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Texas Public Policy and Health Care

Post-Session Snapshot

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BUDGET BITES

Medicaid and CHIP

Medicaid funded with low-ball caseload, and no inflation/acuity margin

- $25.1 billion GR up from $23.1 billion; LBB estimates $752 million GR will be need for inflation
- 2017 caseload at 4.2 million; June 2015 caseload is 4.1 million
- HHSC must find $373 million GR in cost reductions (therapies, HMO profits)

ACA Medicaid primary care rate bump (Medicare parity) not continued

Hospital rate increases roughly half what hospitals sought

- $247 million GR; NO GR for DSH
- Modest help for rural hospitals, little help for 1115 renewal

- **Small increase in attendant wages to about $8/hour floor**
  - Less than Wal-Mart floor, with no benefits or sick leave
- **CHIP: also without inflation, but HUGE increase in federal funds: feds will pay over 91% in 2016.**

BUDGET BITES

Women's Health and Family Planning

Recap

- 73 clinics closed statewide after 2011, very few re-opened;
- Planned Parenthood excluded from many programs, and feds pulled all Title X FP block grant funds from state oversight

3 remaining programs *(All are moving to HHSC, and the first 2 will be merged)*

1. Texas Women's Health Program
2. Enhanced Primary Care,
3. Family Planning.

Program reconfiguration reflected in HB 1 will test the safety net of providers, left weaker after years of program upheaval and removal of the largest providers

Net increase of $50 million GR across the programs

Barriers to Health Care

Loopholes expose Texans to high costs

- "Surprise Billing" – ER Doctor/Radiologist/Anesthesiologist is Out-Of-Network, even if the hospital and your doctor are in-network
- SB 481 by Hancock – Lowers the threshold for requiring medication from a bill of $1000 to $500

Loopholes create inadequate access to doctors, medications: Inaccurate provider network lists, lack of complete or current info on covered drugs and their out-of-pocket costs:

- HB 1624 by Smithee – improves access to, quality of information in commercial health plans' formularies and provider directories, so consumers can pick the right health plans
- SB 760 by Schwertner, provider access network adequacy oversight for Medicaid Managed Care Organizations. Increased resources for ombudsman and consumer assistance capacity for Medicaid Managed Care enrollees.

Undocumented residents targeted for even greater exclusion from health care

- Did NOT Pass: HB 2835 by Rep. Susan King would have given lower priority to undocumented children with serious medical conditions seeking care from the Children with Special Health Care Needs program.

CHALLENGE: Unlike Medicaid expansion, low-income consumer protection positions do not always align with those of medical providers or health plans.

HHS Sunset: *It Could Have Been Worse*

First draft bill proposed consolidating 5 agencies into one over 15 months

Good news: Final bill consolidates portions of the 5 HHS agencies, in 2 phases

1. Health and Human Services Commission (HHSC)
2. Department of Aging and Disability Services (DADS)
3. Department of State Health Services (DSHS)
4. Department of Assistive and Rehabilitative Services (DARS)
5. Department of Family and Protective Services (DFPS)

- DADS and DARS client services move to HHSC by 9/1/2016; Abolishes DARS by 9/1/2016, and DADS by 9/1/2017.
- State institutions (MH, IDD) and regulatory functions moved by 9/1/2017.
- All administrative functions “feasible and desirable” consolidated by 9/1/2017.
- Prevention programs consolidated at DFPS by 9/1/2016.
- HHSC Commissioner transition plan by 3/1/2016; Transition Legislative Oversight Committee (TLOC)
- DFPS, DSHS continued until 9/1/2023.
- HHSC Commissioner and TLOC report by 9/1/2018 whether DFPS and DSHS should continue independently or be merged into HHSC.

