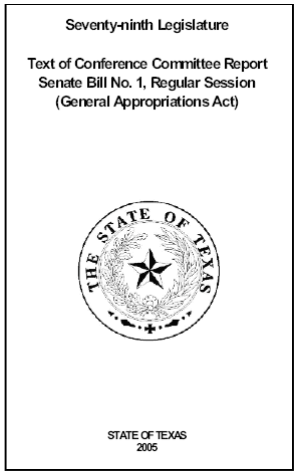

Overview of the 80th Texas Legislature's Major Actions on Medicaid, CHIP, and the Uninsured

August 1, 2007

Center *for* Public Policy Priorities

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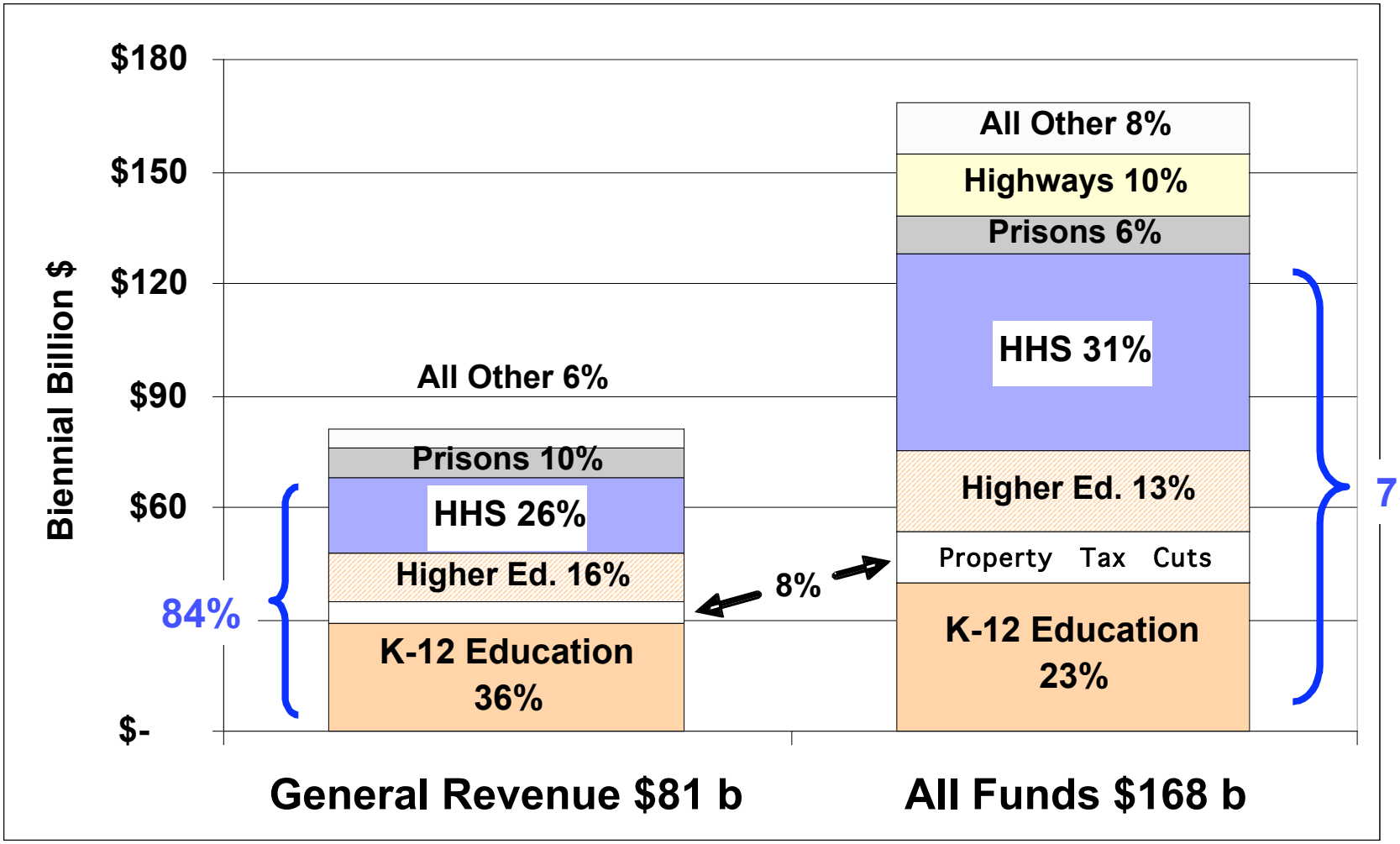
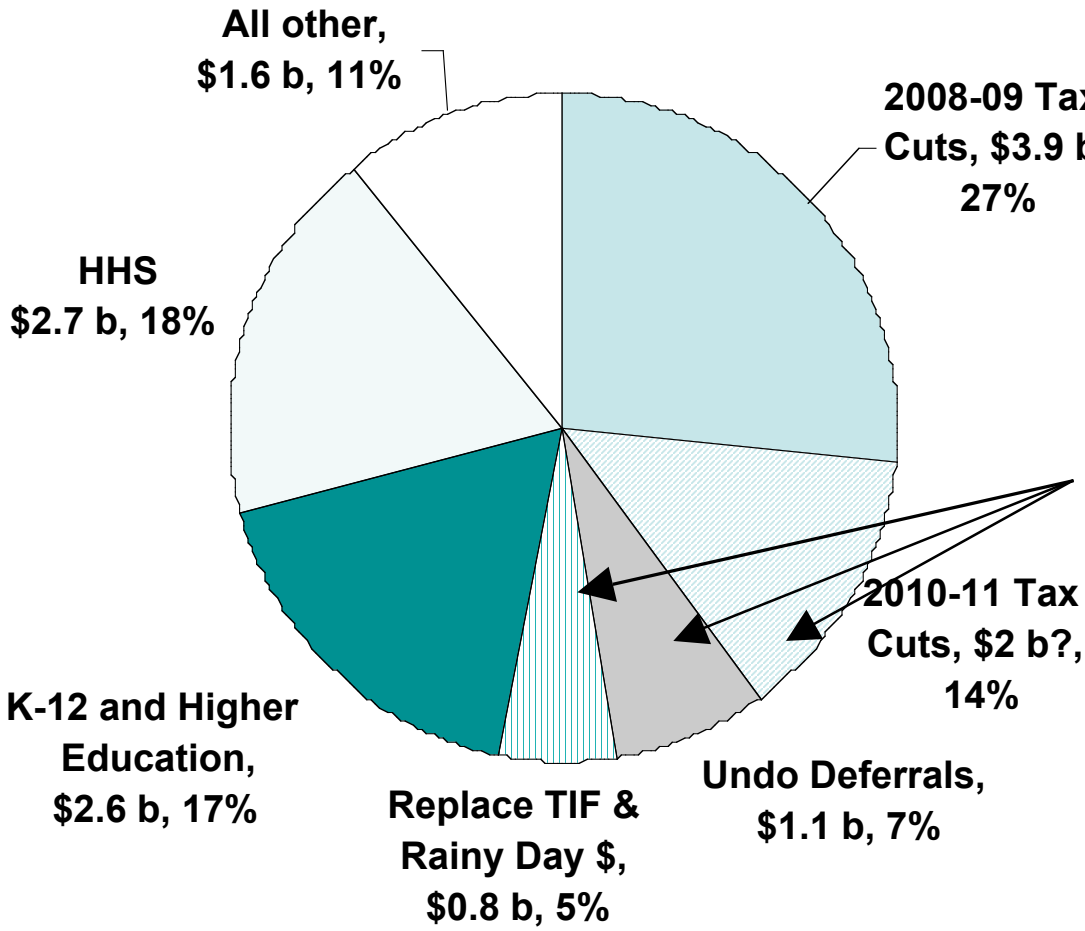
Where the Money Would Go: Texas State Budget, 2008-09



Source: Legislative Budget Board; HB 1, 2 and 15, before Governor's vetoes.

