Testimony in Support of HB 107 by Naishtat

The Center for Public Policy Priorities appreciates the opportunity to testify in support of this bill. We provide the following background information for your information.

Background on CHIP benefit reductions. CHIP funding levels were reduced in the budget (beyond reductions related to caseload depression from eligibility policy changes) by eliminating statutory references to any particular standards for benefits, leaving the package subject only to standards explicitly mandated under federal CHIP laws (Section 2.49, HB 2292). CHIP funding per child in HB 1 assumes that the following benefits are eliminated: dental, durable medical equipment (wheelchairs, crutches, leg braces, prostheses, etc.), chiropractic, hearing aids, home health, hospice, mental health, physical therapy, speech therapy, substance abuse services, vision care and eyeglasses. Within the lower per-child funding amount, HHSC and the health plans are allowed to provide limited coverage of some of these eliminated services, but this would only be done by reducing costs (coverage) in other services. For example, annual caps on the dollar value of coverage of a benefit could be imposed, in return for restoring limited coverage of one of the benefits proposed for deletion from the current package. Budget rider language also proposes to have Community MHMR authorities provide mental health services to CHIP children, using their existing funds to draw the CHIP federal match. (See HB 1, Article II HHSC rider 53).

HHSC must identify such possible "better-than-nothing" benefit changes quickly, because the reduced premium per child will take effect September 1, regardless of where the agency is in the policy development process.

Where Texas Stands: Winning the Race to the Bottom. While the federal CHIP statute clearly encourages states to cover mental health, vision, and hearing services, and there is no precedent for a state offering such a limited CHIP benefit, it appears to be technically possible to gain federal approval of a bare-bones package.

The only option among the 4 federal law "benchmark" standards for CHIP programs that does not require a dollar-value actuarial equivalence to an existing benchmark insurance package is the "Secretary-approved coverage." By changing Texas' CHIP State Plan to this option, Texas can strip out the proposed benefits from CHIP, leaving "federal minimum benefits, plus drug coverage." However, USDHHS has never approved such a bare-bones package before, and to date, this option has only been used to approve broader coverage packages (such as packages mirroring Medicaid EPSDT benefits).

A list provided by the Centers for Medicare and Medicaid Services (CMS) of 22 states using the Secretary-approved option indicates that ALL of them offer CHIP benefits that either exceed one of the other benchmarks or mirror Medicaid's comprehensive coverage for children (AL, AR, CA, CN, DE, KS, KY, MS, and NC have "benchmark plus benefits, and AZ, FL, GA, ME, MD, MA, NV, OR, SD, VT, VA, WA, and WY have Medicaid benefits).

Texas could be the only state not covering mental health in CHIP, but HHSC's proposal to include very limited psychiatric care (psychiatric consultation after stabilization of an emergency medical condition, and coverage of one psychiatric evaluation plus 6 medication management visits per 6-month coverage period) may prevent our state from earning that title—barely.

The Center will join other child health advocates in opposing approval of the CHIP state plan amendment for this reduced benefit package, which would establish a negative precedent for the nation.

HHSC Process and Proposals

Mental Health. It is our understanding that the proposed provision of services through MHMR authorities is not expected to yield results in the near term. MHMR Centers are already facing funding reductions and reduced Medicaid revenues, and are overwhelmed by unmet demand for care by severely mentally ill children, and are unlikely to be able to meet the needs of children with less severe MH needs. While we support HHSC in pursuing federal support for MH services, it appears to be a long-term prospect at best.

Children experiencing domestic violence, physical or sexual abuse or assault, neglect, or other trauma must be able to access counseling services. Because of this critical need, we recommend that HHSC immediately enlist the direct input of pediatricians designated by the Texas Pediatric Society (unaffiliated with CHIP health plans), along with the health plans and their medical directors, to reevaluate the proposed slate of benefits and find a way to ensure access to a clinically appropriate number of counseling or therapeutic visits per coverage period.

Other benefits. We join the many others who will testify as to the negative impact of the loss of dental coverage, routine vision care, hospice care, substance abuse treatment, and of course mental health care. We also thank HHSC staff for their work to improve the benefit package within the inadequate funding level appropriated. We appreciate the inclusion of the limited psychiatric benefit, inadequate as it is. Retention of Durable Medical Equipment (DME) coverage is welcome, though we suggest that modest reduction from the $10,000 per six months cap may be acceptable if needed to provide a minimal counseling/therapy benefit. We are pleased that prosthetic eyeglasses and management of severe opthomological disease are included in the latest version of coverage provided to the CHIP health plans. We support the proposed inclusion of limited home health, rehabilitation and habilitation services, and transplants, as well.

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