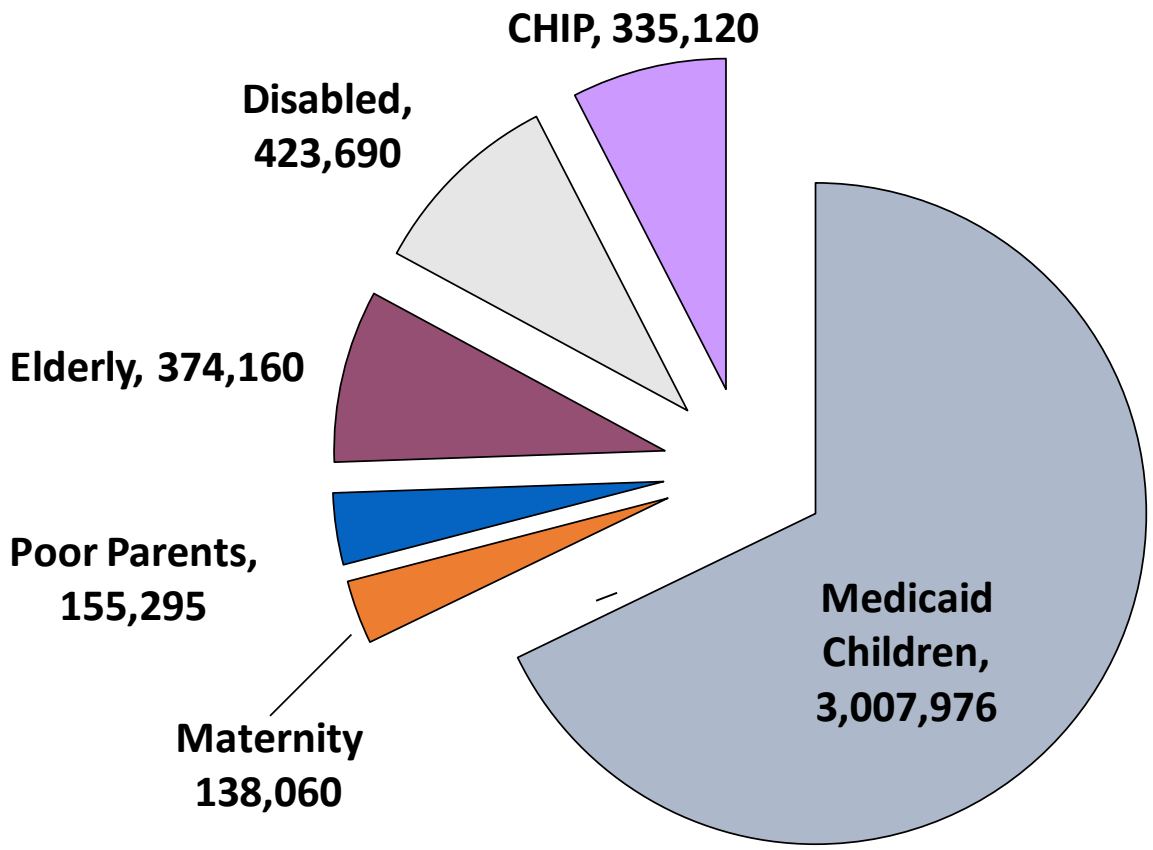
1115 Waiver Renewal

- Texas waiver request July 2011 assumed Texas would adopt Medicaid Expansion for adults.
- Was approved December 12, 2011—six months before the Supreme Court ruling effectively made the Medicaid Expansion optional for states. Approval was also based on assumption that Medicaid Expansion would be in all 50 states.
- **Waiver budget = $29 billion over 5 years**
  - Texas 1115 waiver total annual budget is ~ $6 billion ALL FUNDS,
  - but it only DRAWS about $4 billion in fed funds annually
  - state's share of waiver spending is about $2 billion a year, which is funded almost entirely by local governments ("IGT")
- **May 21 from CMS to Florida**
  - CMS plans to cut Florida "LIP" by 55% for the state's next fiscal year and 75% in the following year
  - CMS also discouraging pools that limit payments to providers with access to local funds
  - CMS promoting adequate hospital rates e.g., Medicare parity as preferred way to pay
- Texas House hearing May 2015 to review renewal challenges was BEFORE these cuts were detailed to FL.

