TEACHING HOSPITALS of TEXAS

THOT MEMBERS

AUSTIN
Central Health
Ascension Texas Ministry Seton

CORPUS CHRISTI
CHRISTUS Spohn Health System
Nueces County Hospital District

DALLAS
Children's Health System of Texas
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

ODESSA
Medical Center Health System

SAN ANTONIO
University Health System

TYLER
UT Health Northeast

GME Affiliate

RIO GRANDE VALLEY - EDINBURG
Doctors Hospital at Renaissance

Testimony for House Public Health
Tuesday, April 18, 2017

RE: House Bill 3634 by Rep. Greg Bonnen

Good morning, Chair Price and members of the committee.

I am writing on behalf of the Teaching Hospitals of Texas (THOT) on House Bill 3634. THOT's core commitments include providing health care to all with a special focus on vulnerable populations including those without insurance and those on Medicaid. We are providing comments for your consideration on HB 3634.

Proposed changes to the eligibility system in Medicaid and in CHIP, including reinstituting asset tests, eliminating income disregards and reducing eligibility levels would likely increase the number of uninsured Texans, in particular Texas children. Increasing the number of uninsured Texans would exacerbate our current financial and healthcare challenges and increase net Texas taxpayer costs. Without changes to Medicaid and CHIP eligibility, Texas hospitals are estimated to face an already significant cumulative unreimbursed cost of providing care to uninsured Texans of $3.7 billion dollars in 2017.[1]

We also believe that the CHIP eligibility criteria currently in place provides for more CHIP enrollment for Texas children; and a higher federal match rate. That is a benefit to Texas and makes healthcare coverage in CHIP more affordable to Texas than coverage in Medicaid. Proposed changes to eligibility that increase our net costs for coverage should be reconsidered.

We support the state maximizing use of existing employer based insurance through the Health Insurance Premium Payment (HIPP) program at HHSC – where Medicaid and CHIP enrollee families have access to that insurance and the benefits and provider networks can accommodate Medicaid and CHIP families. Understanding what the biggest barriers to HIPP participation and addressing those could help leverage employer resources for coverage and support a bridge to employer insurance.

We also support active collaborative engagement by the state in developing and testing innovative integrated delivery systems and payment systems,

[1] HMA's Uncompensated Care Study estimated $3.7 billion in uninsured uncompensated costs in 2017.

including systems like accountable care organizations. We believe that the current 1115 waiver has shown that when care is provided and organized locally, with providers, community based and faith based organizations working together, real innovation and opportunities for improved care or more cost effective care can be put into place.

Finally, we have concerns about block grant programs that would cap funding to the state – especially if the projected trend for block grant funding is at levels lower than medical inflation. While we might not always agree with our federal Medicaid partners, we today have assured sharing of the costs of care. Accepting a block grant is financially risky for Texas. As recently proposed in federal legislation, a block grant could severely reduce federal funding for Medicaid; putting more pressure on state and local resources. Texas Medicaid hospitals are already paid significantly less than the actual costs (not charges) of care. The large six urban hospitals received less than 52% of the costs of care in Medicaid GR funded payments. At such low payment rates, providers can't sustain additional payment reductions.

We recommend instead that Texas double down on the innovation opportunities under the current 1115 waiver to explore and develop sustainable approaches to health care improvements. We think that approach may bring us to similar ends without the financial risks of a block grant approach to funding.

Thank you for considering our comments. Please let me know if we can provide additional information.

Sincerely,

Maureen Milligan
President and CEO
Teaching Hospitals of Texas
512.476.1497