



TEACHING
HOSPITALS
of TEXAS

House County Affairs Chairman Garnet Coleman

Thursday, March 9, 2017

Teaching Hospitals of Texas
Maureen Milligan, President & CEO

Saving lives today, preparing for tomorrow.



Counties & Texas Healthcare

1. Counties have a statutory role in providing and paying for healthcare.
2. This responsibility is affected by state and federal healthcare including Medicaid decisions.
 - So it's important to know about Medicaid as it affects counties and Hospital Districts
3. Your hospital districts provide essential health services to all Texans.
4. They are also more sensitive to changes in state and federal health care policy and payments.
 - Targeted programs like trauma funding, safety net add-ons, and waiver funding are critical.




Counties' Role in Health Care

Do I have Health Insurance?

- Commercial Health Insurance/Medicare?

Yes  if No, then:

- Am I eligible for CHIP or Medicaid health insurance? Yes  if No:

- Do I live in a county with a Hospital District or Public Hospital; or County Indigent Health Care Program? Yes 

Counties & Health Care

- Texas Legislature created a county-based indigent healthcare safety net in 1985. Chapter 61 of Health and Safety Code.
 - County Public Hospital, Hospital District or the county provides health care to very poor county residents: income **under \$357 per month for a family of three. (21% of poverty*)**.
 - County programs can limit expenditures once their spending hits 8 % of their General Revenue Tax Levy; or at \$30,000 per person.



Counties & Health Care

- **Hospital Districts** – in large and mid-sized counties including:
 - Bexar; Dallas; Ector; El Paso; Harris County; Lubbock; Nueces; Tarrant; Travis.
 - Taxing authority to support hospital district – typically property taxes
 - Often provide care to residents with higher incomes – up to \$1,700/month or \$3,400/month
 - (100 – 200% FPL family of 3)



Counties & Health Care

- What if I'm not eligible for County care, Medicaid, ACA care, or can't afford Commercial?
 - Care at clinics if appointments are available, emergency departments, etc.
 - Preventive, Chronic and Specialty care are challenging
 - **Costly way to provide care and more avoidable illness and system costs.**

Who Pays for Care: County Taxes, GR, or Federal?

- ACA Exchange: **Federal subsidies** & individual premiums
- Medicaid: **Federal Funding** (56.18%) and State Share (43.82%). Texans spends less in Texas taxes with federal match in Medicaid.
- County programs, and Hospital Districts for indigent uninsured not funded by Medicaid: **County Taxes (typically property taxes). 100% County Costs.**
- We all pay: county, state and federal taxes. With federally matched funding, we access more of what we've contributed.

