



For the Record: THOT'S 85th Session (R)

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

The 85th Legislature grappled with lower state revenues and previous sessions' decisions to cut taxes & divert a share of sales tax revenues to the state highway fund & the Economic Stabilization (Rainy Day) Fund. A legislative cost containment workgroup appointed early on identified budget reductions, targeting healthcare. THOT's pre-session agenda shifted to protecting hospital & related provider (e.g., community HMO) rates & seeking new GME funding opportunities.



Key 85th Session Member Successes

- ✓ No direct hospital rate cuts or reductions in trauma funding.
- ✓ Maintained \$656 Million in Add-On funding from 84th Session:
 - \$300M Safety Net and \$356M Trauma All Funds, Biennial (AF/B).
- ✓ Reduced Medicaid HMO risk margin cuts from \$253M AF/B to \$183M AF/B. Limited other HMO reductions.
- ✓ Obtained HHSC study of increased GME funding potential for 86th Session.
 - GME grant GR increased from \$52M to \$97M GR for 18-19 biennium.
- ✓ Avoided mandated property tax roll back rates in Regular Session.
 - Property taxes are back on for the called Special Session.
- ✓ Limited Health Related Institution reductions; avoided several cost-cutting precedents; and protected proprietary information
 - Reduced ERS contracted hospital payment cuts to state owned hospitals; maintained inclusion of qualifying hospital district HMOs in Medicaid/CHIP procurements; ensured public and partnering entity proprietary information is protected.

THOT Advocacy – a Collaborative Approach

THOT advocacy includes your individual GR & other staff & resources who help on a day by day or as needed basis. We collaborate with other associations when we find or forge common ground; & join coalitions that advocate for targeted outcomes aligned with our goals. With THOT staff, consultants & our incredible THOT GR team we are proud to support you & to be a part of something Essential.

GRADUATE MEDICAL EDUCATION (GME) & RESEARCH

Session Objectives: Shore up Texas' GME investments and Medical Research

- Federal match for GME grant funds for new & existing residencies.
- Target support for shortage specialty residencies & primary care.
- Increase GR to fully fund GME costs through the GME Formula.
- Maintain the Research Formula GR increase for medical research.



SESSION RESULTS:

- ✓ Interim Study on enhancing GME funding. HHSC to work with THECB to study matching for new and existing GME residencies to be considered in the 86th Session. (Rider 162.)
- ✓ ERS/HRI rider softened; smaller costs; no HRI funding penalty; and no mandates for contract rates.
- ✓ HRI formula & special items funding improved. Formula funding down for several & up for A&M & UNT.
- ✓ Total funding up slightly for most HRI members.
- ✓ A rider to update resident numbers and reallocate indirect GME Medicaid payments was introduced but not included. Some THOT members would have gained; others would have lost funding.

MEDICAID FINANCING

Session Objectives: Support Hospital Financing, System Stabilization & Sustainability

- Appropriate GR for rate increases and/or provide flexibility for industry-funded rate increases.
- Target payments for uninsured and Medicaid patients based on individual hospitals' proportional share of care provided to each.



SESSION RESULTS:

- ✓ Kept safety net & trauma add-ons from last session: \$300M AF/B for safety net and \$356M AF/B for trauma add-ons. No 10% (\$30M AF/B) quality bonus hold back/payments.
- ✓ Avoided direct cuts to hospitals.
- ✓ Limited HMO risk margin reduction and competitive bidding; shifted focus from MCO (and related provider) cuts to analyzing MCO performance and rate process; maintained Hospital District HMOs in Texas MCO program; limited 1% contract cuts to MCOs.
- ✓ Limited "federal flexibility" cuts from \$2.4 B AF to one of 18 initiatives to cut \$830M AF in the biennium.

TRAUMA FUNDING

Safeguard Continued Funding of Regional Trauma Centers -THOT's mission supports vulnerable Texans, so we proposed DRP funding alternatives.

Session Objectives:

- Fully funding Texas Trauma needs at a minimum of last biennium's level including the safety-net add-on & targeting scarce trauma funds.
- Considering optional recurring, dedicated, sustainable & easily administered funding sources as possible alternatives to the current DRP program.
- Investing other unallocated dedicated funding to support critical trauma infrastructure development.



SESSION RESULTS - TRAUMA:

- ✓ The DRP program and funding were maintained including funding for the safety net & trauma add-ons.
- ✓ Engaged as key stakeholder in DRP analysis, financing and funding options; and helped forge stakeholder collaboration.