A coverage solution would bring Texas an est. $6 billion annually (no time limit)

Would provide much-needed revenues to all hospitals, and allow Texas to negotiate the largest possible waiver extension for the longest possible period.

Texas Medicaid/CHIP: Who Benefits?



December 2014, HHSC data

Source: Center for Public Policy Priorities, HHSC data.

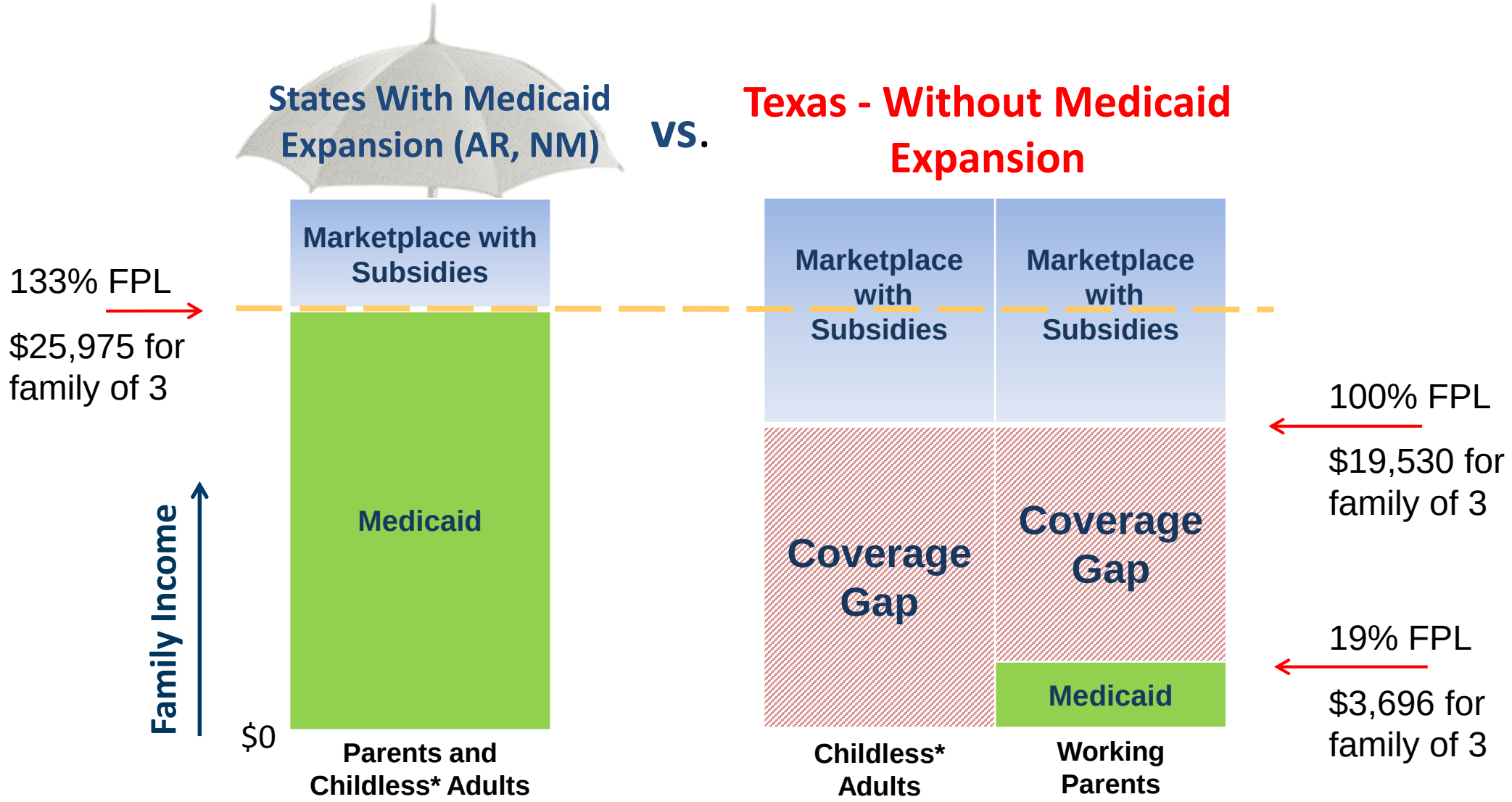
Total Enrolled:

