SENATOR JANE NELSON

SB 7 by Senator Nelson - 82nd (1st Called)

relating to the administration, quality, efficiency and funding of health care, health and human services, and health benefits programs in this state.

Background: SB 7, filed on the first day of the 1st Called Session of the 82nd Legislature, includes cost-containment measures necessary to achieve the savings assumed in the budget adopted by the 82nd Legislature. It also includes measures designed to improve patient outcomes in Medicaid and the Children's Health Insurance Program (CHIP) and across private health care. Highlights of SB 7 follow.

Cost-Containment Measures:
- Repeals the prohibition against managed care in South Texas;
- Carves prescription drug benefits into Medicaid managed care while preserving a patient's access to their neighborhood pharmacist;
- Implements an "electronic visit verification" system to detect and deter fraud in community care programs; and
- Creates an independent client assessment process to reduce over-utilization of services in our Medicaid programs.

"These reforms are needed to achieve the savings assumed in our state budget, which meets our essential state service needs to seniors, Texans with disabilities and other vulnerable citizens. At the same time, it spends within our available means without adding to the burden of businesses and families," Senator Nelson said.

Improving Health Care Quality & Efficiency in Medicaid/CHIP:
- Implements co-payments for non-emergency visits to our hospital emergency rooms;
- Changes the way we reimburse providers under Medicaid and CHIP to align payments with patient outcomes rather than quantity of services;
- Establishes the Medicaid & CHIP Quality-Based Payments Advisory Committee to develop objective standards by which payments may be reduced to discourage waste such as preventable emergency room visits, readmissions, and complications;
- Authorizes incentives for Medicaid and CHIP providers who achieve savings through efficient care and whose care lead to healthy patient outcomes;
- Provides incentives for health care providers who serve as "health homes" to coordinate the care of Medicaid and CHIP patients; and
- Directs the Department of Aging and Disability Services to study expansion of pay-for-performance programs in long-term care and community-based services.

"Our health care dollars should be focused on the results we want, and the results we want are healthy patients," Senator Nelson said. "Taxpayers should not have to bear the full financial responsibility of waste, errors or fraud in our government health programs."

<u>Health Care Market Innovations:</u>
- Allows the formation of health care collaboratives that will provide safe harbor from state and federal anti-trust laws for providers who join together to provide care that promotes quality, patient engagement, and coordination of services;
- Directs public reporting of hospital rates of preventable readmissions and complications;
- Requires the Department of State Health Services (DSHS) to study and make recommendations on reporting patient safety risks in long-term care facilities;
- Requires DSHS to coordinate with hospitals to develop a statewide patient wristband protocol;
- Converts the existing Health Care Policy Council into the Texas Institute of Health Care Quality and Efficiency; and
- Allows the Institute to serve as a forum for health care providers, payors, and consumers to study and make recommendations on improving health care transparency, quality, and efficiency in Texas.

"These reforms will break down regulatory barriers to allow innovative health care delivery and payment models that will improve quality and make health care more affordable. They will also give the public important data about which hospitals are doing the best job of reducing acquired infections and other preventable medical complications," Senator Nelson said.

Senator Nelson represents Senate District 12, which includes portions of Denton and Tarrant counties. She is Chairman of the Senate Health & Human Services Committee.

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