LOCAL AUTHORITY & RESPONSIBILITY

Ensure Continued Local Authority and Responsibility for Local Decisions – Texas should continue its tradition of local authority.

Session Objectives: Local authority and decision-making for tax rates, use of taxes, ad valorem valuation, and bond authority.



SESSION RESULTS:

- ✓ Reductions in property tax rollback avoided during Regular Session; included in Special Session.
- ✓ Successful engagement in collaborative effort with counties, local law enforcement, fire departments & rural Texas.
- ✓ Constraints on local authority will be a focus of the Special Session.

PROVIDE FAIR INCENTIVES FOR VALUE BASED CARE

Guarantee Texas' Medicaid System is prepared for Value Based Care –Texas has an opportunity to improve the health of its beneficiaries and the value of the health care delivery system.

Session Objectives:

- Developing Hospital and HMO rate setting methodologies that reward value based care;
- Implementing sociodemographic adjustments for performance measures;
- Using waiver DSRIP funding to support provider transformation to compete in value based care;
- Creating value-based systems that account for differences in the range and complexity of services provided (e.g., at tertiary and quaternary health systems) and for underfunded community benefits some providers also make possible.



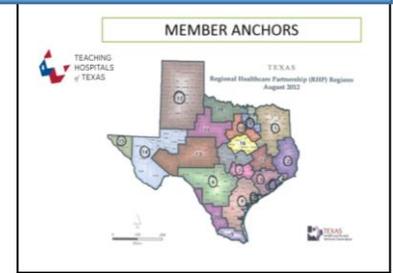
SESSION RESULTS:

- ✓ The 10% withhold of safety net add on payment (\$30M AF/B) for quality was removed.
- ✓ HHSC required to develop quality based outcome and process measures to implement quality based program by 1/2018 or report by 1/2017 to LBB with plan and timeline. (Rider 175.)

RENEW 1115 WAIVER & TEXAS – STYLE COVERAGE

Support Waiver renewal while building on the successes of Waiver I

- Renew the 1115 Waiver with maximized funding;
- Use the waiver to negotiate a coverage program for uninsured Texans;
- Use DSRIP to invest in providers' ability to compete in value based systems of care.



STATUS:

- Transitioning to a new federal HHS administration & AHCA passage in the U.S. House were federal themes this session.
- At HHSC, ongoing negotiations with CMS on the waiver, continued work to lift the waiver disallowance and budget neutrality negotiations were key activities.
- THOT continued to facilitate a multi-association waiver workgroup that met several times with HHSC staff on waiver status, budget neutrality, and to provide waiver support.
- THOT also proposed to HHSC a metric bundle for care provided to uninsured Texans.

OTHER SESSION HIGHLIGHTS

340B pharmacy – assuring HMOs pay 340B at fee for service rates at a minimum

THOT was able to add language to HB 1133 that would require Medicaid HMOs to pay FFS rates at a minimum. This followed up on the 340B workgroup's efforts and understanding with HHSC. The bill passed the House but did not receive a hearing in the Senate.

SB 1148 – prohibiting HMOs & hospitals from requiring physicians to maintain board certifications.

THOT joined other hospitals in seeking exclusions from this prohibition, arguing that maintenance was required in some areas and that teaching hospitals needed highest quality providers. As a result, the conference committee added exceptions in instances in which certification was required such as for trauma designations. Additionally, hospital medical staff were given the authority to choose to require maintenance of board certification for hospital physicians.

SB 1408 – First Responders and Guns in Hospitals

THOT represented Texas hospitals in arguing that first responders should not be able to bring guns into hospitals. While the focus was on volunteer and first responders carrying in the field, we highlighted concerns about them bringing guns into hospital settings. The bill ended up moving forward with hospitals' being able to restrict guns; and first responder authorities being able to set policies for their employees on carrying on duty.

SB 408 – Public Information and governmental entities

This bill would have expanded the scope of public information access into potentially proprietary content. THOT worked with THA to narrow the scope. When the bill died, language was added to a House bill but ruled not germane.

SPECIAL SESSION – STARTS JULY 18th

Items that may be relevant for THOT Members include the Texas Medical Board Sunset, Property Tax Reform (Rollback Rates), Caps on state and local spending, regulations on DNR orders, abortion reporting requirements, prohibition on taxpayer funding to certain health providers, and extending the maternal mortality task force.