

Key Issues for Texas Hospitals: 85th Legislative Session



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Priority - Medicaid Reimbursement Rates that Reduce Reliance on Supplemental Payments & Protect Access to Care



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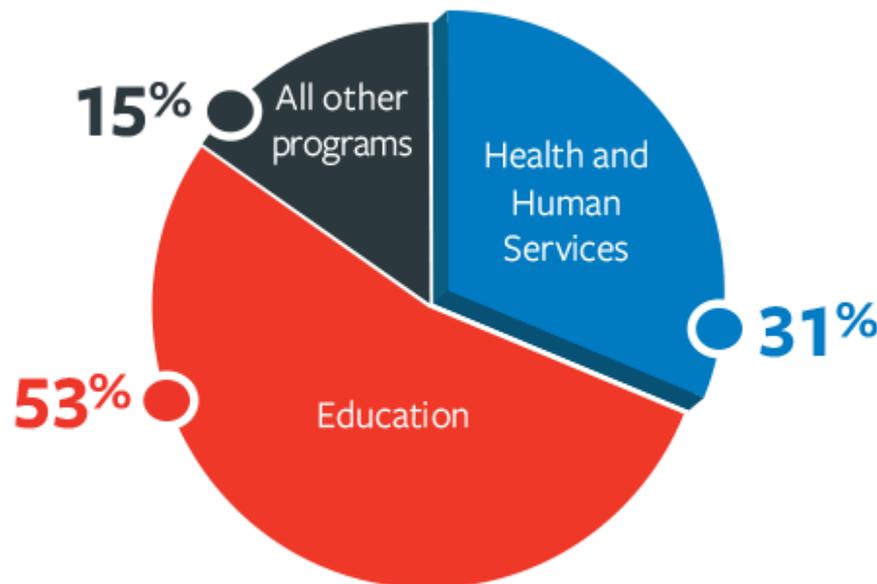
- **Most Texas hospitals are reimbursed at less than 60 percent of cost for providing inpatient care in the Medicaid program**
- **Increasing reliance on a shrinking pool of supplemental payments**
- **Health care safety net is straining to meet the needs of a growing population**

Texas Medicaid In Perspective



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State General Revenue Spending, 2014-15



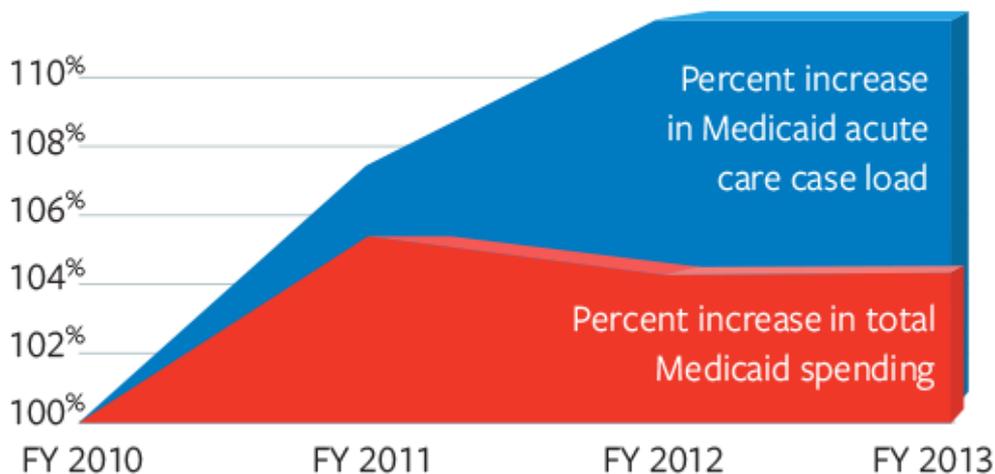
- Texas Medicaid: Not Consuming the State Budget
- General revenue spending on health and human services LESS than general revenue spending on public education

Texas Medicaid In Perspective



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% Increase in Total Medicaid Spending vs. % Increase in Enrollment



Despite large enrollment increases, total Medicaid spending growth has remained largely flat.

State Budget Overview



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- **Maintains \$307 M in state funds (\$715 M AF) for the biennium for add-on payments for trauma, safety net, and rural hospitals, and maintains \$29 M in GR for uncompensated trauma care**
- **Appropriates \$988.9 M ESF for one-time grants to local entities, health and safety repairs, and other state facilities construction needs, including:**
 - **\$300 M for state hospitals**
 - **\$160 M for state supported living centers and state hospital critical repairs**
- **Requires HHSC to coordinate with the Higher Education Coordinating Board to determine potential methods for enhancing funding for Medicaid Graduate Medical Education**
- **Requires HHSC to evaluate Medicaid funding initiatives for rural inpatient and outpatient hospital services**

State Budget Overview



- **Adopts \$427.1 million GR and \$1.0 billion AF in Medicaid cost containment, including:**
 - \$350 million GR and \$830 million AF in Medicaid funding reductions and cost containment
 - \$77.1 million GR and \$193.7 million AF in reductions due to decreasing risk margins for Medicaid and CHIP managed care premiums
- **Did not adopt federal flexibility riders - House federal flexibility rider included reduction of \$1.0 billion GR and \$2.4 billion AF**

