

85th Texas Legislature Outcomes & Analyses

Healthcare Landscape 2018



Overview

Major Legislative Priorities

- Maintaining Funding for Enhanced Medicaid Payments
- Supporting Texas Trauma Hospitals
- Investing in the Behavioral Health System
- Funding for Health Care Workforce Education and Training

Other Major Issues

- Freestanding Emergency Centers
- Hospital Pricing and Disclosure
- Hospital Operations
- Physician Practice

Special Session Focus

1115 Medicaid Waiver



Major Legislative Priorities



Maintaining Funding for Enhanced Medicaid Payments

Goal & Result: THA secured \$336 million in level funding for Medicaid reimbursement rate add-ons and uncompensated trauma care costs.

Funding for Targeted Medicaid Rate Enhancements for Certain Hospitals and for Uncompensated Trauma Care Costs (in Millions)

Purpose	Method of Finance	2016-2017	2018-2019	Biennial Difference
		GAA	GAA	
Uncompensated Trauma Care	Account 5111	\$29	\$29	\$0
Trauma Add-On	Account 5111	\$153	\$153	\$0
Rural Add-On	GR	\$5	\$25	\$0
	Account 5111	\$20	\$0	
Safety-Net Add-On	GR	\$0	\$79	\$0
	Account 5111	\$129	\$50	
Total	GR & Account 5111	\$336	\$336	\$0



Supporting Texas Trauma Hospitals

Goal: Preserve trauma hospital funding but replace the source of funding.

Result: Killed at the 11th hour, THA's favored solution would have:

- Repealed the Driver Responsibility Program and the program's surcharges;
- Implemented new source of revenue for trauma hospitals; and
- Offered local control to municipalities considering cases and fines for certain traffic violations.

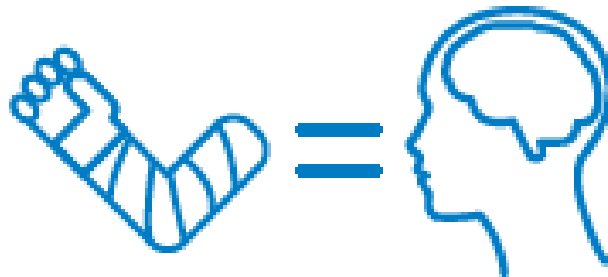
Next Steps: Continue engaging lawmakers and stakeholders to agree on an alternative source of trauma funding.



Investing in the Behavioral Health System

Goals: Improve access to mental health and substance abuse treatment by:

- Establishing a statewide mental health parity law;
- Growing the substance use provider workforce; and
- Building on 84th Legislature's behavioral health funding.



Investing in the Behavioral Health System

Results:

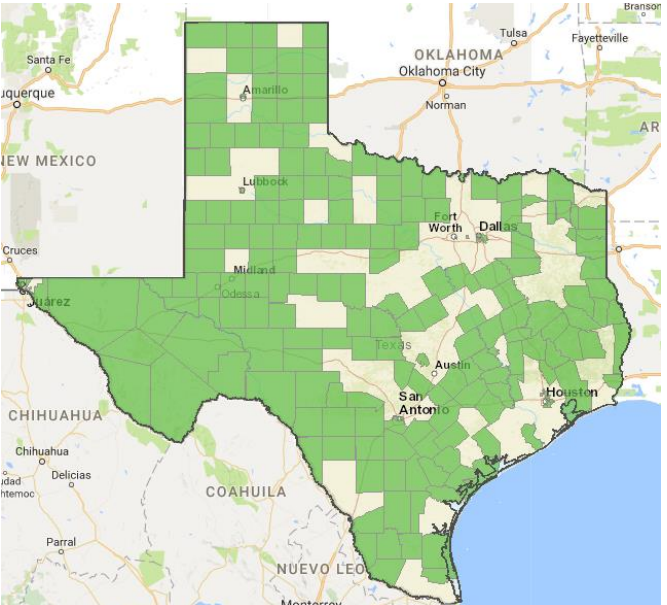
- Passed a statewide mental health parity law so that behavioral health conditions are treated the same, in terms of benefits and provider networks, as physical health conditions.
- Passed a bill that grows the substance abuse provider network by making licensed chemical dependency counselors eligible for education loan repayment assistance in exchange for serving low-income and indigent Medicaid and CHIP clients.
- The Texas Legislature invested \$7.5 billion in the state behavioral health system.
 - \$3.6 billion for Medicaid and CHIP behavioral health services.
 - \$63 million to address the current and projected waitlists for community mental health services for adults and children.
 - \$366 million for construction and repairs at state hospitals and other inpatient mental health facilities.