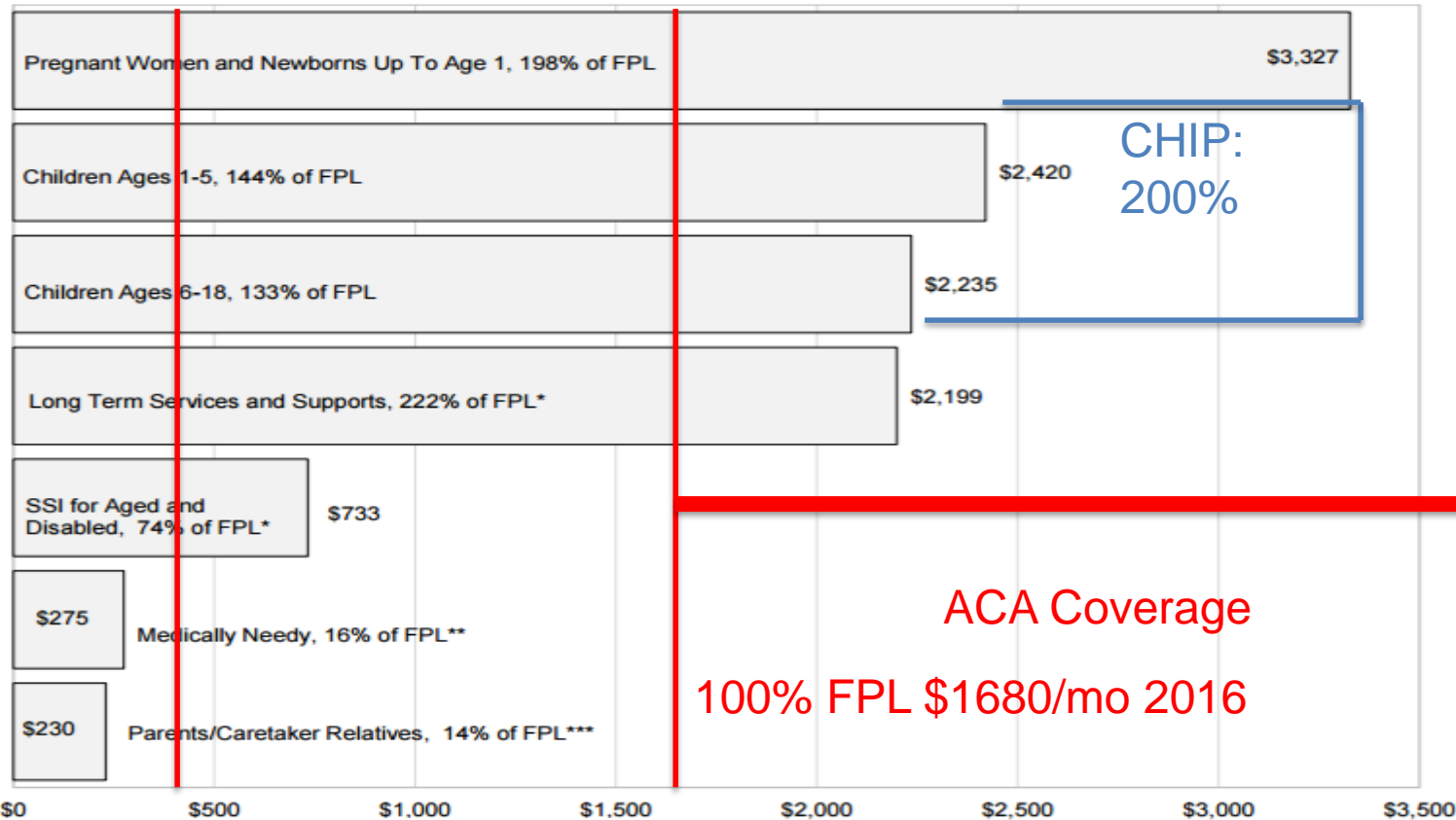




Coverage by Medicaid or federal insurance offset county coverage and costs.

Figure 3.1: Medicaid Eligibility in Texas, Maximum Monthly Income Limits, March 2016

21% \$357/mo County Requirement

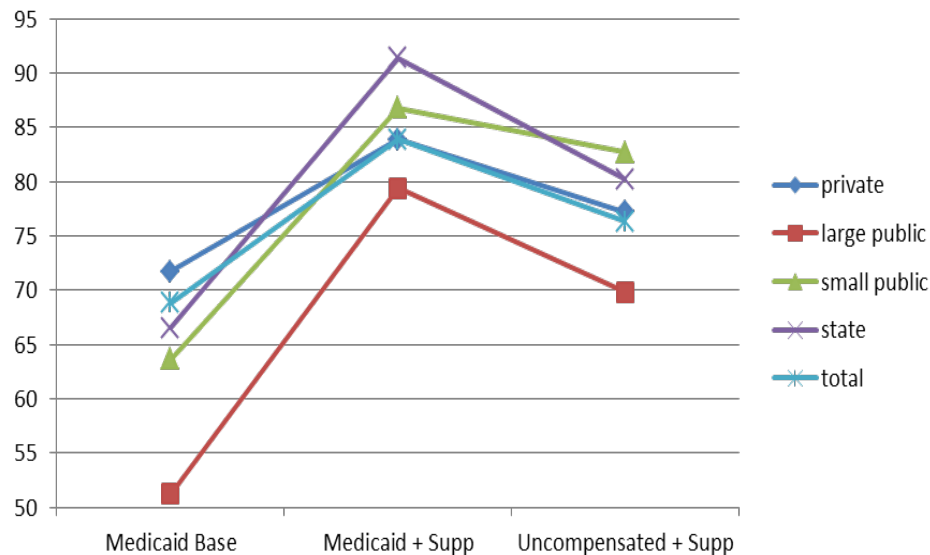


Adults without Children or with Grown Children over 21% are left out of Medicaid/County Requirements.

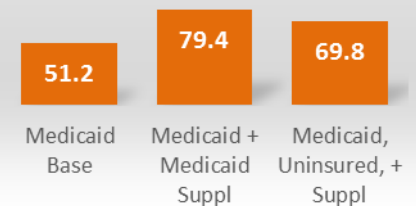
Since Medicaid affects Counties, How does Medicaid Financing Work?

- Medicaid: State/Federal program
- Medicaid: **Federal Funding** (56.18%) and State Share (43.82%).
- Minimum eligibility levels and benefits set by federal government
- Entitlement means: anyone eligible receives services
 - State and federal government share costs.
 - State flexibility for costs: program management & payment rates