(as of December 2014)

4.4 million

(44% of Texas kids)

Texas Coverage Gap: Medicaid Hole in ACA Coverage System



"Childless" includes parents with grown children.

The Coverage Gap: 1 Million Texans

2 parents with 2 kids living on…

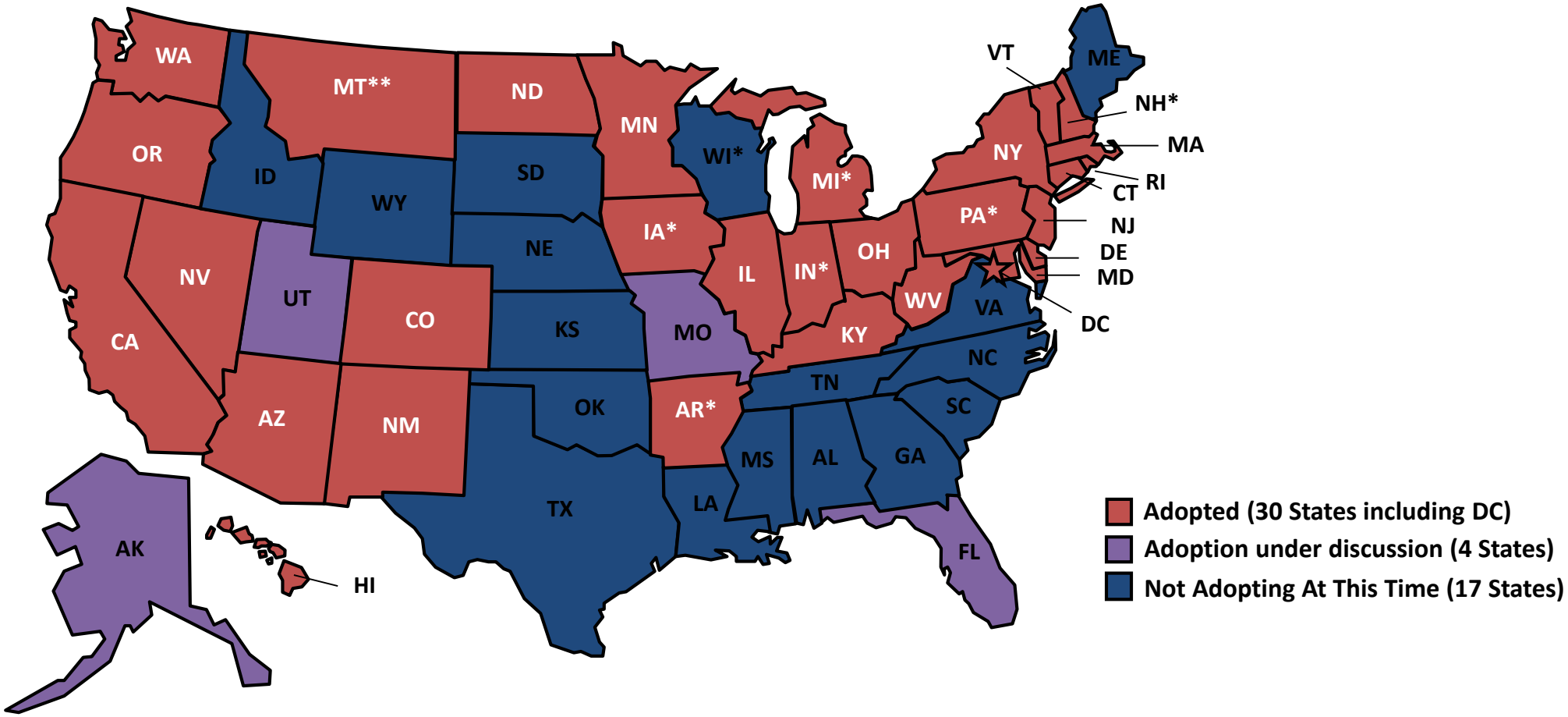
$23,500/yr

- Kids get Medicaid
- No financial help
- No affordable options
- **Must pay full price: $440/month**

$24,500/yr

- Kids get Medicaid
- Sliding-scale Marketplace coverage
- **Pay $43/month or less**

State Medicaid Expansion Decisions



NOTES: Under discussion indicates executive activity supporting adoption of the Medicaid expansion. **MT has passed legislation adopting the expansion; it requires federal waiver approval. *AR, IA, IN, MI, PA and NH have approved Section 1115 waivers. Coverage under the PA waiver went into effect 1/1/15, but it is transitioning coverage to a state plan amendment. Coverage under the IN waiver went into effect 2/1/15. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.
SOURCE: "Status of State Action on the Medicaid Expansion Decision," KFF State Health Facts, updated April 29, 2015.
http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/

Cost Benefits of Closing the Gap

- States with Medicaid expansion or Alternative Waiver report significant GR savings: **AR and KY report savings are greater than costs**.
- 4 of the largest hospital chains (CHS, HCA Tenet, LifePoint), studied by *pwc*, found dramatic reductions in uncompensated care in Medicaid expansion states, but only small decreases on states with Coverage gaps.
- Texas leads nation in hospital closures: 25% of total US since 2010 (we are less than 9% of population). Rural and urban hospitals point to Texas Coverage Gap as major culprit/potential solution.
