

Six Key Points on Medicaid Funding in the Texas Budget

(Over for detailed version➔)

- 1) **We support the House's proposed 75% restoration of Children's acute care Medicaid therapy rates (Riders 211, 213).**
- 2) Those therapy rates were cut under authority of Medicaid Cost Containment rider language adopted in 2015 (Rider 50). **The Legislature should clarify its intent to take responsibility and initiate corrective actions if similar unintended barriers to care for Medicaid patients result from the new Medicaid Cost Containment rider language (Rider 36) they have included in the 2018-2019 budget.**
- 3) House and Senate budgets include different combinations of cuts and under-funding of Medicaid, but both total roughly \$3.5 billion GR in Medicaid "cuts plus under-funding" (below the projected current service needs).

The House has promised not to make program cuts related to \$1 billion of their \$3.5 billion gap (Rider 185), but not for all of it. **The Conferees and Legislature should clarify on the record their intent to make the Medicaid program whole in 2019.** For a sense of scale:

- Legislature's Medicaid Therapy rate cuts passed in 2015 were \$171 million All Funds (\$75 million GR) *per year*, **less than one-half of one percent** of total (All Funds) Texas Medicaid spending for 2016.
- \$3.5 billion GR is about 13% of projected Medicaid services spending for 2018-2019.

- 4) The Legislature passed revenue cuts and diversions (in 2013 and 2015) that created a \$10 billion hole in available funds for 2018-2019. Now, the Legislature proposes to deepen that hole with more cuts to the franchise tax. **Texans are not sure we can count on the Legislature being able to make Medicaid whole in 2019.**

5) **For the first time in a decade the budget does not include funding to reduce waiting lists (over 132,000 Texans with disabilities) for Medicaid community care waivers.**

- 6) **Adding to Texas' worries, the U.S. House has proposed large (\$839 billion over 10 years) cuts to Medicaid funding to the states.**

1. **Restoring pediatric therapy rate cuts** and policy changes as proposed in the House-passed version of SB 1 is of critical importance, especially for children with special needs and developmental delays.
2. The pediatric therapy rate cuts were part of HHSC rider #50 “Medicaid Funding Reduction and Cost Containment” in the 2016-2017 state budget as adopted by the Legislature.

Both Senate and House have included a similar rider in their budget bills, HHSC #36 (House reduces Medicaid spending \$111 million GR; Senate by \$410 million GR). **We call on the conferees, all members, and the state leadership to be prepared for, take responsibility for, and be prepared to take corrective action if needed in response to any unintended consequences that may result from the new list of cost containment options for 2018-2019.**

3. **Senate:**

- Has not funded Medicaid 2017 unfunded needs (scored at \$930 million GR in House Supplemental bill)
- Did not fund 2019 Medicaid enrollment growth in its base budget (scored at approx. \$350 million GR in latest public documents)

House:

- Includes HHSC rider #185 “Federal Flexibility,” which reduced Medicaid allocations by \$1 billion GR. *This rider includes language indicating intent to not reduce eligibility, benefits, or access to care.*
- Includes Article IX rider #17.10 “Contract Cost Savings,” reducing Medicaid funding by another \$450 million GR.

Neither House Nor Senate funded an estimated \$1.9 billion GR in Medicaid cost growth/inflation. **Each chamber’s Medicaid total (cuts plus under-funding) is roughly \$3.5 billion GR below current service needs.**

- If unfunded, \$3.5 billion GR would be a larger cut to Medicaid client services than was implemented in either 2003 or 2011 (about 13%, compared to 10.4% and 10.5% in 2003 and 2011).

The Conferees and Legislature should provide assurances about their intention to make the Medicaid program whole on all the items listed above for which no assurances have been recorded: 2017 supplemental needs, enrollment growth, Contract Cost Savings, and cost growth/inflation.

4. Revenues available for the 2018-2019 budget would have been \$10 billion greater (unrelated to oil and gas revenue declines) had the Legislature not made revenue cuts and diversions in 2013 and 2015. Further, HB 28 and SB 17 propose to reduce state revenues for the next Legislature by an additional \$3.5 billion or \$1.1 billion for the 2020-2021 budget.

Advocates and stakeholders concerned with health care access and the safety net therefore are concerned not only about Legislative will to fill the Medicaid gap in 2019, but also about whether the Legislature will be able to fill the gap.

5. **Going into conference, for the first time in a decade neither chamber proposes to reduce waiting lists—currently about 132,000—for community-based long term services and supports** in Texas Medicaid waivers (exception: 267 slots allocated for CPS children). About 143,000 seniors and Texans with disabilities who rely on personal attendant services to function in the community will get no relief from the low wages (\$8 per hour floor) for attendants.
6. **Even as the Texas Legislature plans to reduce the state revenue available for Medicaid (and for all critical state functions), Congress is also proposing to reduce Medicaid funding to the states.** The U.S. House’s AHCA bill would reduce Medicaid funding by at least \$839 billion over 10 years.