2015 Medicaid
Hospital
Payments as a
% of Cost

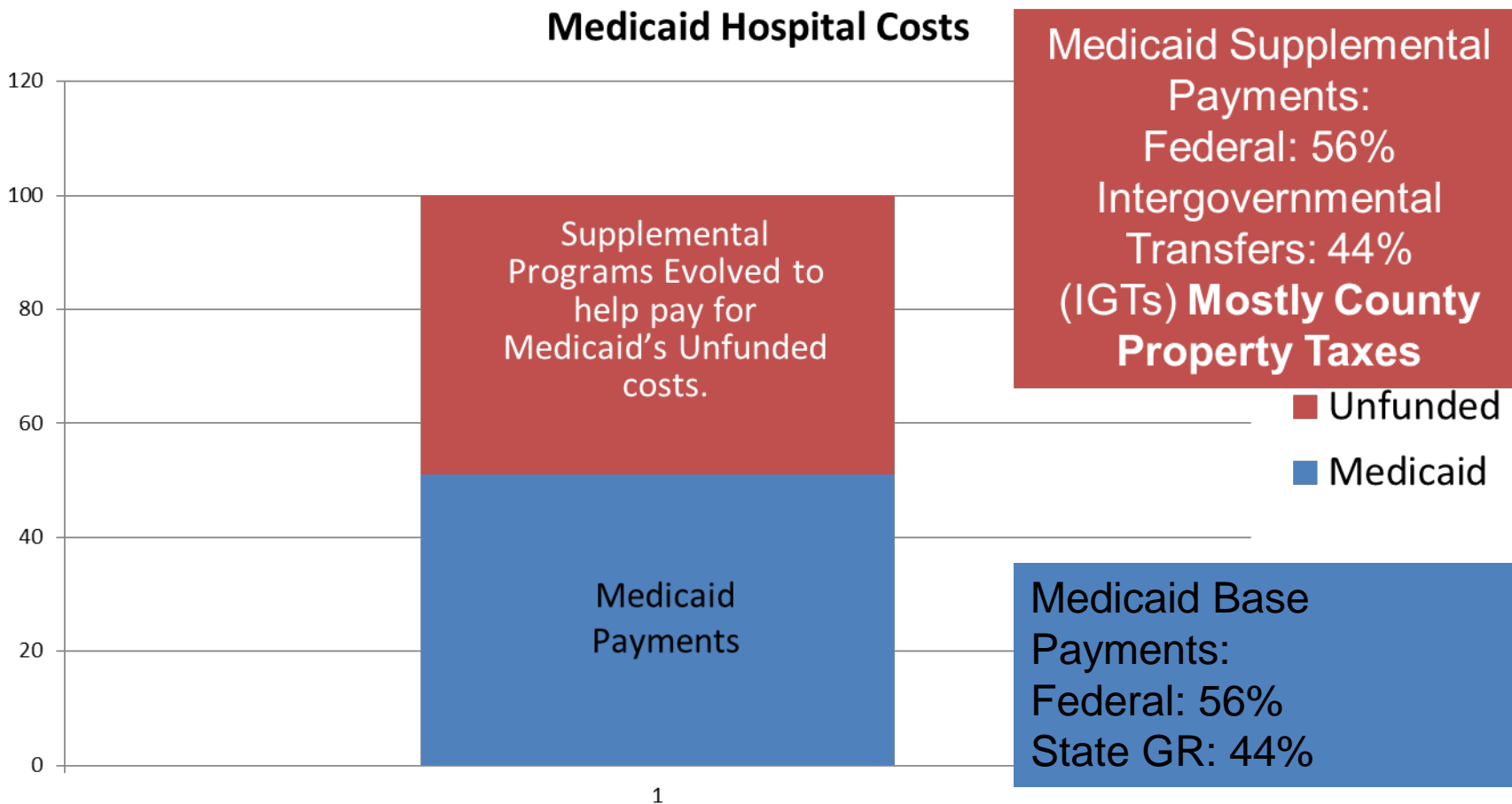


% of Costs Paid
to 6 Large Public
Hospitals...



