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

Testimony to the House Appropriations Committee

April 28, 2017

HB 4212

Good morning, Chair Zerwas and members of the Appropriations Committee. My name is Maureen Milligan. I am the President and CEO of the Teaching Hospitals of Texas.

Thank you for the opportunity to speak with you this morning. And thank you for the yeoman's work you all have done in developing the state's budget. We all appreciate you and the work you do.

We are testifying in support of Chair Coleman's bill. HB 4212 would, among other things, direct that renewals of the 1115 Waiver provide incentives for developing and expanding local and regional healthcare systems with a goal of increasing cost-effective care provided to uninsured Texans. That's what I want to focus on this morning.

We believe Texas has an unprecedented opportunity to align and pursue several key healthcare goals in the context of the waiver renewal. We can move closer to achieving these goals, not in spite of, but because of, the opportunities we have in providing care to uninsured Texans in our health system. On one hand:

1. **Texas seeks the flexibility a block grant offers, but not the reduction in federal Medicaid funding** predicted under the current federal proposals. We need every federal dollar we have in Medicaid.

2. **We seek opportunities to reform and renew the Medicaid program.**

3. **We want a health care system with aligned incentives** that produce cost-effective, value driven health care.

4. **We want a health care system that is locally based, that is locally responsive to the broad diversity of Texas' geography and differences, and that leverages our local community and faith based organizations and social supports.**

5. We want **engaged, participatory health care, with responsibilities for cost sharing and incentives for healthy behaviors.**

6. And in order to be cost-effective, **we also need to systematically improve how we pay for and provide care to Texans who are uninsured.**

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The waiver renewal gives us the opportunity to move closer to achieving all these goals. How?

We think one option to consider is a "block grant" (or capped federal funding) for a locally-based system of care for uninsured Texans. It's not a Medicaid expansion, and it's not insurance. It's a Texas-style, locally-driven health access program that builds on what we have in place today and what we have already achieved through the successes of the waiver.

A "block grant," or capped funding, program for the uninsured, could:

- ✓ Be more likely to be approved and more quickly approved than a Medicaid block grant – there is less to unravel and change in the current uninsured "delivery system" and infrastructure. No change in federal law would be required. And critically important, we would not put Medicaid federal funding to Texas at risk. A "block grant" approach, albeit for uninsured Texans, may garner heightened federal interest.

- ✓ Be more able to provide significant levels of flexibility. By not seeking a Medicaid or insurance expansion, but instead seeking waiver approval to build on, improve and attract more providers and participants into our existing indigent systems of care, we won't be limited by existing Medicaid program barriers and restrictions. For example, our current indigent care programs have extensive but reasonable cost-sharing; creating an expectation that the costs of care are shared. We all have a responsibility and opportunity to contribute as we are able to those costs and to participate in our care.

- ✓ Serve as "incubator" programs for reforming and renewing Medicaid. Like the Delivery System Reform Improvement Programs (DSRIP) in the current waiver, the proposed enhanced systems of care for the uninsured would test locally driven, innovative and Texas-based delivery system reforms and incentive payments with flexibility made possible under the block grant approach. The best of lessons learned from these integrated systems of care for the uninsured could be translated to the Medicaid program.

- ✓ Show how aligning incentives will drive innovation, cost-effectiveness, and quality care. Existing indigent care and local programs for uninsured Texans are largely funded by local communities, primarily through their tax bases. Because local communities both pay for the care, and are responsible for providing the care, they have very strong, or well-aligned, incentives to provide best care most cost effectively. Cost-increases come out of their own taxes. At the same time, because the care is provided to those in their communities, they also have a commitment to provide the best quality care possible. That's why many of these programs have extensive outpatient, preventive, primary and specialty care and services. It's both more cost-effective and better quality of care.

The good news is that we have the bones of such a system today with our County Indigent Health Care Programs and the public and private providers and their local partners who operate that program and others who provide care for uninsured Texans. These include:

- ➢ Public providers like University Health System's CareLink program in Bexar County;
- ➢ Private providers like Valley Baptist's operations of the indigent care program in Brownsville; and in some cases;

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- Third Party Administrator functions for things like enrollment, provider networks, benefits management; and coordination of care; e.g., by Valley Baptist's HMO and by El Paso's HMO.