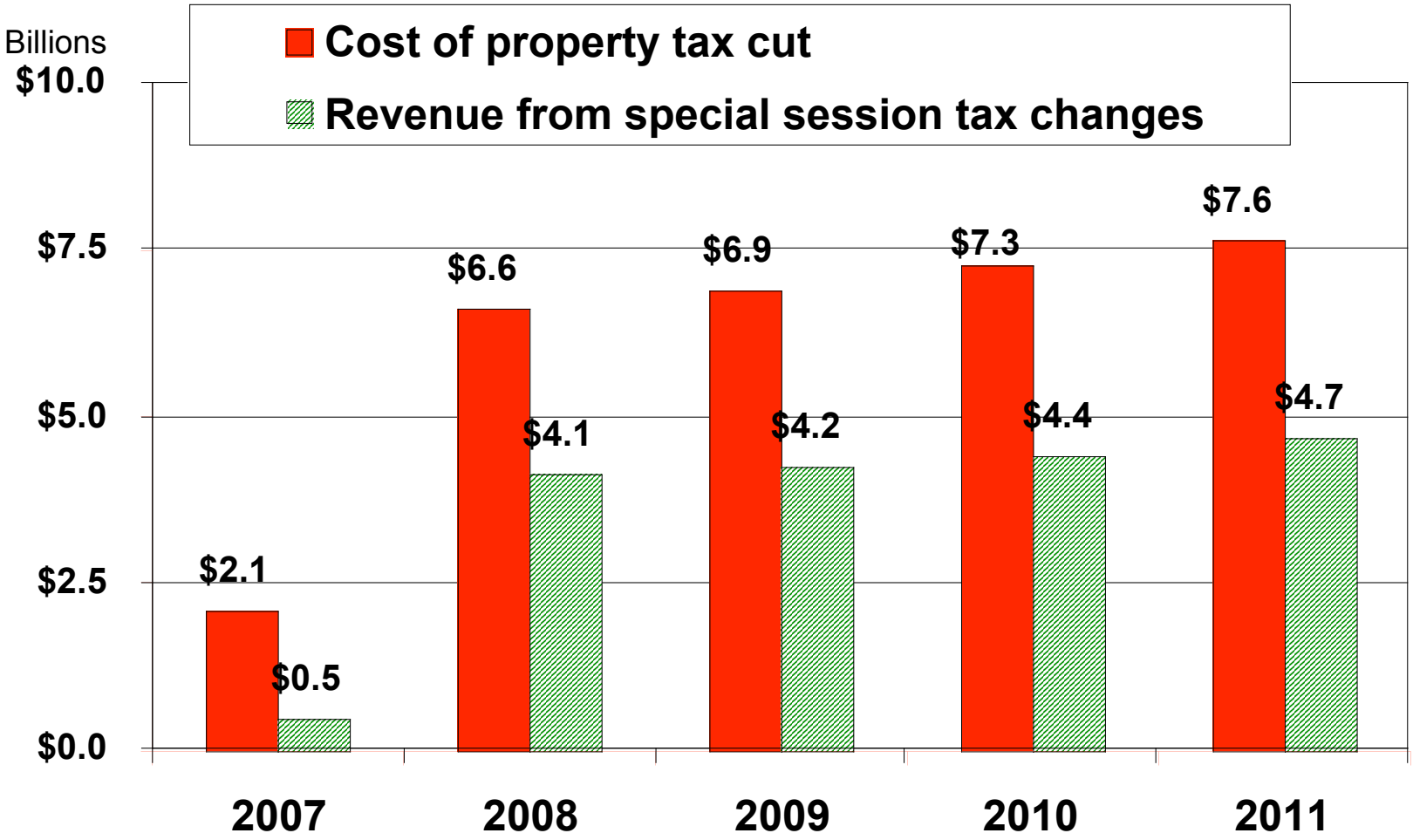
What the Proposed State Budget Would Do with "New" GR



27% of revenue ($3.9 billion) would not increase state spending

Source: Legislative Budget Board; HB 1, 2 and 15, before Governor's vetoes.

2010-2011 Budget: $5.8 Billion Gap Between Tax Cut Cost & Revenue



The Insure Texas Kids Campaign and the Texas CHIP Coalition Agenda for the 80th Texas Legislature:

- Implement 12 months continuous eligibility for CHIP and Children's Medicaid
- Eliminate bureaucratic roadblocks to encourage personal responsibility and help low income families achieve self-sufficiency:
  - Fix problems with the Integrated Eligibility System to prevent eligible kids from losing CHIP and Medicaid coverage
  - Eliminate the CHIP asset test
  - Eliminate the CHIP 90 day delay of coverage for uninsured children
  - Deduct childcare and child support expenses when calculating income for CHIP
- Provide adequate reimbursement for Medicaid and CHIP providers
- Invest in outreach and education to ensure that all eligible children get the care that they need

Major Medicaid Budget Developments

Medicaid in the 2008-09 Budget

How Medicaid is Used to "Balance" the Budget:

- Inflation/growth is not fully funded for 2009 (~ -$635 million GR); may require supplemental funding in 2009
- Very "conservative" caseloads assumed (see next slide)
- Article II Special Provisions rider #43 reduces HHSC appropriations by $158 million GR "for caseload, cost, and other adjustments."
- HHSC rider #43 directs the agency to fund the costs of compliance with the Alberto N. lawsuit settlement, estimated at $149.2 million GR, from out of the Medicaid budget,
- Rider #68 similarly authorizes eligibility staff increases above the agency cap to be funded from Medicaid appropriations.
- *Important to recall these were deliberate choices of the Legislature when supplemental appropriations are discussed in 2009, and to distinguish these predictable funding needs from any truly unanticipated costs that may arise.*

Medicaid Caseload Assumptions (growth rate)	Actual 06	Budgeted 07	FY 08	FY 09
	2,783,285	2,810,009		
LBB, House, Senate bills(2%, 2.6% growth)			2,865,192	2,939,751
HHSC 4/07 Projected (2.5%, 3.3% growth)			2,881,475	2,976,637
HB 1 Final Bill (0.9%, 1.9% growth)			**2,835,153**	**2,889,115**
Difference from HHSC projection			-46,322	-87,522
Difference from House & Senate			-30,039	-50,636

Provide adequate reimbursement for Medicaid and CHIP providers

- Many physicians, dentists and other providers severely restrict participation in Medicaid & CHIP, or choose not to serve them at all, because of inadequate reimbursement that is well below Medicare and commercial payment rates.
- Rate cutbacks have reduced physicians' fees to 1993 levels for most services. Rate cuts were the largest HHS cut made in 2003; even larger than the CHIP cuts.
- **TMA surveys of Texas doctors show that the percentage of doctors taking new Medicaid patients dropped from 75% in 1996 to 39% in 2006.**
- Restoration to 2003 rates was requested by HHSC as an exceptional item; rate increases were also requested as part of Consolidated HHS budget.

Medicaid in the 2008-09 Budget

In the "Plus" Column:

- **Medicaid rate cuts from 2003 reversed ($122.8 million GR):**
  - $10.8 million GR for community care programs @ DADS
  - $3.1 million for Childern with Special Health Care Needs, Family Planning, Women and Children's health services @ DSHS
  - $103.8 million GR Medicaid, $5.1 million GR CHIP @ HHSC
- **AND Medicaid rate increases** authorized, $866 million GR, the largest amounts to comply with *Frew* lawsuit
  - **DADS:** ICF-MR $20.2 million GR; Community Care $86.2 million GR
  - **PRS:** $13.4 million GR
  - **HHSC *Frew*** ($707 million GR, services to under-21 only): $203 million GR doctor/professional fees; $258.7 million GR for dental; $50 million targeted for specialist fees (additional $150 million for other targeted efforts to increase access)
  - **Medicaid for age 21+:** $101.8 million GR doctor/professional fees; $3.1 million GR dental; $31.3 million GR ambulance; $39.7 million GR home health; $2.8 million GR PCCM; $52.8 million GR Rx dispensing fees\CHIP- $3 million GR
- Nursing home rate increase in Article IX, $99 million GR
- Hospital rates allocated $150 million GR for "re-basing" of rates.

Frew Lawsuit and Rate Increases

No, it's NOT all over: this is an "agreement about remedial plans to correct violations of the *Frew* Consent Decree."

Agreement consists of 11 CAPs, on the topics of:

(1) Training for Health Care Providers;

(2) Reporting on check-up rates and plans to improve those rates in lagging counties;

(3) Improving check-up completeness;

(4) Access to Medications, Medical equipment and supplies;

(5) Toll-Free number performance;

(6) Medical transportation;

(7) Health Outcomes measures and dental assessment (e.g., immunization, lead screening , hearing screens, vision, mental health, etc.);

(8) Outreach and Informing and Reporting;

(9) Case Management;

(10) Special issues in Medicaid Managed Care (e.g., monitoring frequency and completeness of check-ups, and reporting what percentage of children enrolled in Medicaid Managed Care get no health care during a 12 month period); and

(11) Adequate Supply of Health Care Providers (standards for travel distance, time to wait for appointments, accurate information on provider availability, adequate reimbursement to meet these standards). ($661.7 million GR)

The Texas legislature provided funding for the proposed settlement in HB 15. Funding is contingent on the Court's approval of the settlement. Appropriated amounts total $707 million in State General Revenue, which amounts to about $1.7 billion when taking into account federal matching funds.

What Would the 2008-09 Budget Do for Community Care/Other Waiting Lists?

Program	Served in Fiscal 2006	Added by 2009	Increase from 2006
Community-Based Alternatives	26,733	1,607	6%
Home & Community-Based Svcs.	10,318	2,676	26
Community Living Assistance	2,044	586	29
Deaf-Blind Multiple Disabilities	131	16	12
Medically Dependent Children	960	415	43
In-Home and Family Support	3,944	1,374	12
Independent Living Services (DARS)	2,301	102	4
Comprehensive Rehab.Svcs. (DARS)	380	92	24
Children w/Special Health Care Needs	1,979	646	
Children's Community MH Services	9,994	288	
DADS Non-Medicaid Community Svcs.		2,228	

What Would the 2008-09 Budget Do for Other Article II Health Care Programs?