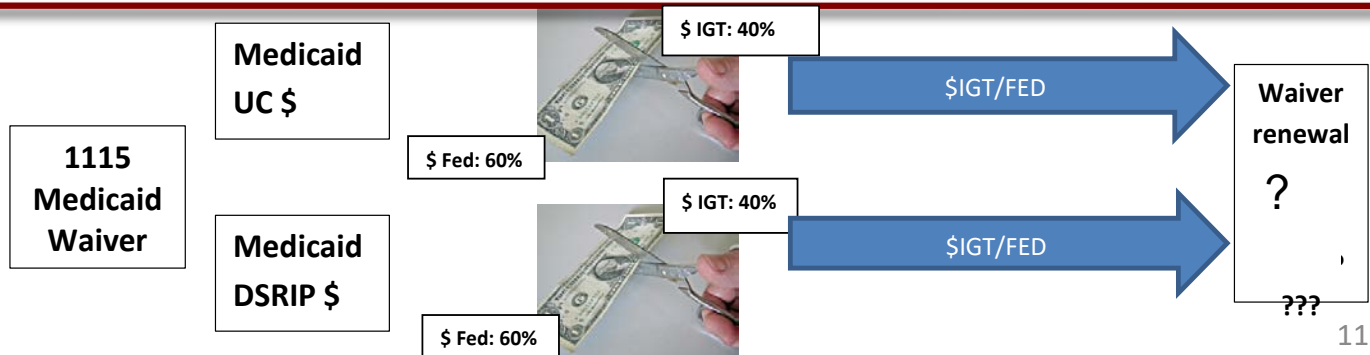
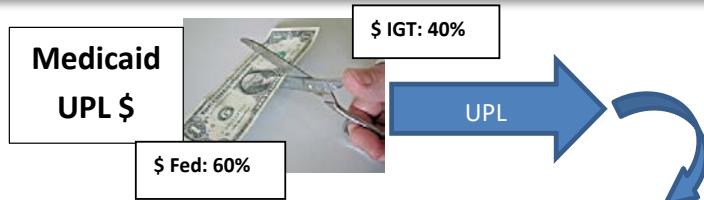
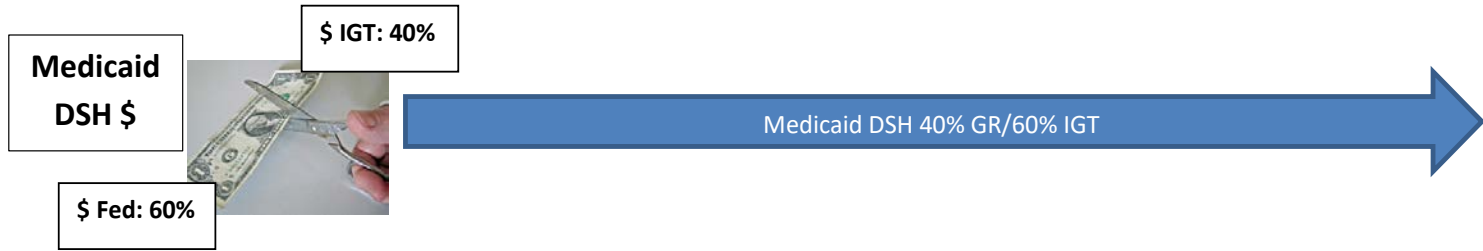
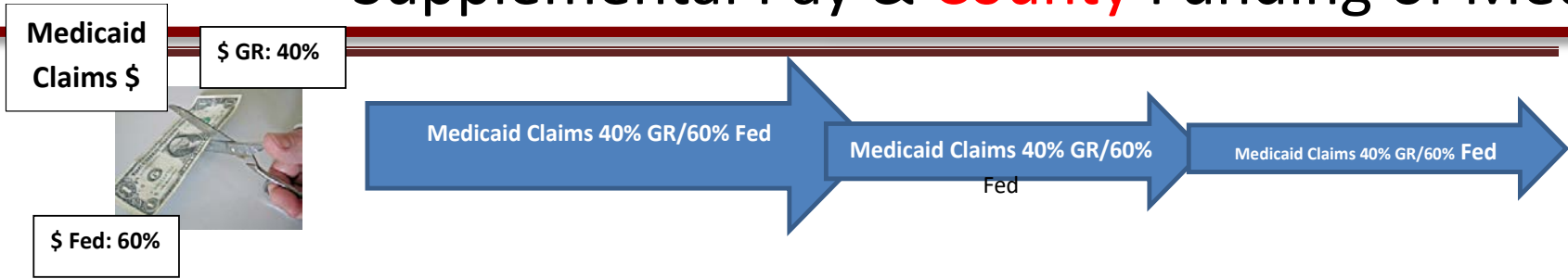


Low Hospital Rates Lead to: Supplemental Payments & County Funding of Medicaid





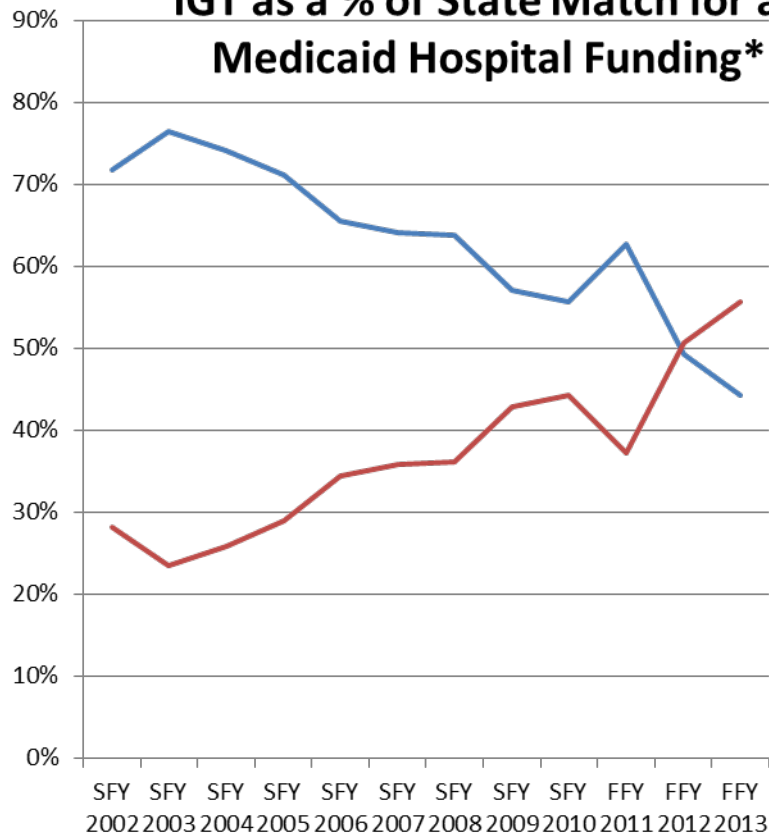
Evolution: Low Hospital Rates Lead to Supplemental Pay & County Funding of Medicaid



