What’s Next on the Political Landscape for Healthcare

HFMA South Texas
3rd Annual J. Ann Magers Leadership Forum

Presented by:
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What’s Happening at THA
Interim: ADVOCACY PRIORITIES

• Monitoring interim charges/hearings
  • Hospital reimbursement methodologies
  • 1115 waiver renewal / extension
  • 1332 waivers
  • Future of Driver Responsibility Program and trauma care funding
  • Behavioral health care
  • Prompt pay penalties
  • Open carry legislation
  • Provider pricing transparency and network adequacy
What’s at Stake?

- **UC Funding**
  - $17.6 billion between 2011 and 2016
  - Offset some of the costs of providing care to uninsured and Medicaid patients

- **DSRIP Projects and Funding**
  - 1,491 active projects
    - Increasing access to primary care, behavioral health services, specialty care
    - Improving chronic disease management
    - Reducing unnecessary use of hospital ER
    - Promoting better health outcomes
    - Integrating behavioral health and physical health care
  - $11.4 billion in earned payments between 2011 and 2016

- **Statewide Medicaid Managed Care - $8.65 B in savings**
Current five-year waiver expires Sept. 30, 2016

Gov. Greg Abbott submitted an extension application to CMS in September

Request is for another 5-year term

No major changes to managed care, DSRIP or UC terms and conditions
THHSC Asking for Much Larger UC Pool to Reflect UC Need

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<th>UC Pool Required 2017-2021 (THHSC calculations)</th>
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<td>2017</td>
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<td>UC Pool Required</td>
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Potential Obstacles

- No Medicaid Expansion
- UC Pool Includes Medicaid Shortfall
- Method of Finance
  - Deferral of federal UC payments
  - CMS agreed to give state until end of August 2017 to resolve any issues with private hospital funding methodology
Section 1332 State Innovation Waivers

Gives states the option to apply for a waiver to waive some, but not all, requirements of the ACA related to marketplace (exchange) coverage and to implement innovative ways to increase access to quality health care. The waivable provisions are limited to:

1. those dealing with the health insurance marketplace, including provisions related to benefits;
2. the subsidies available through the marketplace;
3. the requirement for individuals to have coverage or pay a penalty (individual mandate); and
4. the “shared responsibility” requirement for employers with 50 or more full-time-equivalent workers (employer mandate).
Preserving Trauma Care Funding

**GOAL:** Secure Driver Responsibility Program to help continue offsetting trauma care costs.

**RESULTS**

- Legislation authored to repeal and alter DRP
  - Sen. Rodney Ellis (D-Houston) authored SB 93 to repeal DRP without proposing an alternative source of trauma care funding.
  - Sen. Kirk Watson (D-Austin), Rep. Sylvester Turner (D-Houston), and Sen. Chuy Hinojosa (D-McAllen) proposed bills that would alter how DRP is administered while preserving some trauma funding.

**NEXT STEPS**

- Continue engaging lawmakers and others on importance of DRP to funding trauma care in Texas.
84th Texas Legislature
LEGISLATIVE ACTIVITY

Funding for GME and Health Care Workforce Education and Training

RESULTS

- Passed legislation to increase number of residency slots in Texas to one graduate to 1.1 slots.
- Appropriated $53 million for the 2016-2017 biennium to fund the slots.
- Established permanent GME account.
- Funds established for THECB to:
  - Award GME planning and partnership grants to hospitals and medical schools.
  - Allow new or existing GME programs to increase their number of first-year residency programs.
  - Enable first-year residency positions to be filled.
  - Fund GME programs that received a grant for the New and Expanded GME Program in 2015.
- Established $33 million for loan repayment program for practicing in health professional critical shortage areas and to Medicaid and CHIP enrollees.
Investing in Behavioral Health Care Services

RESULTS

- Enhanced funding for inpatient capacity covers additional:
  - 100 beds in FY 2016
  - 150 beds in FY 2017

- Appropriated $2.1 million for Texas Higher Education Coordinating Board to fund education loan repayment for certain mental health professionals practicing in underserved areas.

- Sen. Royce West (D-Dallas) and Rep. Paul Workman (R-Austin) developed SB 359, which allows physicians to initiate a temporary hold on a patient if the governing body of a facility adopts a policy permitting the hold, which can last up to four hours.
  - VETO – Late night veto from Gov. Abbott killed the effort at the last minute.
What’s Happening at THA
Interim: ADVOCACY PRIORITIES

• Preparing for 85th Legislative Session
  • Medicaid rates
  • Uninsured/coverage expansion
  • DRP/trauma funding
  • Continue GME, behavioral health funding
  • Maintain prohibition on carrying guns in hospitals
  • Tele-Health
Coverage Expansion the Texas Way

NEXT STEPS

- Continue promoting the need to expand coverage and reduce uninsured.
What’s Happening at THA
Federal Advocacy Priorities

- **1115 Waiver extension**
  - Current waiver expires 9/30/16
  - CMS and THHSC still negotiating
  - Predictions?
    - Likely to be extended for 12-18 months
    - UC pool at DY 5 level ($3.1 billion)
    - Continuation of local DSRIP projects with possibility of a statewide project
  - Imperative to continue contact with members of Congress on importance of waiver extension and UC funding

- Limit Medicare site neutral payment policies
- SES adjustments for readmissions penalties
- Oppose efforts to scale back 340(b)
- Stem Medicare/Medicaid cuts
Get Out the Vote

- Encourage all hospital employees to vote
- Get involved in HOSPAC
- Primary Runoff Mar. 1
- General Election Nov. 8
What are the Presidential candidates saying about healthcare?
When asked about her greatest political regret on January 27, 2016, Hillary Clinton identified failing to pass healthcare reform in the early 1990s.

