

The Election's Over (Finally) Now What?

ACHE-Southeast Texas Chapter
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TEXAS HOSPITAL ASSOCIATION

Donald Trump Will Be Our 45th President

“On day one of the Trump Administration, we will ask Congress to immediately deliver a full repeal of Obamacare.”



Repeal Obamacare

- Currently, more than 1 million Texans purchase health insurance through the ACA-created health insurance marketplace.
- Rate of uninsured has dropped from all-time high of 25 percent to 19 percent.

Future of Medicaid

- Block grants?
- Future of 1115 waiver also unclear as CMS has new leadership and directive

Repeal Obamacare But....

- Keep the cuts that reduced hospital funding by \$150 billion over 10 years;
- Impact for Texas hospitals: **\$12-\$16 billion** in funding reductions

Repeal.....and Replace?

- Paul Ryan, Speaker of the House, has proposed “A Better Way”
 - Expanding Consumer-Directed Health Care Options
 - Expanding Opportunities for Pooling
 - Making Support for Coverage Portable
 - Preserving Employee Wellness Programs
 - Preserving Employer-Sponsored Insurance
 - Protecting Employers’ Flexibility to Self-Insure
 - Purchasing Insurance Across State Lines
 - Medical Liability Reform



Health Care
June 22, 2016
better.gov

- Republicans retain control of U.S. House of Representatives and U.S. Senate
- Neither Texas senator was up for re-election
- All 36 of Texas' U.S. representatives were up for re-election. Only two incumbents chose not to run for re-election, creating open seats in House Districts 15 and 19.
 - Among the 34 incumbents, all won re-election.
- New faces in the U.S. Congress from Texas:
 - CD 15: Vicente Gonzalez (D)
 - CD 19: Jodey Arrington (R)

- Texas election results nearly all determined in the March primary.
- Governor, Lt. Governor not up for re-election
- Speaker of the House Joe Straus likely to keep his leadership position

85th Texas Legislature



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- Retirements of several key lawmakers who have been supportive of good health care policy:
 - Rep. John Otto (chair of the House Committee on Appropriations)
 - Rep. Myra Crownover (chair of House Committee on Public Health)
 - Sen. Kevin Eltife (chair of the Senate Committee on Business and Commerce)

New Faces

- 24 new representatives
- 3 new senators
- Opportunity for hospital industry to educate and inform

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Very conservative makeup

- House: 95 Republicans;
55 Democrats
- Senate: 16 Republicans;
15 Democrats



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- Session begins Jan. 10, 2017
- Ends May 29, 2017
- One must-do item: pass a balanced budget to govern state revenue collection and spending over the 2018-19 biennium

■ Budget Outlook:

- Revenue down (oil prices below \$50/barrel all year)
- Constitutional spending cap (yet to be established but current biennium's was \$107 billion)
- Little appetite for tax increases
- Major funding needs for public schools, foster care and children's protective services

- Lt. Governor Patrick's stated priorities
 - vouchers to allow school choice;
 - increased border security;
 - reduced property taxes;
 - and regulations to address bathroom use by transgender individuals.

- **Speaker Straus' stated priorities**
 - improving the state's children's protective services and foster care systems;
 - reforming the financing of the state's public K-12 school system, including special education services for children with disabilities; and
 - bolstering mental health services

Where's Health Care?



Health Care Not an Explicit Priority

But.....

- Health and human services is 2nd largest item in state budget
- Medicaid is 80 percent of spending of HHS budget

So....

- Health care **WILL** be a budget priority

- For the 2018-19 biennium, THHSC's budget request for Medicaid and CHIP includes no reductions and includes caseload growth in the base budget.
- Total budget request for the biennium for both programs is **\$3.88 billion (all funds)**. General revenue funds constitute approximately 44 percent (\$1.7 billion) of that total.
- THHSC also has requested an additional \$1.2 billion in supplemental appropriations for Medicaid for 2016-17.

