



House Committee on Human Services Testimony: HB 2401 by Oliverson

Anne Dunkelberg, Senior Fellow, Every Texan

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Every Texan (formerly CPPP) appreciates the opportunity to comment on the filed version of HB 2401 by Chairman Oliverson. We are respectfully registering opposition to this bill, out of concern for protecting the vital value of publicly sponsored, not-for-profit Medicaid Managed Care health plans to poor and low-income Texans.

The Benedictine Sisters of Boerne, Texas, founded Every Texan (formerly CPPP) in 1985 to advance public policy solutions for expanding access to health care. We became an independent, tax-exempt organization in 1999. Today, we prioritize policies that will measurably improve equity in and access to health care, food security, education, and financial security. We are based in Austin, Texas, and work statewide.

Public Hospital Districts provide Medicaid Managed Care- AND fill Medicaid Gaps in Providing Health Care for Low-Income Texans

Texas has the highest number and percentage of uninsured residents in the nation: 5.2 million or 18% of Texans. As a result, county-based “hospital” or “health” districts play an outsized role in providing and paying for care to uninsured residents in our largest urban counties. Travis County, Dallas, El Paso, Tarrant, Harris, and Bexar, and several other lower-population urban counties all support public hospitals, clinics, and programs of care (not insurance) for the uninsured.

Four managed care organizations (MCOs) owned by Texas hospital districts are Medicaid Managed Care providers:

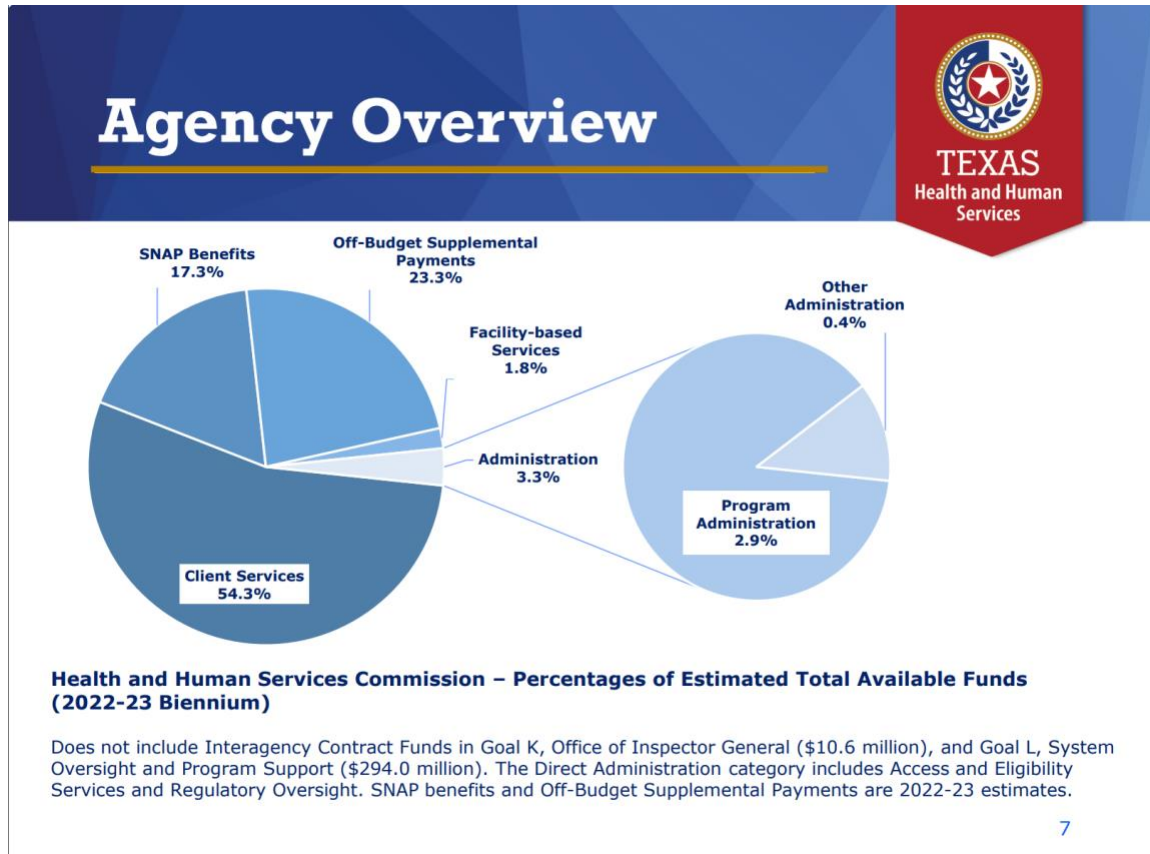
- Community First Health Plans in the Bexar County area
- Community Health Choice in the Harris County area
- El Paso Health
- Parkland Community Health Plans in the Dallas County area

These hospital district plans are not-for-profit; however, for-profit health plans in the Texas Medicaid Managed Care market receive 73% of the Texas Medicaid managed care revenues. The four hospital district health plans keep their revenues in their Texas communities and can help reduce the pressure for public hospital districts to increase their property tax rates. Having a not-for-profit Medicaid Managed Care plan as a local choice creates healthy competition for the largely national for-profit Medicaid Managed Care health plans and set a bar for broad provider networks that benefit Medicaid enrollees.

On top of their Medicaid Managed Care business, Texas’ urban hospital districts are also providing non-insurance programs of care for the remaining uninsured, transferring the lion’s share of non-federal match for DSH, and helping to finance the non-federal share of critical Directed Payment Programs that were designed to preserve dollars that would otherwise have been lost when Texas 1115 waiver’s DSRIP program was phased out.

In the broader context of the state budget and its effects on local government taxes, we note the 23.3% share of Texas HHSC spending which is now off-budget, as local governments and

local/regional provider taxes (LPPFs) are relied on to fund critical supplement Directed Payments to Medicaid providers, in place of state GR funding of adequate rates. Like reduced state formula funding for K-12, this trend to local funding of Medicaid contributes to increased need for local taxes. Leaving Texas hospital district Medicaid Managed Care plans out of the market mix—and the revenues—will add pressure to raise county hospital district taxes.



Texas HHSC, Presentation to House Human Services February 28, 2023

In closing, the Medicaid Managed Care plans operated by Texas’ urban hospital districts are good for beneficiaries and for taxpayers, and reducing their participation in Texas’ Medicaid Managed Care should not be on the table.

Thank you for considering these comments.

For additional information, contact Anne Dunkelberg at dunkelberg@everytexan.org.