These are not insurance programs, but they do provide access to defined benefits within a coordinated system of care with a specified provider network. Under a waiver they could be strengthened and improved to transform both our indigent care programs and some of the current Uncompensated Care funding to support improved, integrated, coordinated real systems of care for our Texans who are uninsured.

By improving how we provide that care we can, at the same time, continue to explore and to apply the innovations we've already developed and implemented in the current 1115 waiver. Because of the successes of the 1115 waiver, much of this work has already been done in pieces and pockets around the state. We improved coordination of physical health and behavioral health. We've brought care to patients where and when they need it with mobile technologies and telemedicine. We've restructured how we provide care and developed predictive analytics to improve the care we provide. We've created new partnerships between health care, criminal justice, schools, and within our communities. Moving forward, we can enhance our regional collaboration, create true systems of care, and unleash our Texas innovation to provide better care for our uninsured Texans while offering CMS a national showcase of what our Texas partnerships can achieve.

Thank you again for the opportunity to testify and share some thoughts with you today. We look forward to the opportunities to improve the health of Texas. Thank you also for your work on the Texas budget and for the service you provide to all Texans. Please let me know if we can provide additional information.

Sincerely,

Maureen Milligan
President and CEO
Teaching Hospitals of Texas
512.476.1497

For context on THOT, I've included our commitments and service footprint below.

THOT members shared commitments include:
Supporting access to care for all in our communities, with a special focus on vulnerable populations;
Providing and coordinating essential community health services, such as trauma and disaster management; and
Preparing for the future by training tomorrow's healthcare providers and supporting clinical and health delivery system research and transformation.

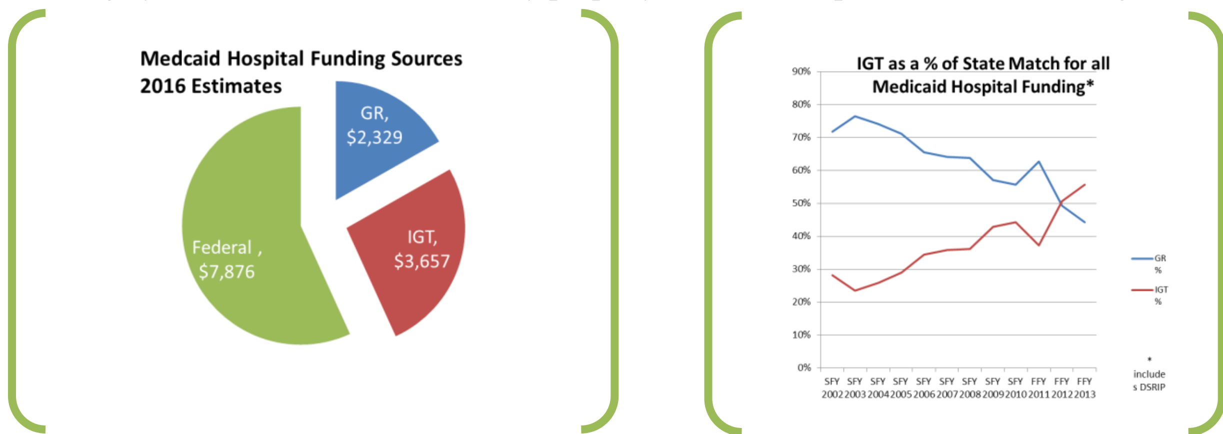
What we provide together:

While only representing about five percent of Texas' hospitals and 16% of patient days, THOT members provide

- 23% of Medicaid care;
- 36% of the hospital care provided to uninsured Texans;
- Almost two-thirds of Level 1 Trauma care; and
- About two-thirds of hospital based Graduate Medical Education residencies.
- The majority of local funding or IGT that supports Texas Medicaid hospitals; public, private, rural, and urban. In 2016, HHSC estimated that IGT comprised 26 percent of all Medicaid hospital funding.

THOT members comprise 11 of the 20 waiver anchors; provide significant outpatient care; and provide the bulk of the state match for the waivers' billions in healthcare investments for Texas providers.

IGT largely comes from local community property taxes, and in particular from the largest six urban hospital districts: in Harris, Dallas, Bexar, Tarrant, El Paso and Travis counties.



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Integrated Care System Example