- Texas' Coverage Gap threatens to weaken our Medicaid 1115 "Transformation waiver", adding further injury to hospital viability.
- Job creation estimates (Ray Perryman, Billy Hamilton) range from 200,000-300,000.
- This is why TAB and 24 Texas Chambers of Commerce have endorsed Closing the Gap, as have the County Judges of the 6 largest counties, and a growing list of other elected officials, city councils, and county commissions.

Red State Alternatives

Conservative States, Republican Governors have Negotiated Coverage

Ex: Arizona, Arkansas, Indiana, Iowa, Michigan, Nevada, New Jersey, New Mexico, North Dakota, Ohio, and Pennsylvania.

Texas can look to other "red states" for a menu of alternative approaches to insuring the Coverage Gap adults:

- **Benefits** for the newly-covered adults based on commercial & small business plan standards;
- **Personal Responsibility Provisions:** Cost-Sharing for the newly-covered adults is allowed, including premiums under "1115 waivers."
- **Financial incentives for wellness behaviors** like check-ups, immunizations, and participation in chronic disease management programs
- **Integration with Marketplace**, maximizing use of private insurers and HMO-style managed care. Some states combine Medicaid Managed Care below poverty, and Marketplace for adults 100-138% of the federal poverty line (FPL).
- **Flexibility Exists, but within Limits.** Under federal law, 1115 waivers must "further purposes of Medicaid."

Uninsured Rates Decline

- In 2014; 57% of Marketplace enrollees nationally were previously uninsured (no 2015 figures yet)
- *U.S. Census data for 2014 will NOT be available until Sept. 2015*

Recent Baker Institute Reports: Texas adult (18-64) uninsured rate down almost 8 points from 2013, dropped from 24.6% in 2013 to 16.9% March 2015.

