



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

SB 2 Healthcare Concerns

SB 2's impacts on property taxes could impair the critical, essential health services that local funds make possible across Texas.

Local property taxes constitute the majority of state healthcare funding, referred to as *Intergovernmental Transfers (IGT)*, that collectively:

Offset Medicaid GR costs by funding over 26 percent of Medicaid hospital payments to all Texas hospitals including the bulk of funding for Texas' successful 1115 waiver program.

Funding supports private for-profit, non-profit, children's, urban, rural and public hospitals across Texas. Medicaid rates pay on average only 68.8% of the costs of Medicaid services. Property taxes help offset losses and keep Texas' health system supported.

Help offset losses from unfunded or underfunded Graduate Medical Education costs for residencies and that help keep Texas' medical school investments and graduates in Texas.

Over \$400 million in Texas GME costs are unfunded and offset in part by hospital district taxes.

Help offset ongoing unfunded Texas trauma system costs.

Even with current funding, about \$100 million in unfunded trauma costs continue. Property taxes help support costs of maintaining our expensive trauma infrastructure creating life-saving response for our first responders, travelers and each of us.

Support cost-effective outpatient care as well as inpatient care to uninsured Texans.

Hospital districts depend on tax support to continue the services they provide in their communities and across Texas. The six large urban systems are paid just 51% of costs for their Medicaid patients; using property taxes to help offset over \$346 million in unpaid Medicaid costs; and \$1.9 billion in unfunded costs for Texans without insurance.

Hospital District property taxes are a critical part of Texas' Health Care Services and the Medicaid Financing System. Proposed state changes to local property taxes will add pressure to and risk for the system that now provides support statewide for all Texas Medicaid hospitals, for critical essential health services such as trauma and GME support, and that also offsets GR costs within the Medicaid program.

Under SB 2, if annual property tax revenues increase **by more than 6%***, a **local election must be held** before a community can access revenues above that % limit; and a roll back petition **may be requested at 3%***.

Under current law, a **local election may be requested** if annual property tax revenues increase **by more than 8%**.