- More than 21,000 community care clients will move to a managed care model (STAR+PLUS) by 2009
- Repairs and renovations for State Schools (mental retardation) and State Hospitals (mental health)
- $82 million GR in new General Revenue for community mental health crisis services; 6 million GR and a public safety triage/detox unit in Bexar County
- 65% ($8.5 million) increase in funding for tobacco prevention and control programs, including smokeless tobacco use by rural youth
- $17 million GR for tuberculosis and HIV services/medications
- Breast and cervical cancer: more sites to provide screenings/ diagnosis; easier access to treatment for low-income women
- Nurse Family Partnership grants program (SB 156)

CHIP

CHIP – Budget and Caseload

- Cost increases funded for fiscal 2008, not 2009. HHSC requested $19.3 million GR for '08, $31.6 million GR for 2009 costs .

- **Total CHIP funding**: up 105% overall, from $1.0 billion in 2006-07 to almost $2.1 billion All Funds. General Revenue increase of 90%: from $335 million to $638 million. Half of the GR increase is for the perinatal program.

CHIP Enrollment Assumptions, HB 1	FY 08	FY 09
Total	397,683	401,578
Less Perinatal (pregnant women, their newborns	65,817	69,316
Traditional CHIP kids	**331,866**	**332,262**
Additional Children with HB 109 (LBB fiscal note)	66,668	96,396
Total, traditional CHIP kids with HB 109	**398,534**	**428,658**

CHIP - HB 109

HB 109 by Representative Sylvester Turner (D-Houston) and Senator Kip Averitt (R-Waco) will restore an estimated 96,000-127,000 Texas children to the CHIP rolls through the following measures:

- **12 months eligibility.**
  - Families will fill out one paper application a year. Children above 185% of the federal poverty line ($38,203 a year for a family of four) would have their income (not assets) reviewed after six months by the Texas Health and Human Services Commission (HHSC).
  - The state would use third-party computer databases to see if the family's income exceeded the CHIP limit of 200% of the federal poverty line ($41,300 a year for a family of four in 2007).
  - If HHSC determines that the family has exceeded the CHIP limit, they must contact the family and give them an opportunity to correct information if necessary.
  - HHSC must also notify parents at least 30 days prior to the end of coverage.
  - The income checks will be phased in over time, and will be fully implemented by September, 2008.

CHIP - HB 109

- Waives the 90 day waiting period for uninsured children. Only children who drop private health insurance (and do not qualify for an exception) will have to wait 90 days to enter the CHIP program. This restores the waiting period to the original 1999 Texas CHIP law.
- Deducts child care expenses when calculating income. .
- Doubles the asset test limit from $5,000 to $10,000. The first vehicle allowance has been increased from $15,000 to $18,000. The second vehicle allowance has been increased from $4,650 to $7,500.
- Restores a mandatory community-based outreach program, and requires that outreach be conducted in English and Spanish. Also requires that outreach be conducted through school based health clinics.
- These provisions, except for the six month electronic check for families earning more than 185% of the federal poverty line, are expected to go into effect on September 1, 2007.

HB 109 by Turner – CHIP

Section 1.

- Allows **deduction of certain child care expenses** in when determining if a family's income qualifies their child for CHIP.
- The law calls for child care deductions "in accordance with Medicaid" policy. The maximum dependent care deduction is $200 per month for each child under age two, and $175 per month for each dependent age two or older.
- *The original 1999 Texas CHIP law allowed all income deductions used in children's Medicaid, e.g., adult care, work expense, and child support payments.*

Section 2:

- Restores language from Texas' original 1999 CHIP law requiring a community-based outreach program which includes contracts with community-based organizations (had been deleted in 2003 as part of HB 2292).
- Also requires that outreach be **conducted in both English and Spanish.**

HB 109 – CHIP

Section 3:

- Increases the asset limit authorized in 2003 (for children in families 150-200% FPL) from $5,000 to $10,000.
- Also increases the exemptions for auto values (non-exempt amounts count toward the $10,000 limit): the first $18,000 of most expensive car and the first $7,500 of additional vehicles.
- The statute also clarifies that certain vehicles can be fully exempt if they are modified to transport a person with a disability, or to actually perform your job (e.g., a tow truck or taxi).

Section 4:

- Requires that CHIP use some method to verify the reported income of CHIP applicants (not previously spelled out in law).
- The specific methods of verification to be used are not defined, and thus could range from requiring paycheck stubs to checking third-party computer databases to verify declared income.

HB 109 – CHIP

Section 5:

- **Provides for an eligibility period of 12 months for children in families with incomes at or below 185% FPL ($31,765 a year or $2,647/mo. for a family of 3 in 2007).**
- Children above 185% FPL would have their income (not assets) reviewed after 6 months by HHSC. A precise review process is not defined, but HHSC is allowed to use "electronic technology if available and appropriate." This is designed to allow development of a process in which third-party computer databases would be checked to see if the family's income appears to have increased above 200% FPL since the child's enrollment 6 months earlier.
- In the event that HHSC determines that the child's family income has exceeded 200% FPL, the commission must contact the family and give them an opportunity to correct that information if necessary.
- HHSC must notify the parents at least 30 days prior to ending coverage if a child is found ineligible due to income under one of these 6-month reviews.

HB 109 – CHIP

Section 6:

- Returns to the original 1999 Texas CHIP law requirement that a child may not have been covered by health insurance for the last 90 days to be eligible for CHIP, unless the child qualifies for any one of a number of exceptions (e.g., job loss, end of COBRA, leaving Medicaid, etc.).
- This eliminates the 90-day delay in coverage which since 2003 has been imposed on long-uninsured children, newborns, and worst of all on children whose CHIP renewals or transfers from Medicaid were botched due to CHIP contractor failures and under-staffed Medicaid offices.

Section 7:

- To ensure that the 6 month income review process for kids over 185% FPL is reliable and accurate, HHSC will phase in the process over time, with full implementation to occur by September 1,2008.

Fiscal Note: $76.3 million GR for biennium. Official LBB projection of 96,396 additional children in 2009, compared to current law.

Who voted AGAINST HB 109? In the House: 17 Nays — Berman; Christian; Crabb; Creighton; Flynn; Harper-Brown; Howard, C.; Isett; Laubenberg; Macias; Miller; Parker; Paxton; Riddle; Talton; Taylor; Zedler.

In the Senate: Senator Jane Nelson.

CHIP Enrollment by Income Group

Number and Percent by Federal Poverty Level

Month	Number by FPL				Total Enrollment		Percent by FPL			
	<101%	101% - 150%	151% - 185%	186-200%			<101%	101%-150%	151% - 185%	186 - 200%
April-07	21,163	166,469	105,419	30,018	323,069		6.6%	51.5%	32.6%	9.3%

Texas Unspent CHIP Funds Lost to Other States

FFY 1998 Federal SCHIP Funds Lost **- $170 million**
FFY 1999 Federal SCHIP Funds Lost **- $324.5 million**
FFY 2000 Federal SCHIP Funds Lost **- $123.7 million**
FFY 2001 Federal SCHIP Funds Lost **- $85.3 million**
FFY 2002 Federal SCHIP Funds Lost **- $104.6 million**
FFY 2003 Federal SCHIP Funds Lost **- $23.8 million**
FFY 2004 Federal SCHIP Funds Lost **- $61.5 million***
Lapsed on March 31, 2007: $20 million

Total lapsed to date (2000-2006): $913.4 million

- *This total is more than 3 times the federal SCHIP funds Texas used to run the program for an entire year in 2005 (total Texas federal SCHIP spending in FY 2005 was $288 million).*
- Proposed SCHIP reauthorization in Congress would give Texas 2 years to get our rolls back up. **If we fail to do so, our block grant allocation will be reduced under the new formula.**
- Congress is considering a CHIP block grant formula that will reward states who cover more of their eligible but not enrolled children, and who adopt streamlined eligibility policies such as 12-month coverage and elimination of asset tests. It will also penalize states spending below their CHIP allocation amounts.

Source: Center on Budget and Policy Priorities, analysis of CMS data. *Lapse of 2004 allocation based on Congressional Research Service reports as of 12/13/2006.

Texas' Top Concerns in "SCHIP" Reauthorization- In US Congress NOW!!

- The full $50 billion approved in FY 2008 Budget Resolution is needed.
  - Texas CHIP rolls dropped by over 200,000 children (over 40%) from 2003 to June 2007,
  - Because of this, we—more than any other state— need the federal block grant to grow to allow us to re-enroll ALL of our eligible, but not enrolled, children.
  - Because children's Medicaid and SCHIP are linked in Texas, this funding level is also needed to help with the increased children's Medicaid enrollment which accompanies strong SCHIP outreach efforts.