“Health care is a basic right. We are 90 percent covered, we need get to 100 percent, and then get cost down and make it work for everybody… I'm going to defend it and improve it.”
Proposes “Medicare for all” to address the 29 million who still don't have coverage and deal with high deductibles

“Our Medicare-for-all, single-payer proposal will save the average middle-class family $5,000 a year”

The nonpartisan Committee for a Responsible Federal Budget estimates that the tax increases in Sanders’ plan would only cover about 75 percent of what Sanders says it will cost, creating a $3 trillion hole in the federal budget over 10 years

Emory University economist Kenneth Thorpe says the proposal also underestimates the cost of having the government provide doctors’ services, hospitalization, long-term care, and vision and dental care — all without premiums, copays or deductibles

According to Thorpe, the Sanders plan falls short by about $11 trillion over 10 years. He says the income and payroll tax increases required to pay fully for the proposal would mean 71 percent of those who now have private insurance would pay more.
Jeb Bush

- Plan to replace Obamacare would limit federal payments to states and create a transition plan for the 17 million people receiving insurance coverage under Obamacare.
- Provide higher tax credits for purchasing catastrophic health insurance and would allow higher contribution limits on health savings accounts for out-of-pocket expenses.
- Limit the tax-free status of employer-provided health insurance.
- Give power to the states to design Medicaid programs and increase funding for the National Institutes of Health.
Ben Carson

- At the core of Carson’s platform is the combination of tax-protected “health empowerment accounts” and high-deductible health insurance plans.
- Supports transferable plans across state lines and between family members, a fixed contribution for Medicare beneficiaries to select the insurance plan of their choice, and the gradual increase of the eligibility age for Medicare to 70.
- Overhauls Medicaid by giving users private insurance options, which would be funded through state-run Medicaid programs, and seed funds for their own health empowerment accounts.
Ted Cruz

• “If I'm elected president, we will repeal every word of Obamacare. And once we do that, we will adopt common sense reforms, number one, we'll allow people to **purchase health insurance across state lines** that will drive down prices and expand the availability of low cost catastrophic insurance. We'll expand **health savings accounts**; and we will **de-link health insurance from employment** so that you don't lose your health insurance when you lose your job, and that way health insurance can be personal, portable and affordable and we keep government from getting in between us and our doctors.”
John Kasich

• “I'd like to replace ACA with a health care system that would be market-driven, that would begin to shift us to quality-based health care rather than quantity-based health care. In other words, with the primary care doctor being the focus to shepherd us through our health care needs, with insurance companies and hospitals working together to share profits, to share the gains they make by keeping people healthy rather than treating them on the basis of how they're sick.”

• Expanded Medicaid through executive action - “I’m the CEO of this state and I have a chance to bring [$13 billion] out of Washington to the people here in my state who need this help.”
• **High-risk pools** should be established by the state to help those with chronic and serious conditions who could not otherwise obtain health insurance

• After repealing the Affordable Care Act, Rubio’s plan would “create an advanceable, refundable tax credit that all Americans can use to purchase health insurance,” reform insurance regulations and transition Medicare to a premium support system
“The insurance companies are getting rich on health care and health services and everything having to do with health. We are going to end that. We're going to take out the artificial boundaries, the artificial lines. We're going to get a plan where people compete, free enterprise. In addition to that, you have the health care savings plans, which are excellent. What I do say is, there will be a certain number of people that will be on the street dying and as a Republican, I don't want that to happen. We're going to take care of people that are dying on the street because there will be a group of people that are not going to be able to even think in terms of private insurance or anything else and we're going to take care of those people. And I think everybody on this stage would have to agree, you're not going to let people die, sitting in the middle of a street in any city in this country."
Hospitals “agreed” to $155B in cuts in Medicare and Medicaid over 10 years

Can only survive financially with more insured patients

- Marketplaces with subsidies to make affordable
- Medicaid expansion to 133% of FPL ($30,657 for a family of 4)
- Coverage mandate
- Insurance reforms (lifetime limits, preexisting conditions, medical loss ratios, etc.)
- Movement to quality-based payment system

Coverage financed by $500B in cuts to hospitals, home health, nursing homes and Medicare advantage plans + new revenue (see next slide)
ACA Taxes and Penalties
(FY 2017 to FY 2026)

- Cadillac tax is worth $18 billion according to the latest data from the CBO (delayed 2 yrs.)
- Tax for health insurers = $156 billion (delayed 1 yr.)
- Employer penalties for companies that fail to offer health insurance = $178 billion in deficit reduction
- Penalties for individuals who fail to purchase health insurance = $38 billion
- Annual fee on manufacturers and importers of branded drugs = $30 billion
- Excise tax on manufacturers and importers of certain medical devices = $24 billion
Cumulative Impact of Cuts
Questions?

Let us know how THA can help you!