

SUBJECT: Evaluating reimbursement rates for dementia patients in nursing facilities

COMMITTEE: Human Services — favorable, without amendment

VOTE: 5 ayes — Uresti, Christian, McCall, Reyna, Villarreal

0 nays

4 absent — Naishtat, Miller, Olivo, Wohlgemuth

WITNESSES: For — Tim Graves, Texas Health Care Association; Lue Taff, Alzheimers Association Coalition of Texas; David Thomason, Texas Association of Homes and Services for the Aging

Against — None

BACKGROUND: The Health and Human Services Commission (HHSC) has the authority to set reimbursement rates for nursing homes. It currently uses the Texas Index for Level of Effort (TILE) classification system to quantify the intensity of health care needs for nursing home residents and to assign daily reimbursement rates for their care. Resource Utilization Group (RUG) is the system used by the federal government, including Medicare, to classify patients and determine reimbursement rates.

In the interim, the Long Term Care Legislative Oversight Committee, a joint special committee, examined the long-term-care crisis in Texas and investigated nursing home reimbursement methodologies.

DIGEST: HB 1736 would require HHSC and the Texas Department of Health (TDH) to evaluate the TILE classification system to determine whether it accurately accounts for the health care needs of dementia and Alzheimer's patients in nursing facilities. It would require HHSC to report the results of the evaluation to the governor, lieutenant governor, and speaker of the House by September 1, 2004.

The bill would take effect September 1, 2003.

**SUPPORTERS
SAY:**

The reimbursement methodology for patients with dementia and Alzheimer's disease is outdated. Some nursing facilities receive a low rate of reimbursement for patients with Alzheimer's disease or dementia, even though caring for these patients demands proportionally more staff time than caring for many other patients. Even if the state did not have money to increase reimbursement rates, HHSC, TDH, and lawmakers should be aware of how accurately or inaccurately the system covers the needs of dementia patients.

The state is facing tight budgetary restraints. However, there are certain priorities, including caring for the elderly and infirm, that lawmakers should not abandon. Since nursing homes in Texas have to file RUG paperwork to comply with Medicare, the state's requirement for TILE reporting creates inefficiencies and duplication. If Texas switched to the RUG system, it would free nurses to spend more time with patients, thus increasing quality of care. Additionally, RUG is more likely to accurately reflect the costs of caring for dementia patients faced by nursing homes today. The evaluation required by this bill is the first step in changing the state's reimbursement methodology, possibly to the RUG system, and providing better care to dementia and Alzheimer's patients.

**OPPONENTS
SAY:**

The Legislative Budget Board estimates that the evaluation required by this bill will cost the state \$500,000 in fiscal 2004. In the current budget climate, this is an unacceptable cost. With health care services to needy individuals being cut, this study should not be a top priority for the state's resources. Further, HB 1736 would not provide substantive relief for the nursing facilities. If HHSC and DHS were to receive funds for Alzheimer's patients, they should use those resources for direct care, not for conducting a study.