- Texas CHIP and Medicaid would also benefit very substantially from these 2 provisions proposed for SCHIP reauthorization:
  - **State flexibility to establish their own citizenship documentation processes for Medicaid.**
    - Evidence from around the country indicates that this DRA requirement is largely preventing eligible US citizens who lack ready access to their birth certificate from getting Medicaid for which they qualify.
    - In Texas, the largest barriers appear to be for children and Pregnant women born in other states, who cannot easily or quickly obtain their out-of-state birth certificates.
    - Supported by the State Medicaid Directors Association.

Texas' Top Concerns in "SCHIP" Reauthorization- In US Congress NOW!!

- **A state option to provide health coverage to low-income legal immigrant children and pregnant women through Medicaid and SCHIP (this would not cover undocumented immigrants).**
  - Since 2000, Texas has used pure state funds to allow legal immigrant children in their first 5 years in the U.S. to participate in SCHIP. This new option would allow us to draw the federal SCHIP match for these children.
  - Supported by NGA and the State Medicaid/CHIP Directors Association.

- **Formula Concerns:**
  - IF REAUTH followed the financing model used in The Rockefeller-Snowe bill, it would give Texas 2 years (2008 & 2009) of BIG allocations despite our 40% loss in kids
  - After that, the formula would be "re-based" to take into account not just NEED but also SPENDING/enrollment. Thus Texas has 2 years to re-build CHIP or lose out in the formula. BUT THIS IS NOT AS BIG A THREAT TO TEXAS as NOT GETTING THE FULL $50 BILLION WOULD BE!
  - In other words, the funding increase is MORE IMPORTANT than any formula fight.
- **We STRONGLY support the use of increased tobacco taxes AND a portion of the savings from ending the subsidy for Medicare Advantage Plans.**

Latest on SCHIP in Congress

New Funding in Washington CHIP proposals:

- House bill: $50 billion
- Senate bill: $35 billion (Sen. Hutchison supports)
- **Needed to avoid CUTTING CHIP: $13.4 billion**
- Barton bill: $11.5 billion
- McConnell bill: $8.9 billion

Funding: Tobacco tax increases. Eliminating subsidies for Medicare Advantage plans.

SB 10 and Medicaid “Reform”

Medicaid "Reform" Bills: Advocates' Concerns

Beware comparing "Perfect Fantasy" to Imperfect Reality.

- In 1993, we thought HMOs would solve all our Medicaid cost problems.
- Good ideas can be tough to implement: Integrated Eligibility & Enrollment sounded GREAT on paper!
- MOST waivers and DRA options in other states have NOT been implemented yet: still fall in the Perfect Fantasy category.

SB 10 by Nelson, “Medicaid Reform”

- Healthy Lifestyles Pilot
- Medicaid Medical Savings Account Pillot
- Tailored Benefit Packages
- Medicaid “Opt-Out” Pilot (HIPP)
- Non-emergent ER use co-payment

SB 10 by Nelson, "Medicaid Reform"

These changes were added to protect the integrity of the EXISTING Texas Medicaid program:

- Cost-effectiveness requirements for BOTH the Medical Savings Account pilot and the Healthy Lifestyles Pilot.
- Protections for EPSDT (children's) benefits in the Healthy Lifestyles Pilot and the Tailored Benefits Packages.
- Clarifies that only positive incentives allowed in the Healthy Lifestyles Pilot
- Participation in any "opt-out" experiment or in the Medicaid Health Savings Account Pilot Program is voluntary, and a beneficiary may return to traditional Medicaid on request.
- Tailored benefits packages will not reduce the scope of benefits for adult beneficiaries.
- Signed informed consent is required before an adult may opt out of Medicaid, or before a parent or caretaker may decide to opt his or her child out of Medicaid's comprehensive coverage.
- Experiments to pool special Medicaid hospital payment funds to create more coverage for the uninsured should include growth factors, to avoid bargaining away federal matching funds. Any cap on the hospital Upper Payment Limit funds will be negotiated to include an inflation and population growth factor.

SB 10 by Nelson, Other Provisions

What else is in SB 10?

- Health Opportunity Pool to be created with some portion of DSH and UPL funds. To be used for:
  - Local/regional projects to reduce uncompensated care
  - Local/regional projects to Improve access to primary care/medical homes thru programs such as “3-shares”, premiums assistance, and other programs to increase access to “health benefits coverage”
  - Statewide programs for the same general goals, including premium assistance and MSAs
  - Support for infrastructure improvements to improve systems of care for low-income uninsured and Medicaid, NTE 10% annual spending from fund.
- Electronic Health Information Pilot
- **Legislative Oversight Committee**

Due to backlog of bills, a number of Senate bills added to SB 10 in House.

- **Greater access to Medicaid breast and cervical cancer treatment.**
- **Extended Medicaid coverage of former foster kids in higher ed (to age 23)**
- Needle exchange pilot.
- Direct access to vision care professionals (no PCP referral)
- Studies! -- “Healthy Texas Program” (small employer coverage); How to increase residency programs and physician supply; how to decrease uninsured rate; managed Long term care for rural Texas; Health Passports for Medicaid and CHIP kids; How to implement HOP.

SB 10, Lingering concerns

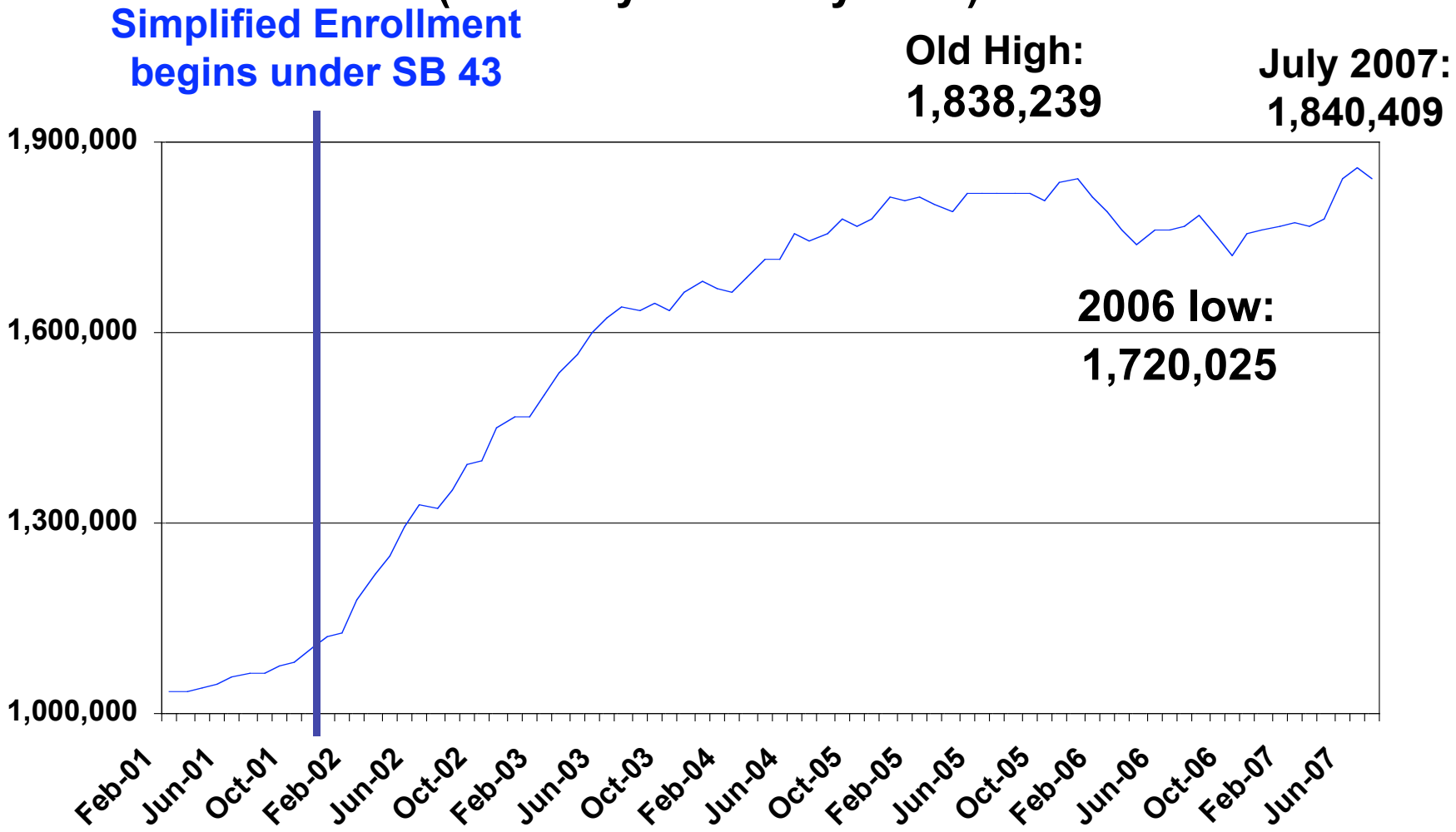
- Any cap on UPL should be negotiated in a way that preserves the STATE's entitlement to federal matching funds by including an inflation and population growth factor. Bill says HHSC will ask for this, but not mandatory.