  - Health Reform Monitoring Survey (HRMS) is a quarterly survey of adults ages 18-64
  - Standout findings:
    - Adults 50-64; Women; Hispanics; Employed showed the largest percentage decrease in rates of uninsured among Texas adults
    - 139-399% FPL saw MUCH larger gains in coverage than the potential Medicaid expansion group (<139% FPL)

Gallup:

- Uninsured rate declined across all race/ethnicity categories since 2013; Uninsured rate lowest since Gallup and Healthways began tracking in 2008.
- Greater % decline among African Americans and Latinos than among Whites.
  - Whites rate declined by 5.3 percentage points (from 14.3% percent): 6.6 million adults gaining coverage.
  - African Americans' rate dropped 9.2 percentage points (from 22.%): 2.3 million adults gaining coverage.
  - Latino uninsured rate dropped 12.3 percentage points (from 41.8%): 4.2 million adults gaining coverage.

Sources: Kaiser Family Foundation, Survey of Non-Group Health Insurance Enrollees, June 14, 2014. Rice University, Baker Institute, Issue Brief #11: Effects of the Affordable Care Act on health insurance coverage in Texas as of March 2015; April 30, 2015 and #12 "Change in Insurance Status of Adult Texans By Demographic Group as of March 2015" (released June 2, 2015). Gallup: Office of the Assistant Secretary for Planning and Evaluation (ASPE) analysis of Gallup-Healthways Well-Being Index survey data through 3/4/15.

Texas Marketplace Enrolled: 1.2 million (up 38%)

- **1,205,174 Texans selected a plan (up from 734,000 2014)**
  - This is 39% of the estimated 3,061,000 eligible for Marketplace coverage
  - U.S. average is 42% of eligibles
  - FL has enrolled 64%
  - 57% were new enrollees (43% renewals)
  - 85% received financial assistance
    - $328 average premium before credit; $89 after credit; average subsidy 73%
    - 43% of enrolled Texans paying less than $50/month; 68% pay less than $100/month
  - 29% are ages of 18 to 34
  - Premiums increased average of 5% from 2014-2015 in TX, but credits eliminated impact.
- **Newest data on those with premiums paid as of March 31, 2015**
  - 966,412 Texans,
  - 832,334 with premium subsidy (86.1%); 573,862 (59.4%) also get lower co-pay/deductibles

* Enrollment numbers based on data as of March 10, 2015, including SEP activity through 2-22-15
**Includes all individuals eligible for tax credits as well as other legally-residing individuals who are uninsured or purchase non-group coverage, have incomes above Medicaid/CHIP eligibility levels, and who do not have access to employer-sponsored coverage. The estimate excludes uninsured individuals with in the coverage gap.

Source: ASPE ISSUE BRIEF, HEALTH INSURANCE MARKETPLACES 2015 OPEN ENROLLMENT PERIOD: MARCH ENROLLMENT REPORT; March 31, 2015 Effectuated Enrollment Snapshot and Kaiser Family Foundation, *Marketplace Enrollment as a Share of the Potential Marketplace Population*, accessed February 12, 2015.

King v. Burwell

- **June 2015:** Supreme Court decides whether subsidies can be provided through the federal Marketplace.
- **34 states have federal exchanges**
- A decision for the plaintiffs would deny financial assistance for insurance premiums to approximately **6.4 million Americans:**
  - 832,334 Texans
  - $205,586,498 in loss of premium subsidy for Texas
- More than 1.4 million insured Texans could lose coverage in 2016 if the Marketplace subsidies are eliminated.
  - Includes subsidized, plus higher-income consumers whose premiums would increase by an estimated 35%-47% (*Urban Institute, RAND Corporation*)
- **Over 2/3 of Texans have incomes below 400% FPL** *(upper limit for Marketplace subsidies)*
- **"Fix" is Congressional.** R proposals include these provisions:
  - No new subsidies (wind-down); no individual or employer mandate; no market reforms after 2017; end Essential health benefits standard; 18-month transitional coverage; caps on 1115 waiver budgets.

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that offers everyone the chance
to compete and succeed in life.

We envision a Texas

where everyone is healthy, well-educated,
and financially secure.

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