Priority - Continued UC Funding Through the Medicaid 1115 Waiver



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- The waiver has redesigned the delivery of health care in Texas by redirecting about \$6.2 billion a year in Medicaid managed care savings to Texas hospitals and other health care providers to:
 - offset some uncompensated care costs - Uncompensated Care (UC) Pool
 - support projects that improve access to needed services and reduces health care costs - Delivery System Reform Incentive Payment (DSRIP) Pool
- The waiver is currently extended through December 2017
- THHSC has requested an additional 21 months funding through Sept. 30, 2019 to allow the new administration and the 115th Congress time to make their anticipated changes to the nation's health care system

Medicaid 1115 Waiver: Unresolved Issues



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- **Budget Neutrality Calculation**
- **UC Pool Size**
- **S10 vs HHSC UC Tool / Bad Debt Allowance**
- **Method of Finance / Disallowance**
- **DSRIP Transition**
- **Medicaid Shortfall**
 - **Hospital Rates**
 - **Uniform Hospital Rate Increase Program**
 - **Local Provider Participation Fees**

Priority - Maintain Funding for State's Trauma Care Network



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Preserving the Texas Trauma Care System

129,733 trauma hospitalizations in 2014 in Texas

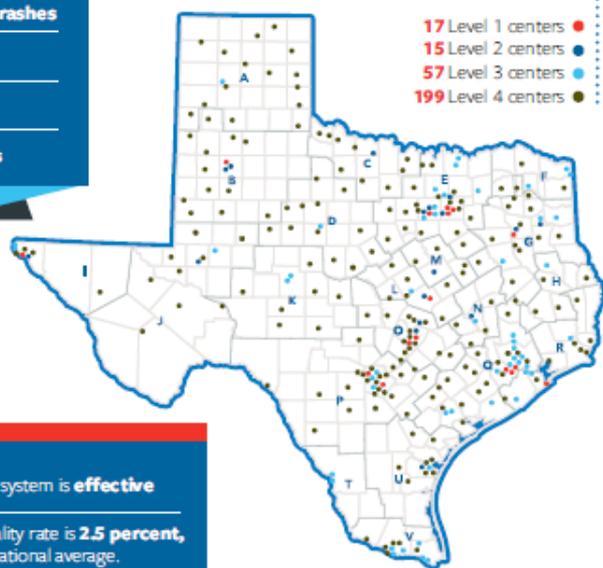
Motor vehicle crashes

Falls

Assaults

Firearm injuries

288 designated trauma hospitals statewide to provide life-saving care



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The Texas trauma system is **effective**



The trauma mortality rate is **2.5 percent, better** than the national average.



Texas hospitals provide more than **\$253 million** of unreimbursed trauma care annually.



Without a **dedicated source of state funding** (currently fines and penalties from the Driver Responsibility Program), this amount would be even greater.

- There are 288 designated trauma facilities statewide:
 - 17 Level 1 Centers
 - 15 Level 2 Centers
 - 57 Level 3 Centers
 - 199 Level 4 Centers
- 16 Facilities are currently undergoing the designation process
- Since the passage of a dedicated funding stream (the DRP) Texas has seen the expansion of the trauma care network to include 77 NEW designated facilities

Repealing and Replacing the DRP



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- **House Bill 2068 would repeal the Driver Responsibility Program (DRP) but maintain funding for Texas trauma hospitals**
- **Supported by THA, along with the Texas Association of Counties, Justices of the Peace and Constables Association of Texas, County Judges and Commissioners Association of Texas, Texas EMS Trauma & Acute Care Foundation, Sheriffs Association of Texas, Smart on Crime Coalition, and Texas Association of Business**
- **The bill would replace the DRP with an increase in the state traffic fine for all offenders and strengthen the fines and penalties for DWI offenders and those convicted of driving without auto insurance**

Priority - Funding to Support a Strong Behavioral Health Care System



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- The impact of an underfunded behavioral health care system is seen in reduced ED capacity, increased hospital readmissions and increased hospital uncompensated care
- Texas hospitals support:
 - Increase access to state-funded hospital beds
 - H.B. 3083 – growing the substance use provider workforce by adding Licensed Chemical Dependency Counselors to the Mental Health Loan Repayment Program
 - H.B. 10 – Increases TDI’s oversight of mental health parity to ensure health insurance plans offer equal coverage for mental and physical health care

Other Issues



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- **Regulation of Freestanding ERs**
 - H.B. 3276 – notice of health benefit plan provider network status provided by certain freestanding emergency medical care facilities
 - S.B. 507 – mediation of out-of-network health benefit claims involving balance billing
- **Hospital Operations**
 - S.B. 833 - regulation of 501(a) health organizations certified by the Texas Medical Board
 - S.B. 1148 - maintenance of certification by a physician or an applicant for a license to practice medicine
- **Telemedicine**
 - S.B. 1107 - provides for a clear and accountable regulatory structure regarding the establishment of a valid practitioner-patient relationship via telemedicine

Fixed Federal Funding Proposals: Block Grants, Per Capita Spending Caps



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- **As fundamental changes to the Medicaid program are considered, Texas hospitals encourage the inclusion of:**
 - **A funding baseline that is related to the demand for services and ensured adequate reimbursement for providers**
 - **Protections for states with large low-income populations**
 - **Funding allocations that accounts for supplemental payments and associated method of finance, including local government contributions**
 - **Financial protections for states in the event of an economic downturn**

Questions?



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