Texas Hospitals Top 3 Priorities:

1. Increased Medicaid reimbursement rates
2. Coverage solution to reduce the number of uninsured
3. Dedicated funding source for trauma care that is not paid for



2017 Texas Hospitals' Policy Priorities

Texas hospitals strive to provide the highest quality care to any Texan who seeks care at their facilities. Hospitals also are required by federal law to provide, at a minimum, a medical screening to anyone who seeks it and to provide stabilization and treatment services for an emergency medical condition, regardless of a patient's ability to pay. Taken together, **this requires hospitals to have:**



Stable and equitable financing



A sufficient and appropriately trained health care workforce

Texas hospitals advocate for the following nine public policy priorities to support our work.

①

Medicaid Reimbursement Rates that Reduce Reliance on Supplemental Payments and Protect Access to Care



③

Maintaining Funding for the State's Trauma Care Network



Medicaid reimbursement rates have traditionally been well below the cost of care for both inpatient and outpatient hospital services. Most Texas hospitals are reimbursed at less than 60 percent of costs for providing inpatient health care to those in the Medicaid program. The result is increased reliance on a shrinking pool of hospital supplemental payments and a health care safety net straining to meet the needs of a growing population.

Texas hospitals support the 84th Texas Legislature's actions to target a Medicaid reimbursement rate increase to those hospitals that serve a large number of Medicaid and uninsured patients. We also support increasing Medicaid reimbursement rates to more accurately reflect the cost of delivering care.

Texas has 284 designated life-saving trauma care facilities that provide care when and where it is needed in the event of a car accident, mass casualty event or other type of trauma incident. In these cases, time is the enemy and having a qualified trauma facility nearby can mean the difference between life and death.

Ensuring that the state's trauma care network can continue to meet the needs of a rapidly growing population requires adequate funding. One-third of all trauma patients in the state have no health insurance. Texas trauma facilities currently provide more than \$250 million in unreimbursed care each year. Without funds from the state's Driver Responsibility Program, this unreimbursed care amount would be even greater, and the state would have fewer designated trauma facilities. In 2015, the DRP provided \$55 million to state trauma hospitals to offset a portion of their uncompensated trauma care.

Whether it is the DRP or another dedicated source, Texas hospitals and Texans need a stable source of trauma care funding.

②

Reducing the Number of Uninsured Texans



④

Funding to Support a Strong Behavioral Health Care System



Despite significant reductions in the number of uninsured Americans in the last several years, Texas leads the nation in number and proportion of residents without health insurance. More than 19 percent of Texans lack health insurance. The consequences of such a high uninsured rate are many and include:

- a significant uncompensated care burden for hospitals;
- higher costs for the privately insured;
- higher costs for local taxpayers; and

Texas historically has ranked at the bottom of states in per capita mental health funding, although appropriations by the 83rd and 84th Texas Legislatures have increased funding for behavioral health care in Texas. The state has too few inpatient beds for patients with severe behavioral health needs, and outpatient behavioral health care services are not sufficiently available to keep individuals out of behavioral health crisis centers, emergency departments, and inpatient psychiatric hospitals.

Increased Medicaid reimbursement rates

1. Currently, Medicaid payments cover just 58 percent of hospital inpatient costs
2. Leaves a Medicaid “shortfall” (difference between payments and costs) of >\$3 billion
3. Forces heavy reliance on supplemental payments (DSH and UC)

Reducing the Number of Uninsured Texans

1. Some progress made (proportion of residents without health insurance dropped from all-time high of 25% to 19%)
2. Texas one of 18 states that has not increased Medicaid eligibility levels, as allowed under ACA, or implemented a private market alternative to Medicaid expansion
3. Forces heavy reliance on supplemental payments (DSH and UC)

State Funding for Trauma Care Network

1. 288 trauma-designated hospitals
2. >\$330 million in trauma care services costs that are not paid for
3. Some funding from the state, via the Driver Responsibility Program, to offset a portion of these costs. \$55 million last year.
4. Future of DRP very much in jeopardy.

85th Texas Legislature

Texas hospitals priorities



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More Information

www.tha.org/2017legislativesession