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The Senate of the State of Texas

Jane Nelson  
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Committees:

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HEALTH BENEFIT PLANS

June 7, 2018

Interim Commissioner Cecile Young  
Texas Health and Human Services Commission  
Brown-Heatly Building  
4900 N. Lamar Blvd.  
Austin, TX 78751-2316

Dear Commissioner Young:

I am writing to request that the Health and Human Services Commission (HHSC) review concerns about Medicaid managed care that were raised in *The Dallas Morning News* series, "Pain & Profit."

If accurate, the report raises issues that warrant immediate attention, but I recognize that key data points were omitted, especially regarding the extraordinary steps taken to accommodate children and families during the STAR Kids transition. To clarify, the Legislature overwhelmingly approved Senate Bill 7 (83R, Nelson/Raymond), which laid out a long-term strategy to improve the quality and efficiency of care for Texans with disabilities and to allow thousands of Texans waiting for services to access the care they need. SB 7 was developed in close coordination with advocates for the disability community and was supported by ADAPT of Texas, Arc of Texas, and many other organizations dedicated to helping individuals with special needs.

SB 7 directed HHSC to establish the STAR Kids managed care program to serve young Medicaid patients with disabilities, as well as individuals enrolled in the Medically Dependent Children's Program (MDCP). Approximately 5,700 children enrolled in MDCP receive the full array of Medicaid services deemed medically necessary, along with wraparound services not available to traditional Medicaid clients.

As we began the transition to managed care, I worked with your agency and the state's health plans to make several accommodations. The rollout of STAR Kids was delayed by 14 months as the state worked to strengthen a network of providers. Complicating matters was a provision in the Affordable Care Act mandating that Medicaid services only be provided by *Medicaid* enrolled providers. Because many MDCP providers were not enrolled in Medicaid, families were at risk of no longer being able to visit the provider of their choice. HHSC and STAR Kids health plans made a concerted effort to enroll providers in Medicaid to meet the Obamacare mandates and to make existing providers available to STAR Kids clients. STAR Kids clients were given a 12-month grace period allowing them to see the provider of their choice, and health

plans can continue to enter into single case agreements with providers outside of their service areas -- particularly important for MDCP clients who see doctors around the state. Additionally, to ensure continuity of care during the transition to managed care, HHSC extended level of care assessments for six months and existing critical service authorizations for 90 days post implementation.

A cursory review of *The Dallas Morning News* series raises alarming issues about oversight and accountability of Texas Medicaid managed care organizations (MCOs). I am particularly concerned by reports of potentially inaccurate and inadequate provider networks for psychiatry and other specialty services, especially given the Legislature's emphasis on graduate medical education and other efforts to grow our health care workforce. In addition, I question why MCOs are not being fully sanctioned if they have, in fact, violated the terms of their contracts. When MCOs fail to live up to their obligations, they should be penalized -- period, the end.

As we consider legislative remedies to these issues, it would be helpful if you would provide to my office:

- A point-by-point response to the claims made in the article;
- Your plan moving forward for holding MCOs accountable for contract violations, including determination of liquidated damages and other penalties;
- An immediate plan to review provider network directories, ensure their accuracy and, more importantly, your plan to ensure that Medicaid patients have access to psychiatry and specialty care providers;
- An overview of HHSC's system to track service denials and intervene when appropriate on behalf of patients; and
- Any recommendations you would make, whether from a budget or policy standpoint, to ensure that we live up to our responsibility to vulnerable Texans who rely on Medicaid services.

I authored SB 7 because we had a broken fee-for-service system that was failing to properly coordinate care and operating so inefficiently that costs were spiraling out of control. Managed care is by no means perfect, but with proper oversight, managed care improves quality of care, better coordinates services, eliminates inefficiencies and contains the growth of our health care costs -- which everyone needs to understand are on an unsustainable trajectory nationwide.

In closing, I understand that HHSC has an extremely difficult mission. I stand ready to help you fulfill it. Together we will meet our responsibilities to seniors, children and other fragile Texans who rely on these important services. I look forward to your prompt response.

Very truly yours,



Senator Jane Nelson  
Chair, Senate Finance Committee