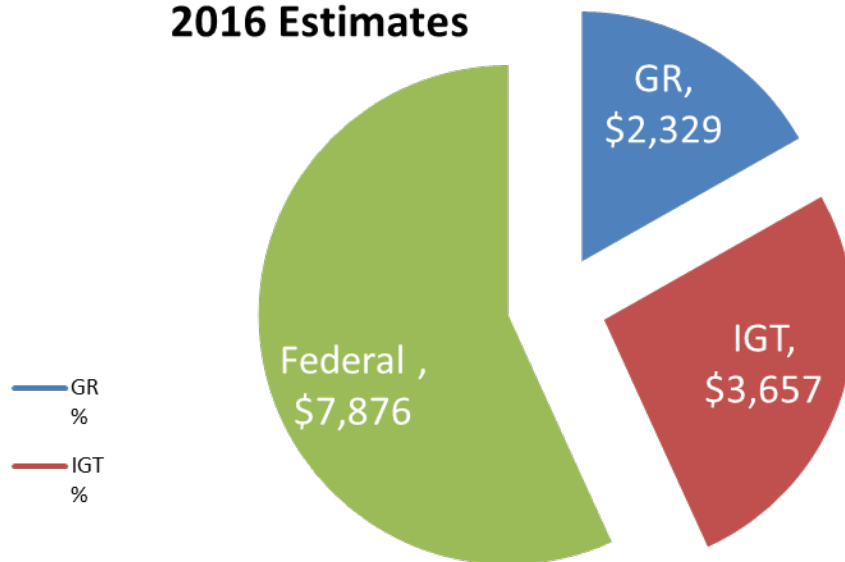
IGT & Counties:

Substantial Medicaid Hospital Payers

IGT as a % of State Match for all Medicaid Hospital Funding*



Medicaid Hospital Funding Sources 2016 Estimates



— GR %
— IGT %

* includes DSRIP

Fed: 56.8%
IGT: 26.4
GR: 16.8%

Only six counties provide the bulk of IGT match funding for the Medicaid Hospital payments to all TX hospitals: (DSH, Waiver UC and Waiver DSRIP): Bexar, Dallas, El Paso, Harris, Tarrant and Travis



Your Hospital Districts Provide Essential Healthcare for all Texans

- Significant coverage for uninsured Texans and those on Medicaid
- Complex and life saving trauma and tertiary care
- Training our doctors and health care providers, including Graduate Medical Education (GME) residencies
- Significant levels of outpatient care – because that’s most cost-effective
- 1115 Transformation Waiver leadership, funding, and innovation
- Significant funding for uninsured and for Medicaid hospital payments through IGT and supplemental payments

