



Legislative Study Group

Texas House of Representatives

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Legislative Study Group Floor Report for 6/1/2009

Update on Legislation Regarding Children's Health Insurance Program

-Conference Committee Report on **SB 2080** – Sen. Uresti / Rep. McClendon (Child Abuse Task Force) is **Favorable**

-**Note to members: SB 2080 now contains language from SB 841, the CHIP bill by Sen. Averitt/Rep. Coleman, this language is Favorable.**

-**Status: The Senate passed CCR for SB 2080 last night, House must suspend rules today to pass CHIP buy-in into law.**

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Members,

Today is the final day for the Legislature to take action on some of the remaining pressing policy issues confronting Texas families. One outstanding piece of legislation relates to the creation of a CHIP buy-in program for families that earn too much for Medicaid but do not receive insurance from their work.

Similar legislation has passed both the House and Senate, but, due to time constraints, was unable to come up for a vote on final passage. The language from Sen. Averitt and Rep. Coleman's SB 841 has been rolled into Sen. Uresti and Rep. McClendon's SB 2080. SB 2080 is favorable legislation that relates to preventing child abuse and neglect and improving child welfare. **The conference committee report for SB 2080 passed the Senate last night, in order to become law the House must pass the bill today.**

For the House to suspend the rules today and take up this priority legislation, a two thirds vote is required. LSG recommends taking up the conference committee report on SB 2080 and finally passing this important legislation.

Of the 6,899,565 children currently in Texas, 1.5 million children are uninsured. More than 1 million of these uninsured children live at or below 300% of the Federal Poverty Line (FPL). Currently, 1.9 million Texas children are enrolled in Medicaid, and another 474,000 are enrolled in CHIP. Additionally, many children lose their CHIP coverage when their family's income minimally increases (for merit raises and/or cost of living adjustments), but their earnings are still too low to afford insurance for their children. As a result, families may not accept the raises and/or will reduce work hours in order to remain eligible for CHIP benefits.

Eligibility & Assets Test - The bill increases the upper CHIP eligibility limits for family net income to 300% FPL. The bill increases the six-month eligibility income verification for families with net incomes exceeding 285% FPL. In an effort to discourage employers from electing to discontinue offering coverage for children of employees and to discourage individuals with access to health care coverage to not obtain or discontinue coverage of a child, current statute requires an eligible child to have been uninsured for 90 days prior to full enrollment and utilization of CHIP benefits, if that family previously had private health care coverage for the children. The bill establishes a longer waiting period for the new population of children in families with net incomes between 201 to 300% FPL, who must wait 180 days.

Cost-Sharing - Current statute includes cost-sharing requirements for all families to contribute by paying (1) an enrollment fee, (2) copayments for services, or (3) a portion of plan premium in which families with higher incomes must pay progressively higher percentages of the cost of the plan. The CHIP language proposes to establish a cost-sharing tier system based in income levels. The new second tier applies to families with net incomes greater than 200% but not greater than 300% of the FPL who must pay a monthly portion of the plan premium that is approximately equal to 2.5% of the family net income. As the family's net income increases and/or as the number of children in the family covered by CHIP increases, the size of the monthly premium cost-sharing amount incrementally increases.

Termination & Lock-Out Provisions - The bill proposes provisions related to terminating coverage for nonpayment of the cost-sharing requirements. For families within the 200 to 300% FPL, by rule, the HHSC must establish a process for terminating coverage for nonpayment of premiums.