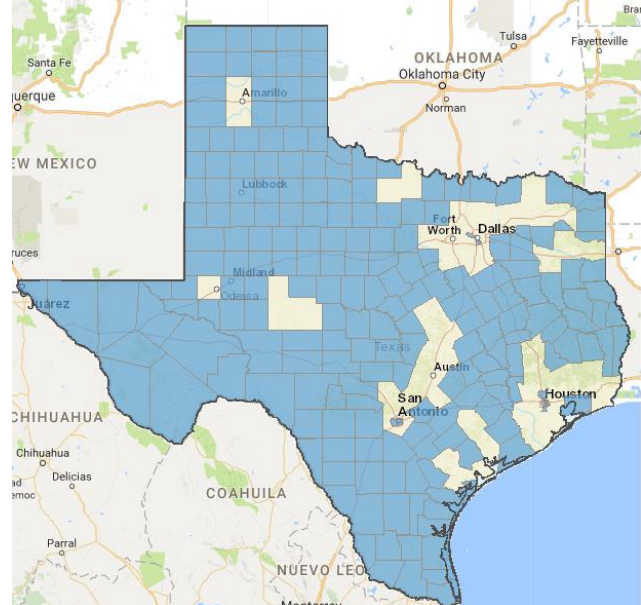
Funding for Health Care Workforce Education and Training

Goal: Address the health professional shortage by increasing education and training opportunities.

2017 Health Professional Shortage Area - **Primary Care**



2017 Health Professional Shortage Area - **Mental Health**



Funding for Health Care Workforce Education and Training

Result:

• **Physicians:**

- \$90 million (level funding) to continue current GME programs and add new programs at the University of Texas at Austin and Rio Grande Valley.
- \$35 million in hold harmless funding to address decreased formula rates at all institutions.
- \$97 million (\$44 million increase) to expand GME opportunities for first-year residents and partnership grants with health facilities.
- \$25 million (\$8 million decrease) for the Physician Educational Loan Repayment Program.

• **Nurses:**

- \$20 million (\$14 million decrease) for Professional Nursing Shortage Reduction Program.
- \$11 million (level funding) in nursing school grants to recruit and retain students and faculty.
- Texas Board of Nursing sunset bill allows nurses to have a multistate license with the ability to practice in multiple states.

• **Mental Health:**

- \$2.1 million (level funding) for the Loan Repayment Program for Mental Health Professionals.



Other Legislative Priorities



Freestanding Emergency Centers

Goal: Help consumers understand with which health plans a FEC contracts in the most effective way.

Result: THA improved legislation that would have required FECs to publicly post the list of health insurance companies with which the FEC does and does not contract.

- THA negotiated language to require website disclosure of disclosure of network participation, along with a restatement of an existing law requiring individual confirmation of network status at the time of service.



Health Care Pricing and Disclosure

Goal: Offer pricing transparency to consumers in the most effective and accurate way for hospitals.

Results: THA weighed in on several related bills.

- Supported and helped pass legislation to expand the law governing mediation of disputed health care bills to include all facility-based providers, including those practicing in freestanding emergency centers.
- Raised concerns over a bill that would have allowed the attorney general to sue hospitals and FECs for “unconscionable” billing for emergency care.
- Helped kill a bill that would have required health care facilities to disclose, or in certain circumstances estimate, the cost of a nonemergency medical service before services are rendered.



Hospital Operations

Goal: Allow hospitals to manage and run their facilities and operations to best serve patients.

Result: THA killed and improved several bad bills.

- THA killed legislation that would have subjected private hospitals to open records requests under the Public Information Act.
- THA brokered a compromise, removing language from a bill that created new causes of action for physicians to sue their 501(a) physician groups.
- THA forged a compromise, amending bill language so that hospitals can continue to determine their own physician workforce.



Hospital Liability

Goal: Oppose increasing the cap on non-economic damages in tort cases.

Result: THA killed legislation that would have raised the cap for non-economic damages awarded in a health care liability claim and tied it to the Consumer Price Index.



Special Session Focus

The Texas Legislature revisited a number of issues impacting Texas hospitals when it returned for the 30-day special session July 18, including:

- Texas Medical Board sunset legislation; **(passed)**
- Property tax reform, including a lower "rollback provision;" **(stalled)**
- Caps on state and local spending; **(stalled)**
- Increasing reporting requirements when complications arise from abortions; **(passed)**
- Revising the practices and standards related to use of in-hospital do-not-resuscitate orders **(passed)**

THA is closely monitoring rulemaking on the legislation that passed.