**Much of these services funded locally –
underfunded by Medicaid or Feds**

THOT Members

AUSTIN

Central Health

Ascension Texas Ministry Seton

CORPUS CHRISTI

CHRISTUS Spohn Health System

Nueces County Hospital District

DALLAS

Children's Medical Center

Parkland Health & Hospital System

**The University of Texas Southwestern
Medical Center**

EL PASO

University Medical Center of El Paso

FORT WORTH

JPS Health Network

GALVESTON

The University of Texas Medical Branch

HOUSTON

Harris Health System

The University of Texas MD Anderson Cancer Center

LUBBOCK

UMC Health System of Lubbock

MIDLAND

Midland Memorial Hospital

SAN ANTONIO

University Health System

TYLER

UT Health Northeast

GME AFFILIATE

RIO GRANDE VALLEY - EDINBURG

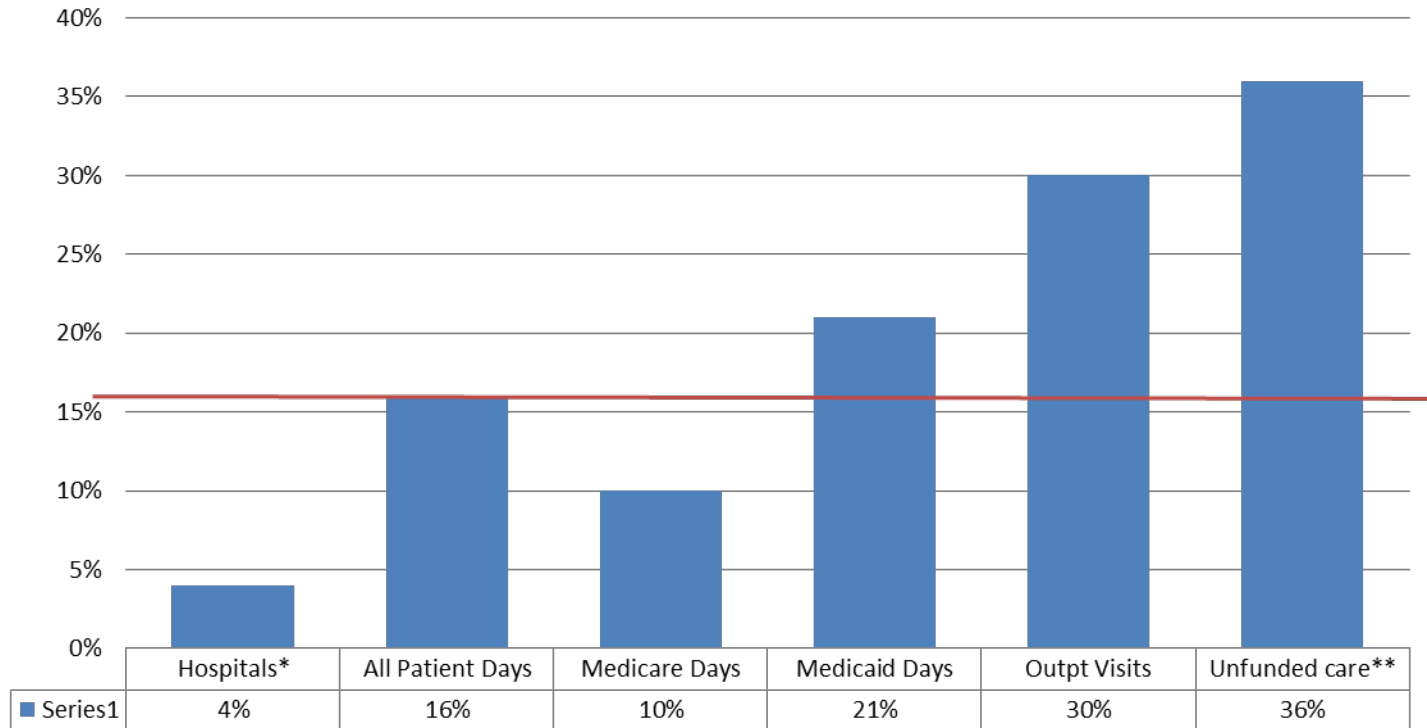
Doctors Hospital at Renaissance

Members include: **Hospital Districts**, **Affiliated Non-Profits**, **UT Health Science Center Hospitals**, and Children's Medical Center. DHR is a GME Affiliate.



THOT – What We Do

THOT % of All Hospital Activity in Key Areas 2015



- **Trauma care - 10 of the state's 17 highest level, regional trauma centers (Level 1)**
- **Waiver support - 11 of the state's 20 anchors for the 1115 Transformation Waiver**
- **GME: About 63 percent of Texas hospital systems' Graduate Medical Education (GME) residency positions;**
- **THOT member transferring hospitals provide the majority of IGT (state match) supporting Medicaid DSH and Waiver payments to Texas hospitals**

GME Unreimbursed Care

- THOT hospitals - 63% of hospital based residencies
- GME funding – Medicare supports a portion of the direct costs for some residents.
- Significant unreimbursed direct cost for residency programs: \$78,000 per resident per year
- These unreimbursed costs contribute to hospital Uncompensated Care (and local burden).

