

# 84<sup>th</sup> Texas Legislature:

Outcomes for Texas Hospitals and

# 1115 Waiver Renewal: Next Steps

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**TEXAS HOSPITAL ASSOCIATION**

# 84<sup>th</sup> Texas Legislature

# LEGISLATIVE PRIORITIES



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- Securing Funding for Hospital Payments
- Coverage Expansion the Texas Way
- Preserving Trauma Care Funding
- Funding for GME and Health Care Workforce Education and Training
- Investing in Behavioral Health Care Services

## Securing Funding for Hospital Payments

- ❑ CHALLENGE: Limited legislative appetite for appropriating funds for hospitals
  - ❑ THA initiated requests to maximize DSH payments through \$555 million annual from state general revenue.
    - ❑ HOUSE BUDGET: \$250 million for DSH
    - ❑ SENATE BUDGET: \$0 for DSH

## Securing Funding for Hospital Payments

- ❑ Pivoted to request to \$500 million for improvement in Medicaid rates.

### BACKGROUND

- ❑ Texas currently has lowest Medicaid reimbursement in U.S.
  - ❑ 51% inpatient
  - ❑ 72% outpatient
- ❑ Florida waiver negotiations forecasts potential difficulty with CMS on Texas' Medicaid rates.
  - ❑ CMS considers Medicaid rate adequacy a guiding principle in evaluating waiver renewals.

## Securing Funding for Hospital Payments

- ❑ Pivoted to request to \$500 million for improvement in Medicaid rates over 2016-2017 biennium.

### RESULTS

- ❑ \$129 million in state funding for a Medicaid rate add-on for safety net hospitals.
  - ❑ 10% of these funds are set aside to reward high-performing hospitals, which may then exceed its hospital-specific limit.
- ❑ \$67 million for trauma add-on over 2016-2017 biennium.
  - ❑ In addition to the \$44 million already appropriated add-on payment for trauma care.
- ❑ \$25 million for rural outpatient services at 100% of costs.

## Securing Funding for Hospital Payments

- ❑ Pivoted to request to \$500 million for improvement in Medicaid rates over 2016-2017 biennium.

### RESULTS

- ❑ All funds (except \$5 million for rural hospital outpatient rate enhancement) comes from trauma funds.

### NEXT STEPS

- ❑ Work with HHSC on fair and equitable methodology reimburse hospitals that provide trauma care and those that serve a disproportionate number of Medicaid and uninsured patients.

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## Coverage Expansion the Texas Way



**GOAL:** Secure federal funding to reduce rate of uninsured using an alternative to Medicaid expansion.

 Texas Hospital Assn @texashospitals · Mar 27  
Rep. Coleman & Sen. Rodriguez file "TX Way" bills. RT if you support increasing access to private health insurance - [ht.ly/KQwe2](https://t.me/ht.ly/KQwe2).

← ↻ 2 🍷 ☆ ... [View summary](#)

 Texas Way @TexasWay · May 31  
Almost 50,000 **Texas** veterans would qualify for **Texas Way** coverage: [texasway.com/issues/honorin...](https://texasway.com/issues/honorin...) #txiege

← ↻ 2 🍷 ☆ 2 ... [View photo](#)

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## Coverage Expansion the Texas Way

### NEXT STEPS

- ❑ Continue promoting the need to expand coverage and reduce uninsured.

The screenshot shows the Twitter profile for 'Texas Way' (@TexasWay). The profile bio states: 'A uniquely Texan, private market-based coverage plan to improve the health of low-wage working Texans and strengthen the state's economy.' It lists 414 tweets, 226 following, 4,754 followers, and 12 favorites. A pinned tweet from Jan 6 reads: 'Texas legislators must improve access to private health insurance. Here's what's at stake: [youtube.com/watch?v=wJtVRN...](https://www.youtube.com/watch?v=wJtVRN...) #TexasWay'. Below the tweet is a YouTube video player with the title 'The Texas Way' and a thumbnail image that says '1 IN 4 TEXANS DOESN'T HAVE HEALTH INSURANCE?' with icons of people and a play button.