- The patchwork of proposed local and regional initiatives to create new programs to serve the uninsured is so general that it raises the possibility of different parts of Texas having different levels of coverage and benefits, with equity issues (i.e. richer parts of state have better coverage/benefits than poorer parts).

Eligibility System Problems, Solutions

Texas Child Medicaid Enrollment

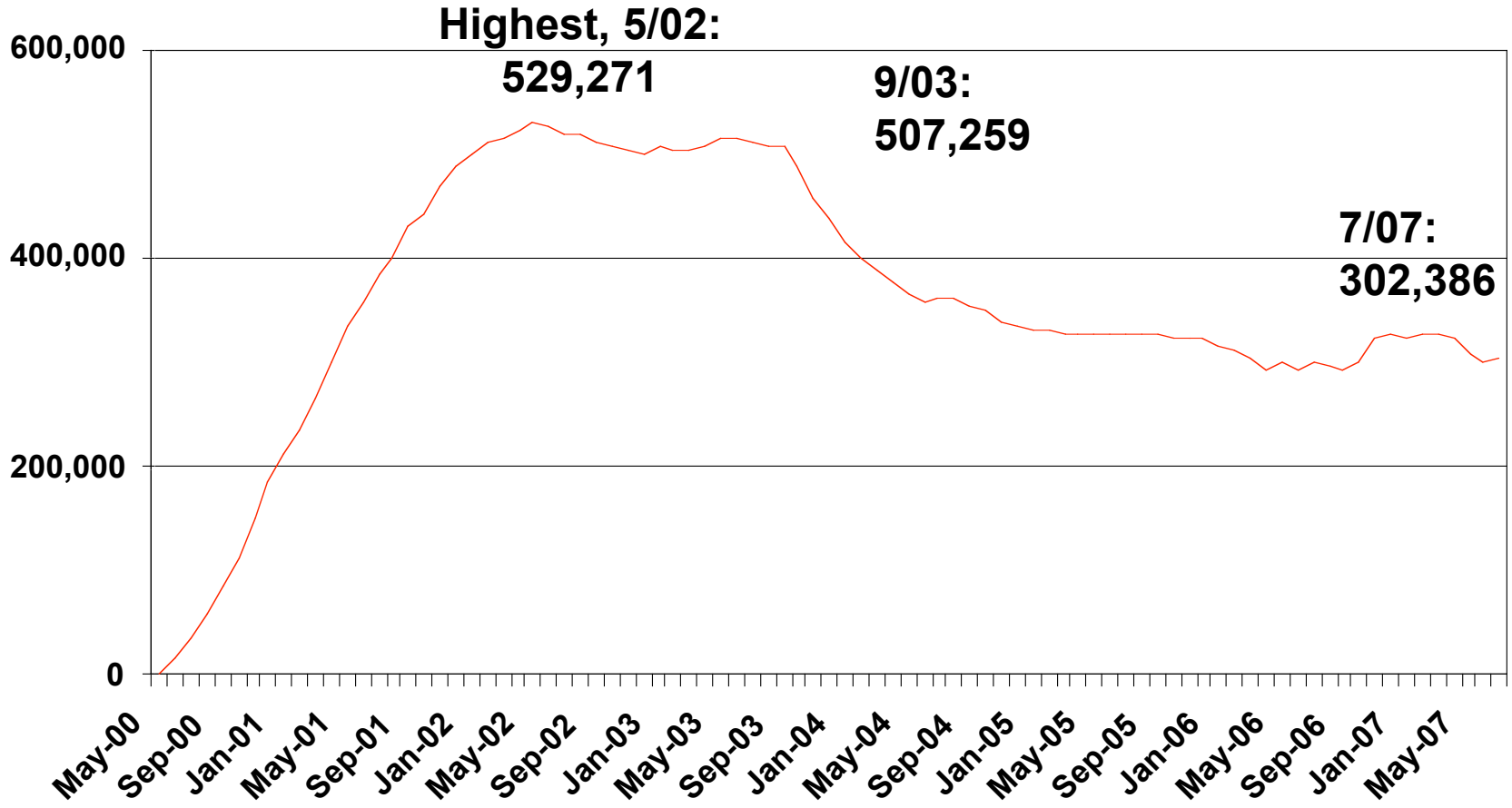
(February 2001-July 2007)



Source: Texas Health and Human Services Commission

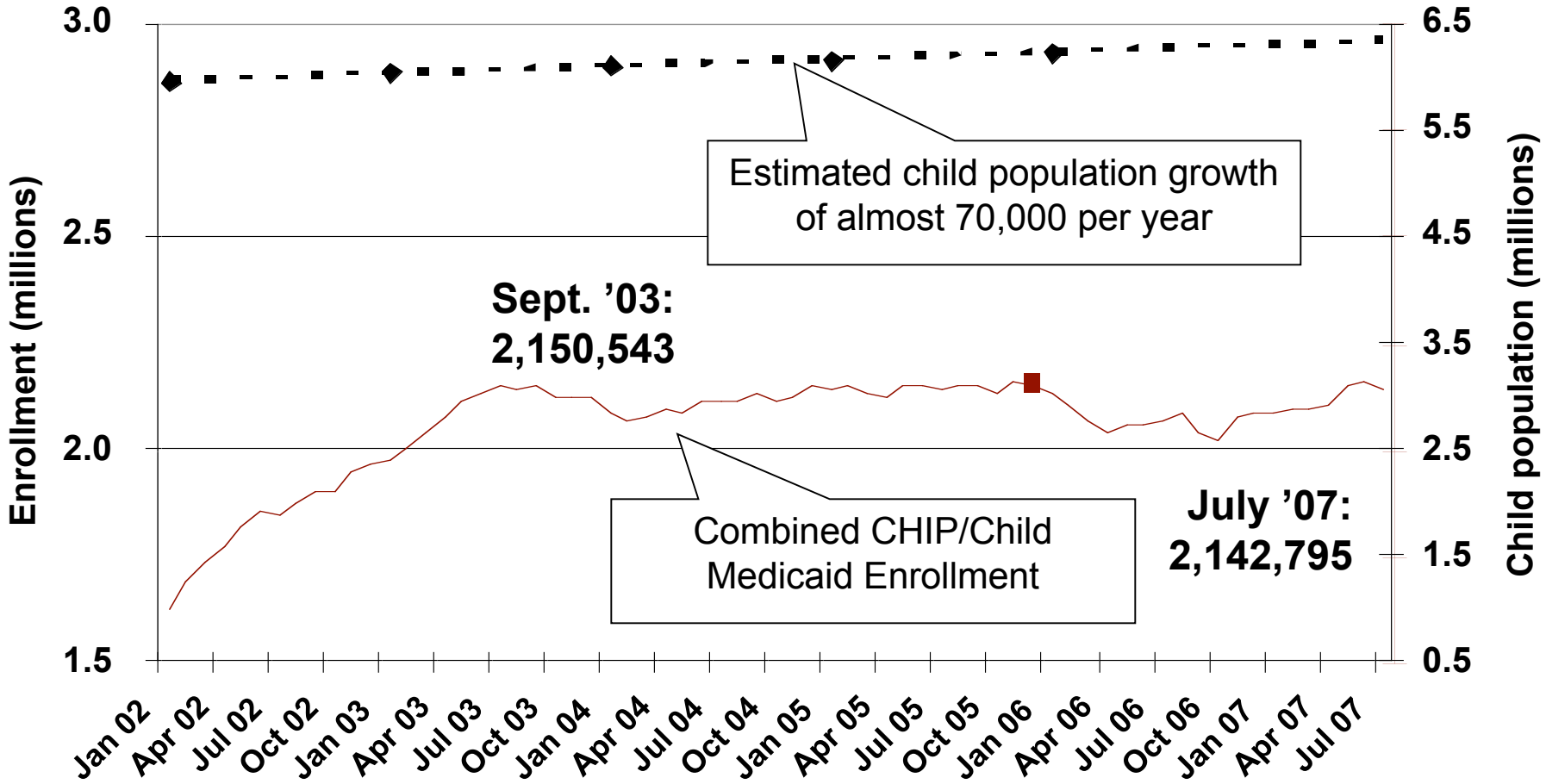
Texas CHIP Enrollment

(May 2000-July 2007)



Source: All figures from Texas Health and Human Services Commission;
Compares most recent month with September 2003