1115 Medicaid Waiver



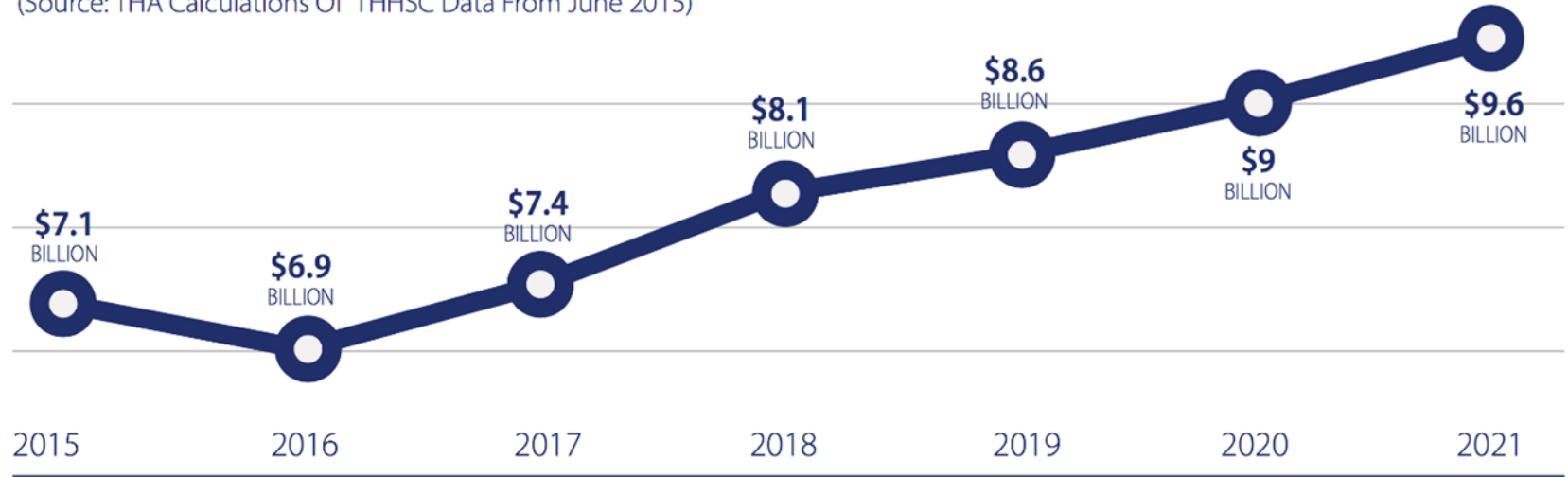
Uncompensated Care Increasing

Importance of UC funds in waiver

- Medicaid shortfall remains high
- Texas continues to have highest percentage and number of uninsured in nation.

Projected Uncompensated Care Costs 2015-2021 (Pre-Supplemental Payment Offsets)

(Source: THA Calculations Of THHSC Data From June 2015)



Continue the 1115 Medicaid Transformation Waiver

- Redesigned the delivery of health care in Texas
- Saved more than \$8 billion over the five year period
- Directs \$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 1,491 projects that improve access to needed services (BH, primary care, specialty care, chronic care) and reduces health care costs - Delivery System Reform Incentive Payment (DSRIP) Pool
- The waiver was extended through December 2017
- **A new five-year waiver was approved on December 21, 2017.**



New Texas Medicaid 1115 Waiver Approved by CMS

- Level funding for uncompensated care and DSRIP for two years.
 - Transition to modified S-10 for reporting and calculating UC payments - will not take effect until 2020.
 - Transition out of DSRIP occurs over 5 years - gives the industry and the state time to identify the most effective projects and operationalize them.
 - Increases allowable spending amount under “budget neutrality” cap to accommodate other means of increasing hospital reimbursement, such as NAIP, QIP and the uniform hospital rate increase program (UHRIP).
 - The method of finance for the state share of Waiver payments is not addressed in the terms and conditions. The disallowance appeals process still underway. The industry and the state must ultimately figure out alternative means of financing the state share of payments.



New Texas Medicaid 1115 Waiver Approved by CMS

- **With a new Medicaid 1115 Waiver approved for Texas, hospitals' uncompensated care funding will change beginning in 2020:**
- Total uncompensated care funding available and individual hospitals' UC payments will be based on charity care costs for uninsured patients reported on a modified 2017 Worksheet S-10.
- For children's and specialty hospitals that do not use the S-10, allowable costs will come from cost reports.
- UC funding no longer will include costs associated with hospitals' bad debt or Medicaid shortfall (difference between the cost of providing a service and Medicaid reimbursement for that service).
- Allowable UC costs for pool sizing purposes will not include costs from non-hospital providers, although UC payments can be made to qualifying non-hospital providers, including physician practice groups, government ambulance providers and government dental providers.
- UC payments will be distributed based on reported UC costs without regard to a provider's intergovernmental transfer payment.



New Texas Medicaid 1115 Waiver Approved by CMS

- To ensure the financial stability of Texas hospitals and their continued ability to serve all Texans, the Texas Hospital Association is:
 - Analyzing potential changes to the Medicaid disproportionate share hospital program to mitigate possible differences in UC payments among different classes of hospitals.
 - Working with the Texas Health and Human Services Commission to ensure that all Texas hospitals' UC cost data are incorporated and accounted for in the UC pool calculation.
 - Modeling changes to UC payments among all hospitals.
 - Representing all Texas hospitals at THHSC stakeholder workgroup meetings.



Questions?