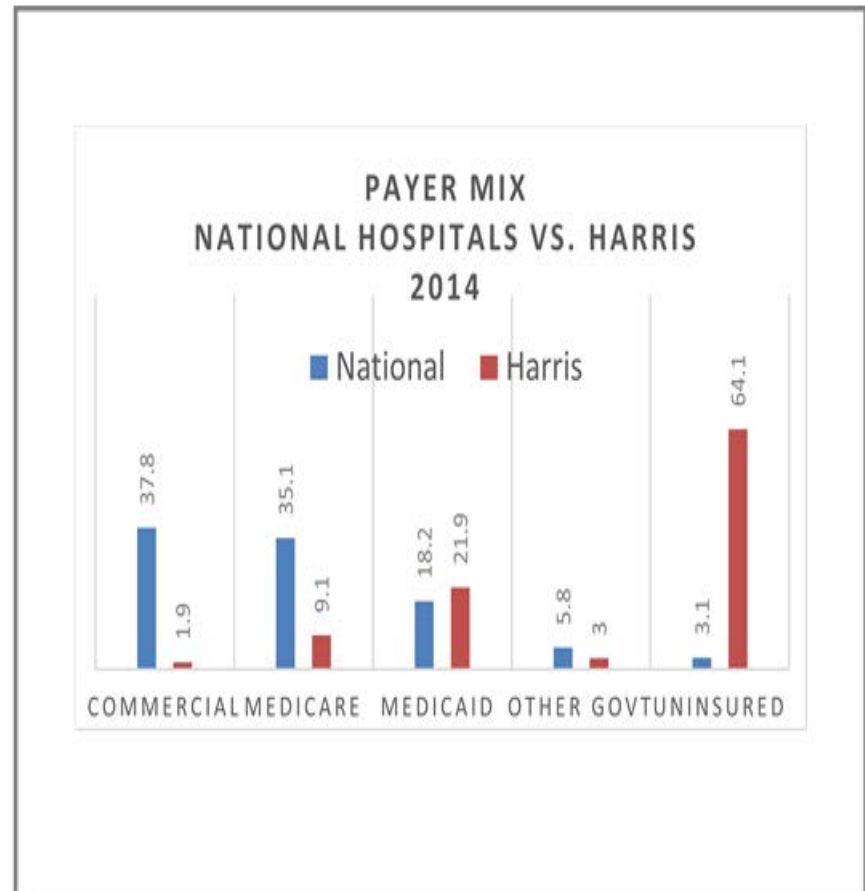


Trauma Unreimbursed Care

- THOT members include 10 of the 17 Level One (highest level) Trauma Centers in Texas
- Unreimbursed trauma care provided in 2016 was about \$100 million.
 - Uncompensated trauma costs are over \$330 million (2016).
- Unreimbursed trauma care contributes to hospital uncompensated care (and to local burden).

Hospital Districts are Uniquely Vulnerable to State & Federal Financial and Policy Decisions

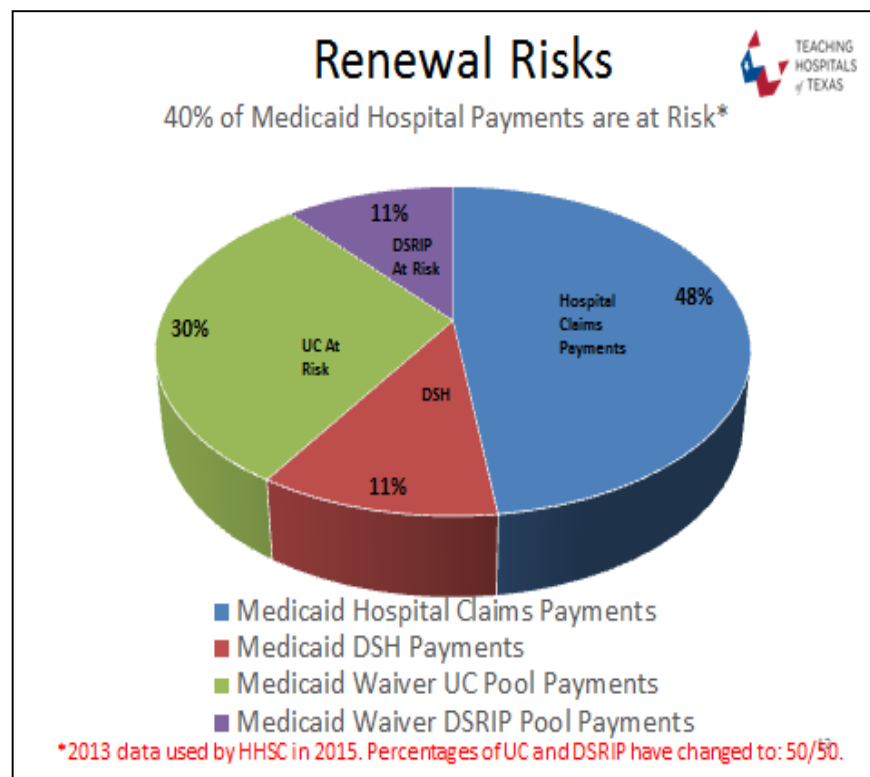
- Because of
 - Mission;
 - The level of unreimbursed Essential Services Provided;
 - Payor Mix;
 - Dependence on local Taxes





Targeted Programs are Very Important

- Programs & Funding like:
- Trauma Funding,
- Safety Net Add on Payments, and
- 1115 Waiver, are critical.





THOT: What We Do Together

Provide:

Health Care and Life-Saving Trauma Services.

4% of Texas Hospitals provide / 16% patient days

21% of Medicaid Patient Days

30% of outpatient care at Texas Hospitals

36% of unfunded (including uninsured) care

58% of Level I trauma centers and nearly 50%
of unfunded trauma care



THOT: What We Do Together

- **Prepare:**

Our Texas Healthcare workforce:

including about 2/3 of physician clinical training (GME).

For tomorrow with:

world class clinical research, and delivery system

innovation including 11 of the state's Transformation

Waiver anchors.

- **Pay:**

For statewide Medicaid hospital payments using local property taxes.

Funding provided for about 1 in 4 Medicaid hospital payments made.