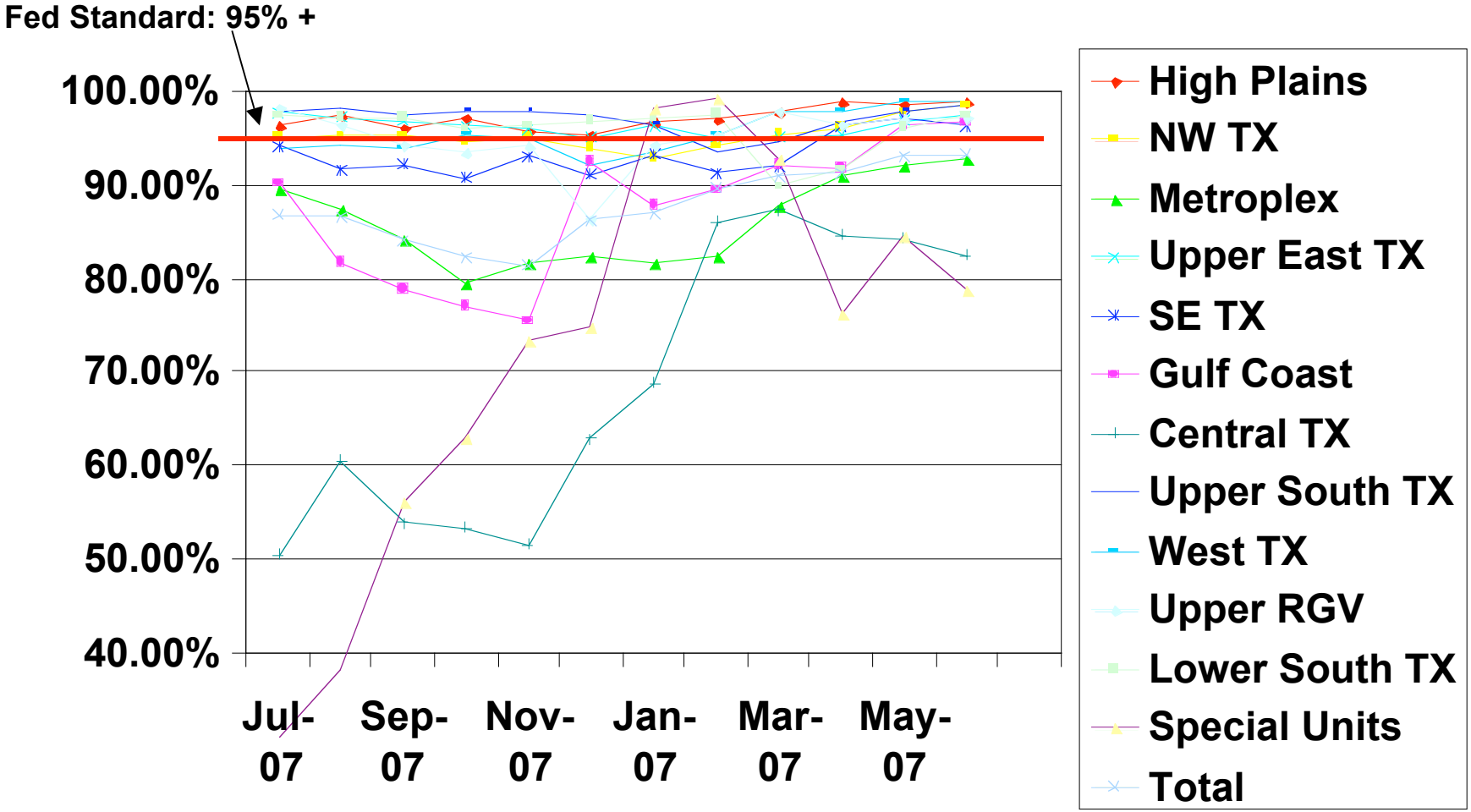
Texas Child Medicaid and CHIP Enrollment

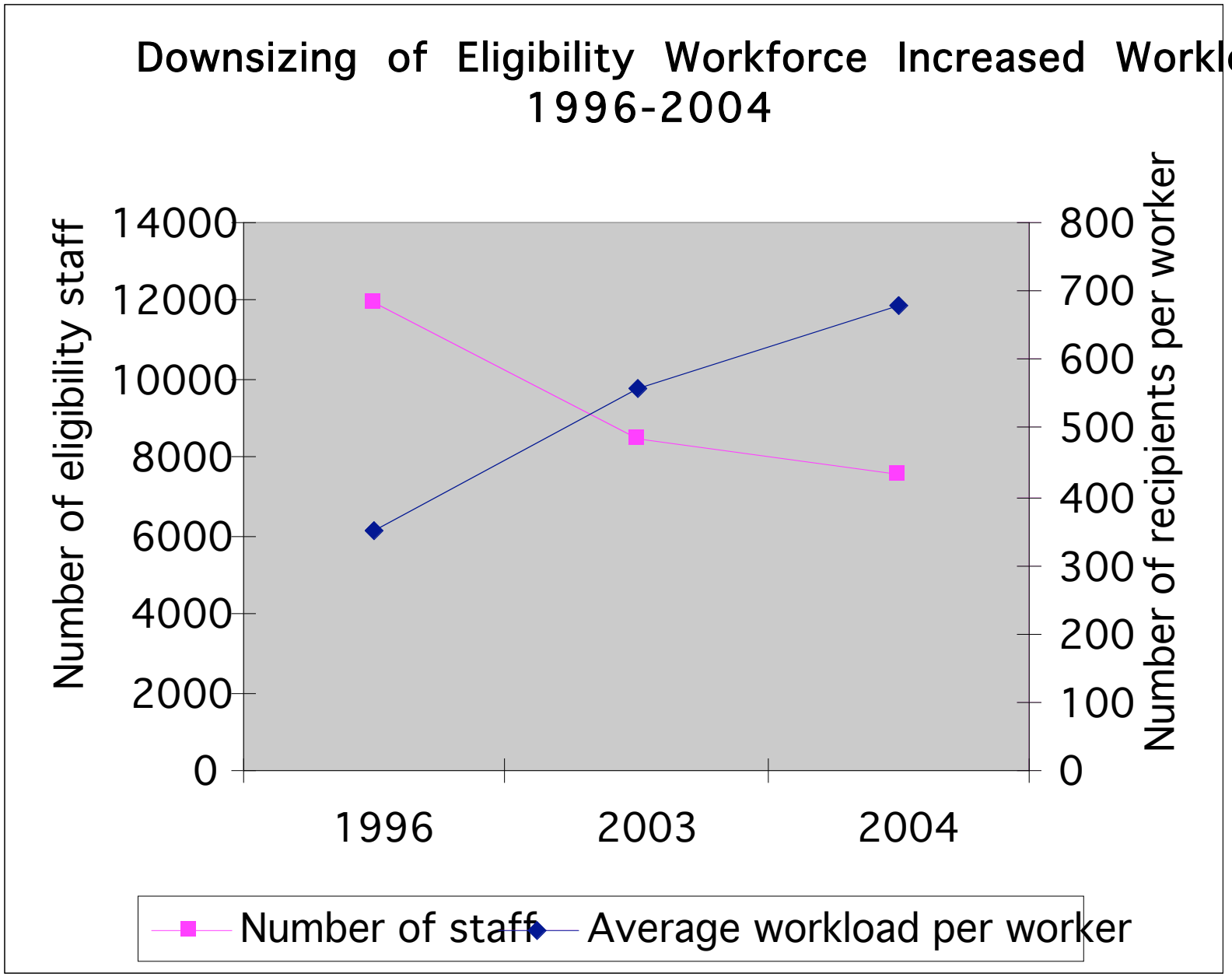


Sources: Enrollment from Texas Health and Human Services Commission; Texas State Demographer's 0-17 Population Estimates

