



Lack of oversight on STAR-PLUS programs puts Texans at risk and costs taxpayers more

The State of Texas Access Reform (STAR) program is a capitated Medicaid service delivery model that provides acute care benefits to eligible pregnant women and low income children through managed care. Managed care is an alternative to the fee-for-service delivery model wherein providers are reimbursed for each unit of service performed.

Managed Care Organizations (MCOs) are about cost savings, and they do that by reducing services for Medicaid clients! The lives of Texas' most vulnerable citizens have been put at risk by the state's effort to cut Medicaid costs and state employees. Recently in the fall of 2016, the Health and Human Services Commission expanded its MCO contracts despite existing problems with Star Plus. The new program dubbed STAR Kids, which encompasses both severely disabled children and nearly 160,000 other disabled children is now in place. HHSC has received more than 730 complaints about STAR Kids since it began three months ago, according to The Dallas Morning News.

Problems stem from unchecked State MCO rates

Texas statute does not provide specific criteria to be used for the development of managed care rates. The Texas Government Code, Section 533.013 only requires HHSC to consider several factors such as the number of recipients and MCOs in a region, as well as the ability of the MCO to meet the costs of operation under the proposed premium rates. This lack of accountability and transparency allows the MCOs to largely set their own rates, free of oversight.

Why HHSC and Legislators should care about rates

High rates waste taxpayer funds, while rates that are too low encourage MCOs to reduce payment rates to providers. This impairs access to care for Texas Medicaid clients by making it more difficult to enroll providers. Low rates also incentivize MCOs to discourage clients from using their services. Lastly when rates are too low, MCOs reduce services not required by the state plan such as disease management, on-call nurse hot lines, and additional benefits.

LBB agrees with TSEU and recommends oversight on MCOs

The Legislative Budget Board recommended including a rider in the introduced 2016-2017 General Appropriations Bill to direct HHSC to evaluate how Texas Medicaid providers and MCOs use existing pay for quality measures to improve health care delivery and whether the measures result in a higher quality of care and improved health outcomes.

HHSC has significant discretion in establishing the rate-setting function for STAR payment rates. The process Texas uses lacks transparency and is poorly documented in the actuarial reports that are prepared to certify and provide supporting evidence for the rates. As a result, it is difficult to evaluate whether rates are reasonable and appropriate and exposes Texans on Medicaid to risk because of reduced health care services.

We ask that you hold STAR+Plus and all other MCOs to the same level of oversight and monitoring as traditional State Medicaid programs

We ask that you support
HB 1832 by Rep. Collier and HB 1770 by Rep. Munoz