



EVERY TEXAN

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# Medicaid expansion bills in the Texas Legislature: What you need to Know

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With a little less than half of Texas' 87<sup>th</sup> biennial Legislature's regular session remaining, a widening circle of Texans are calling for real progress to reduce Texas' worst-in-nation uninsured population. Providing good affordable health coverage to very low-income Texas adults who can't afford coverage for themselves or their families--an overwhelming share of whom are workers—is the single most powerful policy tool Texas could put to work for our uninsured, and it's one that would also bring billions of Texans' federal income tax dollars back home to our state. Here are the latest updates on Medicaid expansion bills and the policy debate around them.

## First, Broad Support is Mounting:

**Texas "Metro 8" Chambers of Commerce endorse coverage expansion.** Metro 8 represents the business sectors of Texas' eight largest metropolitan areas: Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, and San Antonio. Collectively, the Metro 8 chambers serve more than 20,000 Texas companies and employ a large portion of the Texas workforce. The Metro 8 jointly called on Governor Abbott, Lt. Governor Patrick and Speaker Phelan to take action to bring a coverage solution for Texas' lowest-income workers to the state, citing a broad array of economic benefits for the state. [Read More Here](#).

**Texas 2036 Projects Net State Economic benefits from coverage expansion**, and from new bonus funds from the new American Rescue Plan Act. The nonprofit organization, which focuses on building Texas' economy, launched a [Health Coverage Policy Explorer](#) tool which illustrates their estimates of the positive fiscal benefits of a Medicaid-funded coverage program.

**Federal Medicaid Officials released estimates of the [additional \\$3.9 billion federal dollars Texas and other states that newly expand Medicaid would receive](#)** from the American Rescue Plan Act. The estimates can be found beginning on slide 6 of this deck:

<https://www.medicaid.gov/state-resource-center/downloads/allstatecall-20210330.pdf>

**Texas A&M, Perryman, Texas Star Alliance Research Reports all estimate hefty coverage Expansion benefits.** The Episcopal Health Foundation has [compiled coverage expansion research and polling from Texas-based and national experts](#) on their website.

There are too many recent coverage expansion supporters to list them all here, see [Cover Texas Now](#) and [SickofitTX](#) for more. The most attention-grabbing trend has been the emergence of support for coverage expansion from respected Texas Republicans including former House Speaker Joe Straus and Texas 2036 leaders Tom Luce and former U.S. Secretary of Education Margaret Spellings. Another key indicator of growing bipartisan support is the filing of two different coverage expansion bills with Republican authors and co-authors. Those bills joined a dozen other bills authored by legislators from the Democratic party.

Here's our overview of the filed coverage expansion/Medicaid expansion bills, with an explanation of their differences- **and why we support them all.**

**Basic Medicaid expansion:** These bills all support Texas adding coverage of U.S. citizen adults ages 19-64 with incomes up to 138% of the federal poverty income level (in 2021, that's \$17,774 pre-tax income for a single adult; \$30,305 for a single parent with 2 dependent children) to our Texas Medicaid program, which can be accomplished using a "state plan amendment" (SPA) submission to federal Medicaid officials. This pathway, used by a majority of the 38 states that have already expanded coverage, is the simplest and fastest way to cover the new population. The SPA path would earn Texas the full 90% federal match, allows for a more modest benefit plan than traditional Medicaid, and allows co-payments.

*These bills propose the SPA approach (do not call for 1115 waiver):* SB 118 by Johnson; SB 217 by West; SB 1186 by Alvarado; HB 171 by Bernal; HB 509 by Beckley; and HB 1741 by Guerra; HB 4406 by Ramos.

**Basic coverage expansion with voter approval of a state constitutional amendment:** Several bills filed include *very similar provisions to the bills listed above*, but with a significant additional feature: the coverage expansion is contingent on Texas voters approving an amendment to the state constitution. These bills are accompanied by separate resolutions filed by the authors that would trigger the constitutional election. Voter initiatives in other states to approve Medicaid expansion have been successful in some cases, and rejected in others. Under Texas' law and constitution, legislatively driven amendments to the state constitution are the only mechanism to put an issue before the voters.

*Like the bills listed above, these bills call for a coverage expansion if approved by voters as an amendment to the Texas constitution, but without requiring an 1115 waiver:* SB 38 by Zaffirini; SB 119 by Johnson; HB 389 by Israel; HB 398 by Bucy; HB 1730 by Larson.