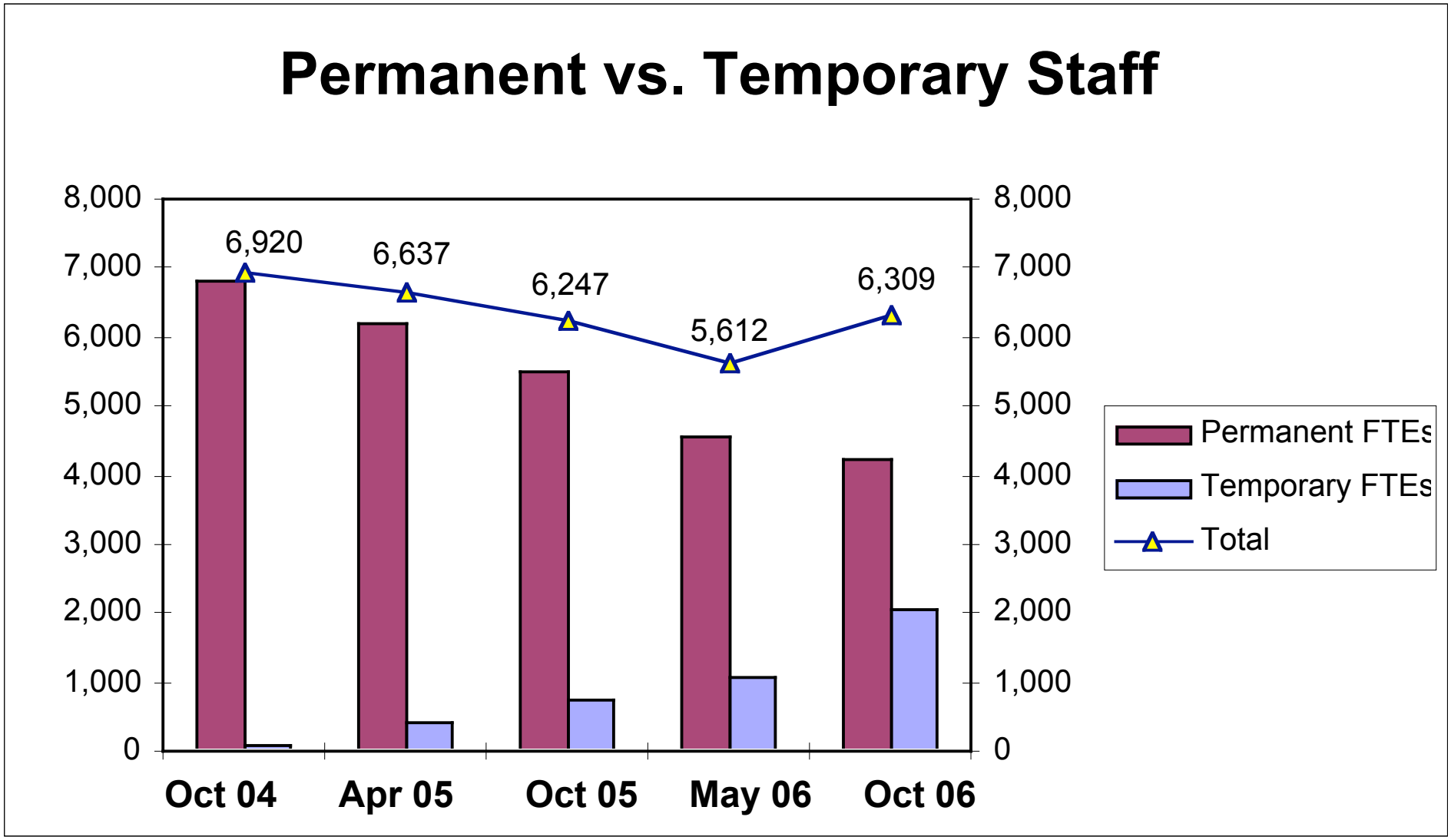
Medicaid Application Timeliness
July 2006 - June 2007

Data provided by HHSC Enterprise Applications




Downsizing of Eligibility Workforce Increased Workl
1996-2004
Number of eligibility staff
14000
12000
10000
8000
6000
4000
2000
0
800
700
600
500
400
300
200
100
0
Number of recipients per worker
1996
2003
2004
Number of staff
Average workload per worker

HHSC Eligibility Staff Reductions, 2004-2006



Source: HHSC

Eligibility System Improvements

- Article IX of the budget includes riders by Reps. Garnet Coleman and Elliott Naishtat to **improve the CHIP and children's Medicaid eligibility process** and eliminate barriers, delays and wrongful denials.
- 2 other budget riders ensure HHSC can add eligibility workers as needed to (1) replace contracted workers and (2) meet all federal performance standards (accuracy, timeliness).
- HB 3575 by Patrick Rose creates a **Legislative Oversight committee for the HHSC eligibility system** and sets goals to improve customer service, reduce processing time, and meet federal standards.

Background Materials

Uninsured Texas Children:

We CAN Cut the Number in Half by Enrolling Kids Who are Eligible Right Now

- **Texas is home to nearly 1.4 million uninsured children.**
- **2/3 of these uninsured Texas children are below 200% of the federal poverty line, despite Medicaid and CHIP.**
- **More than HALF our uninsured Texas Kids Could be enrolled in Medicaid or CHIP today!** (Adjusting for ~230,000 undocumented kids; another 160,000 legal immigrant (LPR) children can participate in CHIP (Pew Hispanic Center)).

Texas Children who are Uninsured, 2004-05 – U.S. Census		
All incomes, under age **19** (0-18*; 2-year average 2004-05 Census CPS)	**20.4%**	**1.367 million**
< 200% FPL; under age **19** (0-18; 2-year average 2004-05 Census CPS)	28% of <200%; 13.4% of all kids	919,000

Texas Kids' Uninsured Rate Drops, Thanks to CHIP and Medicaid

BEFORE CHIP and streamlined Children's Medicaid

In 1997, When Congress created the CHIP Block Grant, U.S. Census estimated that:

- 24%-25% of Texas children were uninsured (about 1.4 million children),
  - and over three quarters (76%) of these were in families at or below 200% FPL.
- There were about 5.95 million Texas children (under age 19).

<u>SINCE</u> CHIP and Streamlined Children's Medicaid:

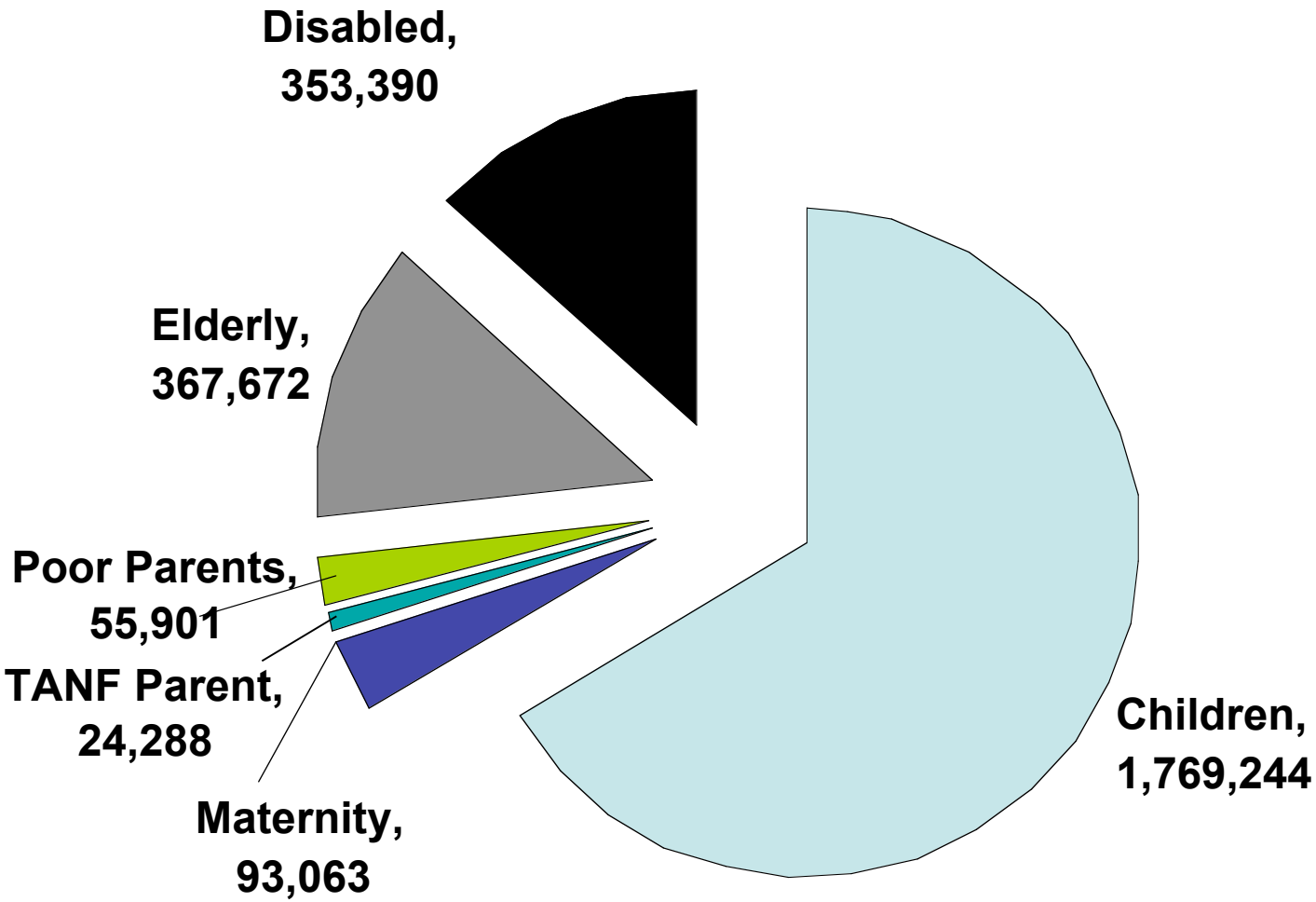
- 20.4% of Texas children under age 19 (1.37 million) are uninsured
  - just over two-thirds (68%) are in families below 200% FPL.
- There are about 6.6 million Texas children (under age 19).

Texas CHIP and streamlined children's Medicaid have provided health coverage for about 1 million more Texas children.

Uninsured Texas children below 200% FPL have dropped from 35% to 29% (kids potentially served by children's Medicaid and CHIP) .