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APPENDIX



Safety Net Care Pool: DSRIP & UC

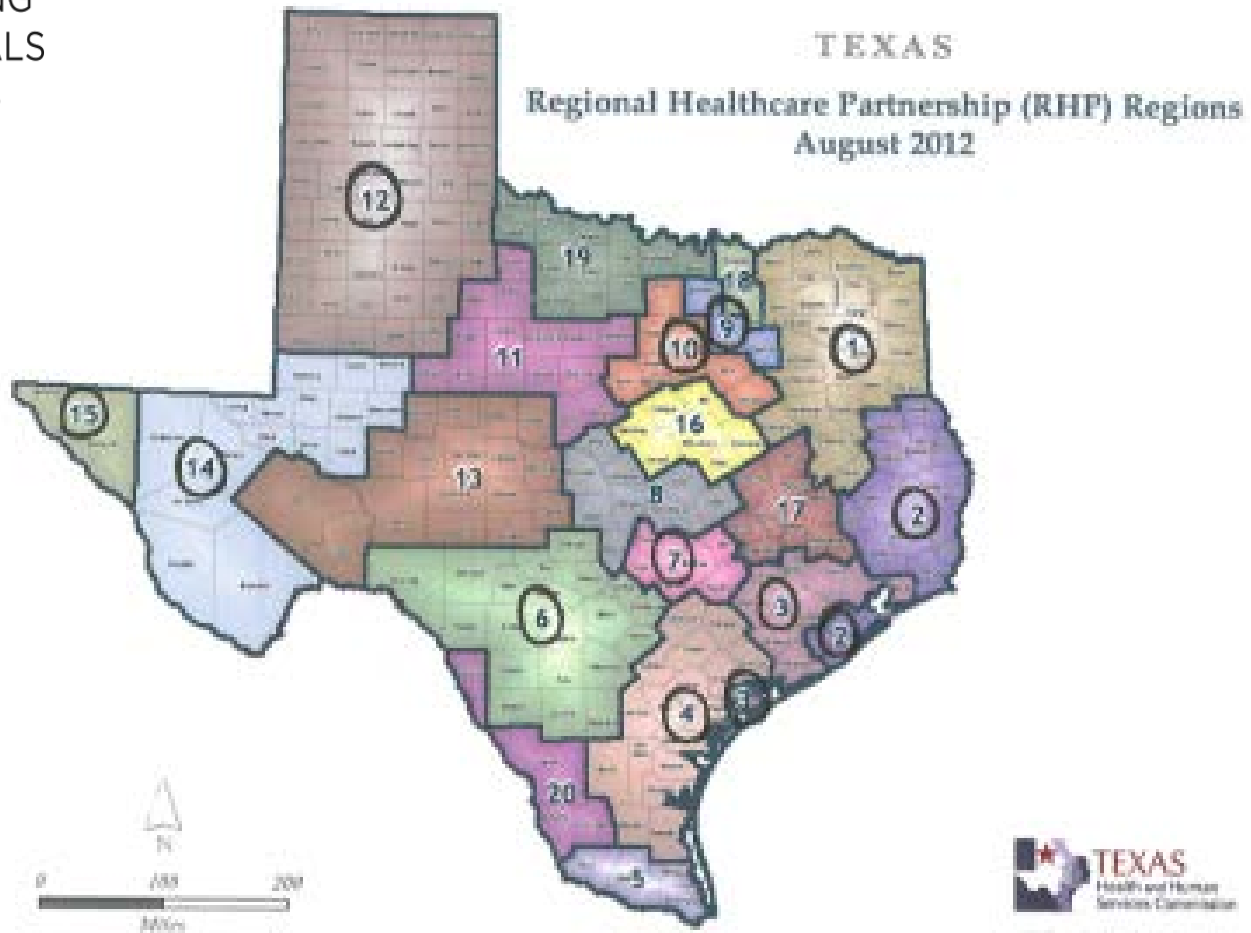
Over five years, the diverted UPL programs contributed approximately \$8.3 billion to the total \$29 billion in pool spending and the remaining \$20.7 billion is attributable to managed care savings achieved through the demonstration.

	DY 1	DY 2	DY 3	DY 4	DY 5	Total
UC	\$3.7 b.	\$3.9 b.	3.534 b.	\$3.348 b.	\$3.1 b.	\$17.582 b.
DSRIP	\$500 m.	\$2.3 b.	2.666 b.	\$2.852 b.	\$3.1 b.	\$11.418 b.
Total/DY	\$4.2 b.	\$6.2 b.	\$6.2 b.	\$6.2 b.	\$6.2 b.	\$29 b.
% UC	88%	63%	57%	54%	50%	60%
% DSRIP	12%	37%	43%	46%	50%	40%

MEMBER ANCHORS



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THOT: One Shared Mission Based on Three Shared Commitments

- Supporting access to care for all in our communities with a special focus on vulnerable populations;
- Providing and coordinating essential community health systems, such as trauma and disaster management;
- Preparing for the future by training tomorrow's healthcare providers and supporting health research and healthcare transformation.



2017 Poverty Levels

Family Size	100	21%	21% Monthly
1	\$12,060	\$2,533	\$211
2	\$16,240	\$3,410	\$284
3	\$20,420	\$4,288	\$357
4	\$24,600	\$5,166	\$431
5	\$28,780	\$6,044	\$504
6	\$32,960	\$6,922	\$577
7	\$37,140	\$7,799	\$650
8	\$41,320	\$8,677	\$723



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