**Coverage expansion bills requiring an 1115 Waiver:** Identical "companion" bills filed in the Senate and House (SB 117 by Johnson, HB 3871 by J. Johnson) would direct Texas to take a coverage approach modeled on the "Healthy Indiana Plan" under a federal "1115 waiver" that allows states to incorporate, with federal approval, certain policies that would not normally be allowed under federal Medicaid laws. The 1115 waiver route was also used by Arkansas for a very different coverage expansion from Indiana's, tailored to Arkansas' mostly-rural population and their limited Managed Care market resources. Modeled on Indiana's conservative take on

coverage expansion, HB 3871 features four Republican joint authors (Larson, Allison, Kacal, Huberty) and 3 Republican co-authors (Bailes, Clardy, Lambert), the first bi-partisan coverage expansion bill since the 2013 legislative session.

This model of coverage would also earn the 90% federal match, and would cover the same income group of adults up to 138% federal poverty income (that's less than \$18,000/year for a single adult, or about \$30,000 for a parent with two children).

These bills propose to create two options for coverage for the newly covered adults, one of which would allow enrollees to have an account (similar to a medical savings account) to pay for certain co-payments and deductibles, and into which they could earn rewards for healthy behaviors.

Because the bills follow an Indiana model from several years ago, they include some policies that would have to be modified in order to be approved by federal Medicaid authorities under current federal policy. For example, current federal Medicaid policy would not allow for capped enrollment, requiring coverage for all Texans who meet the eligibility and citizenship requirements. On the other hand, policies like co-payments, delivery through managed care, and use of accounts to reward healthy behaviors are likely to be approved. **Federal approval is needed to get the 90% federal funding for the newly insured adults, and the \$3.9 billion expansion bonus now available to Texas from the American Rescue Plan Act.**

**Other Details Worth Noting:** SB 217 by West includes two provisions likely to be popular among more conservative members:

1. First, the bill clarifies that under federal law, a coverage expansion using federal Medicaid funds cannot include undocumented immigrants. Every Texan believes ensuring access to health care for all residents is critical, but we do not expect this longstanding federal inequity to be addressed in this bill, at the state level. HB 734 and SB 521 would ensure inclusion of immigrant adults with most lawfully authorized immigration statuses, including Legal Permanent Residents (green card holders).
2. The second is a trigger, similar to one found in Texas' CHIP statute, that the continuation of a Texas program is contingent on Congress maintaining the minimum 90% federal funding share for the newly covered adults.

**Bills that seek Partial Expansion:** Several bills have been filed that helpfully highlight the needs of certain populations by proposing targeted coverage. However, under federal law only statewide coverage of all lawfully present adults under 138% of the federal poverty income level can earn Texas the 90% federal match that makes coverage expansions such a positive economic benefit. These bills could not draw the 90% matching dollars.

HB 510, 511, 512 and 513 by Beckley propose to create a buy-in option for Texans losing Medicaid due to an income increase, or for employees of small businesses, or to establish a coverage expansion at the option of each county. HB 1189 by Dutton would create a coverage

expansion for working parents with dependent children; and HB 922 by Reynolds proposes a Medicaid block grant coverage program limited to Texas adults below the poverty line.

**Every Texan Supports all the bills that would cover all eligible adults up to 138% of the federal poverty income and qualify for 90% federal match.**

Every Texan believes that making good affordable coverage available for millions of hard-working Texas adults who can't currently afford health insurance is of such critical importance to Texas that we must enthusiastically support a bipartisan coverage expansion compromise approach that balances two goals:

1. Winning support of Texas Legislators and gaining passage, and also
2. Meeting key standards so that it can gain federal approval, earn the 90% federal funding—which comes from the federal Medicaid budget even when an 1115 alternative is approved--and cover Texas' lowest-wage adults who have no options today.

Every Texan supports the simpler coverage model bills because they would be easier, faster, and less expensive to implement, and we are nevertheless very encouraged by the bipartisan authorship of SB 117 and HB 3871. Bipartisan support is key to getting Texas to move out of our dead-last place in covering parents and other low-income working adults in Medicaid. We are also committed to work with the Legislature and diverse partners to improve the bills, to ensure that the bill that passes can be speedily approved and implemented to cover a million or more uninsured Texas adults.