Texas Medicaid: Who it Helps

February 2007, HHSC data.



Total enrolled 2/1/2007: 2.66 million

CHIP and Medicaid: Helping Texas Kids

As of **February 2007:**

- **1.77 million Texas children (under age 19) were enrolled in Medicaid**
  - about 100,700 of these children get Medicaid because of a serious disability
  - About 122,000 in TANF cash assistance families (7% of the kids)
  - About 12,700 pregnant teens (less than 1% of the children)
  - Other **1.53 MILLION** predominantly in WORKING poor families
- **325,479 Texas children were enrolled in CHIP.**

"CHIP stands on the broad shoulders of Medicaid"

That's 2.09 million Texas children – nearly one-third of all our kids.

Medicaid in Texas: Who it Helps

Medicaid:

As of February, 2.7 million Texans were enrolled in Medicaid:

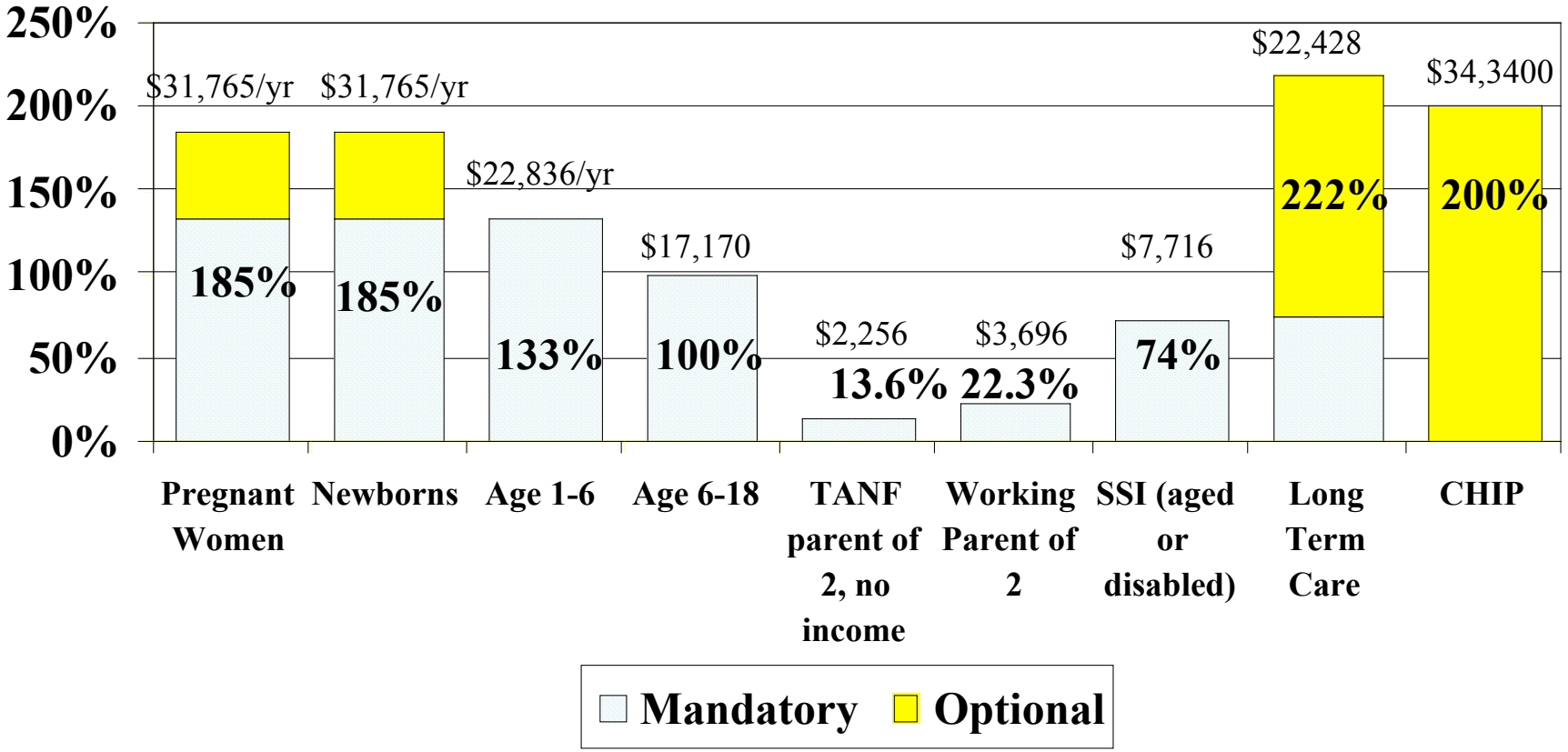
895,000 were adults:

- **721,000 (80.5% of the adults) were elderly or disabled.** Adults on SSI account for 60% of the aged and disabled recipients
- Other adults: 93,000 maternity coverage;
- **24,288 TANF cash assistance parents (less than 1.0% of total caseload);**
  - **NOTE:** there are fewer than 81,000 total poor parents on Texas Medicaid. 55,901 are parents who are at or below TANF income, but not receiving TANF cash assistance

Children's Health Insurance Program (CHIP):

- as of September 1, 2003 — 507,259 children
- as of June 1, 2007 — 300,7980 (drop of 206,461, or 40.7%)

Income Caps for Texas Medicaid and CHIP, 2007



Income Limit as Percentage of Federal Poverty Income
Annual Income is for a family of 3,
except Individual Incomes shown for SSI and Long Term Care

Frew & Children's Medicaid….

Outreach

- requires a comprehensive independent study of what types of outreach really work-- what methods are most effective at helping Texas families access all the health care their Medicaid-covered children need?
- This study will also assess what outreach and informing techniques are best suited to ameliorating the racial and ethnic disparities that are part of our state's Medicaid health statistics. State health officials will modify their Medicaid outreach and informing program based on the study results

Medicaid Managed Care

- new standards and reporting requirements for Medicaid HMOs and other Medicaid managed care organizations ("mcos").
- An independent expert will study why some children receive no health care while enrolled in a Medicaid mco.
- Defendants will track and report each Medicaid mco's checkup rate and performance on other topics described in the proposed remedial order. The mcos will be subject to financial rewards or sanctions based on these reports.
- Information about which mcos are rewarded or sanctioned, and why, will be posted on Defendants' website.

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Medical Check Ups

- Requires reviewers to examine a representative sample of children's medical charts in each area of the state, to assess what percentage of young Medicaid recipients are receiving all the checkup components required by federal law. 42 USC 1396d(r)(1)(B).
- Some common omissions include failure to perform blood testing for lead levels and for anemia at appropriate ages.
- Based on the results of this assessment, Defendants will develop corrective action plans to assure that checkups are complete.

Pharmacies

- When pharmacists submit a prescription for a drug not on the Medicaid preferred drug list, they will receive a message about needed follow-up, not just a denial.
- The instructions will include a directive to dispense a 72-hour emergency supply for the child if the doctor cannot be immediately contacted to change or secure approval for the prescribed drug.
- Pharmacists must also dispense a 72-hour emergency supply on weekends and holidays, when the state's pharmacy hotline is not available.
- Additionally, all participating pharmacists will receive improved education about their responsibilities to Medicaid-covered children.

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Adequate Supply of Health Care Providers

- Inadequate Medicaid payment rates for medical professionals and dentists who treat children have made it difficult or impossible for many families to find health care when and where their Medicaid-covered children need it.
- Corrective action plan requires a 25% fee increase for doctors and other professionals who serve under-21 Texas Medicaid recipients. It also requires a 50% fee increase for dentists. (Dentists' fees are currently further below market level than doctors', although both are deficient.)
- Additional funds are amount will be allocated for improved access to specialty care, and for other special health care initiatives targeting medically or dentally underserved class members (details next slide).
- If Judge Justice approves the settlement, provider fee increases will be effective September 1st, 2007 or soon thereafter. Other remedial provisions will be implemented over approximately the next 5 years. In addition, the 1996 *Frew* consent decree will remain in effect; the current settlement enforces rather than supercedes it. Plaintiffs' counsel will continue to monitor Defendants' compliance.

Frew & Children's Medicaid….

Funding

- The funds include:
  1) a 25 percent increase in physician and other professional reimbursement rates for services to children enrolled in the medical assistance program and covered by the Joint Motion ($511.3 million in All Funds including **$203 million in General Revenue);**
  (2) a 50 percent increase in dental reimbursement rates for services to children enrolled in the medical assistance program and covered by the Joint Motion ($661.6 million in All Funds including **$258.7 million in General Revenue);**
  (3) a targeted rate increase for certain specialists for services to children enrolled in the medical assistance program and covered by the Joint Motion ($125.9 million in All Funds including **$50 million in General Revenue);**
  (4) strategic dental and medical initiatives concerning services to children enrolled in the medical assistance program and covered by the Joint Motion **($150 million in General Revenue)**
  (5) implementation of the judicially-approved Corrective Action Plans ($113.4 million in All Funds including **$45 million in General Revenue**).

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