## Preserving Trauma Care Funding

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

### BACKGROUND

- ❑ Since its inception in 2003, the DRP has provided approximately \$500 million to Texas trauma hospitals.
- ❑ DRP critics target the program, considering it a violation of double jeopardy and acting outside of the judiciary.



## 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.

# Funding for GME and Health Care Workforce Education and Training

## □ Physician Workforce

- **GOAL:** Stunting the continuing physician shortage in Texas amid rapid population growth.
  1. Increase total number of residency slots available at Texas medical schools.
  2. Establish funding for those programs.

# 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.

# Funding for GME and Health Care Workforce Education and Training

## ❑ Nursing Workforce

- ❑ **GOALS:** Addressing the continued nursing shortage in Texas.
  - ❑ Increase number of nursing graduates in Texas.
  - ❑ Recruit and retain nursing students and faculty.

# Funding for GME and Health Care Workforce Education and Training

## RESULTS

- ❑ State budget includes \$34 million over 2016-2017 biennium for Professional Nursing Shortage Reduction Program.
- ❑ Allocated \$10 million through 2019 for nursing school innovation grants from tobacco earnings.

# Funding for GME and Health Care Workforce Education and Training

## NEXT STEPS

- Work with Texas Higher Education Coordinating Board and physician community to co-host GME forum and promote opportunities for expanding GME first-year residency slots.

# Investing in Behavioral Health Care Services

## GOALS

- Build on 83<sup>rd</sup> Texas Legislature's investment in behavioral health services.
- Maintain or increase in funding from previous session.
- Address behavioral health workforce shortage
- Give hospitals the option to allow their physicians to initiate a temporary hold of a patient who may be a danger to self or others due to mental illness.

## 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.**

# Investing in Behavioral Health Care Services

## NEXT STEPS

- Work with legislative staff to address possible solutions on physician detention issues..

## Other Major Issues

### Guns: Open Carry and Campus Carry

- Despite legislator focus on open legislation, THA maintained prohibition of open carry on Texas hospital campuses.



“I just feel that the time has come for us to protect the men and women of Texas who are carrying concealed on our campuses.”

- Rep. Allen Fletcher (R-Cypress)

“Texas has got to get past its obsession with guns and start placing its resources on our students and institutions. This should not be the banner headline from this legislative session.”

- Rep. Garnet Coleman (D-Houston)



Greg Abbott @GregAbbott\_TX · May 29

Open Carry just passed in both the Texas House & Senate. Next destination: My Pen. #txlege #tcot @NRA

← ↻ 2.4K ★ 2.1K ...

## Other Major Issues

### Prompt Pay Penalties

- ❑ Legislation introduced by Rep. John Smithee (R-Amarillo) and Sen. Larry Taylor (R-Friendswood)
  - ❑ Established two-year statute of limitation on any claims by providers to collect prompt payment penalties (while also substantially lowering penalties) owed to providers on late claims.
    - ❑ Rep. Smithee's legislation defeated in committee on 5-4 vote.
    - ❑ Rep. Taylor's bill never received a hearing.



## 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

# 1115 Medicaid Transformation Waiver Extension Extension Timeline



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- Current five-year waiver expires Sept. 30, 2016
- Gov. Greg Abbott will submitted an extension application to CMS
- Request is for another 5-year term
- No major changes to managed care, DSRIP or UC terms and conditions



# 1115 Medicaid Transformation Waiver Renewal UC Pool



## THHSC Asking for Much Larger UC Pool to Reflect UC Need

UC Pool Required 2017-2021 (THHSC calculations)					
	2017	2018	2019	2020	2021
UC Pool Required	\$5.8 billion	\$6.6 billion	\$7.4 billion	\$7.4 billion	\$7.4 billion

# 1115 Medicaid Transformation Waiver Renewal 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



# Questions



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**Questions and  
comments, please**