



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

Under HB 4, if annual property tax revenues increase by more than 5%, a local election must be held before a community can access revenues above that % limit. (Except small taxing units and school district.)

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

HB 4

Medicaid, GR, and Healthcare Concerns

HB 4'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:

Directly fund over 26 percent of Medicaid hospital payments to all Texas hospitalsⁱ;

Support 62% of total Medicaid hospital payments when IGT-matched federal funding is includedⁱⁱ;

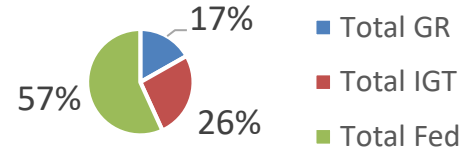
Provides the bulk of funding for Texas' successful 1115 waiver program;

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

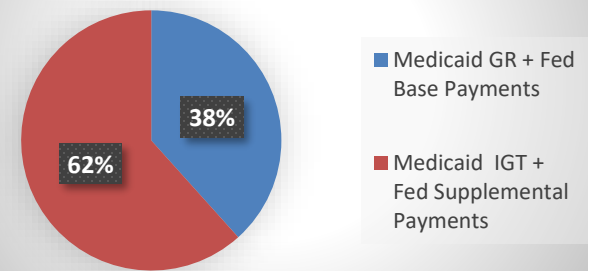
Even with this IGT support, Texas hospitals as a group and the large public hospitals particularly, are underfunded for their Medicaid and uninsured care provided.ⁱⁱⁱ

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.

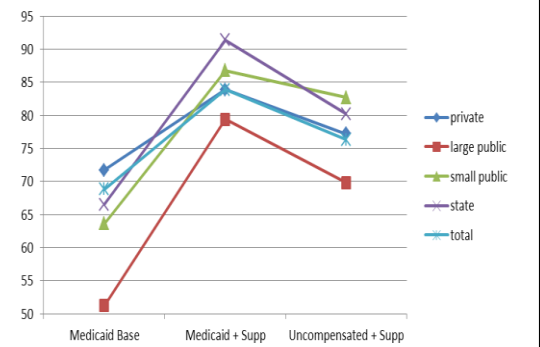
Estimated 2016 Medicaid Hospital Payments



Medicaid Base and Supplemental Hospital Funding Est. 2016



2015 Medicaid Hospital Payments as a Percentage of Actual Costs



IGT funding also:

Helps offset ongoing unfunded Texas trauma system costs; and

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.

Supports 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 Systems. 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, that is responsible for 62% of all Medicaid hospital payments, and that offsets GR costs within the Medicaid program.

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i Data source for 2016 Medicaid hospital financing: pp. 84 – 85 of HHSC Consolidated Budget Request 2018 – 2019.
<https://hhs.texas.gov/sites/default/files/documents/about-hhs/budget-planning/consolidated-budget-request-2018-2019.pdf>

ii Same source as above, data confirmed by HHSC through open records request.

iii This chart shows the percentage of Medicaid costs paid by Medicaid base payments, the percentage of Medicaid costs when base payments plus supplemental (largely IGT supported) payments are made; and the percentage of costs paid when both Medicaid and uninsured costs are compared to Medicaid base and supplemental payments. See page 54 of the HMA UC study: <https://www.healthmanagement.com/wp-content/uploads/HMA-UC-Study-Report-8-26-16-FINAL.pdf>.