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[North Texas](#)
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[World](#)
[Business](#)
[Science](#)
[Arts & Culture](#)
[Learning](#)
[Sports](#)
[Opinion](#)
[Weather](#)
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Texas Health Reform Bill Offers Medicaid, Medicare Alternatives

Shelley Kofler, KERA News (2011-06-28)

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DALLAS, TX (KERA) - *Lawmakers have sent the Governor a bill that reduces state healthcare costs about \$467 million. KERA's Shelley Kofler reports conservatives and patient advocates both like parts of the bill, but they disagree on measures that would take Texas out of the federal Medicaid and Medicare programs.*



Republican Senator Jane Nelson's bill hopes to rein in escalating Medicaid costs in a number of ways.

It requires co-payments for low-income patients who use expensive emergency rooms for non-emergency visits.

It restructures Medicaid reimbursements to doctors and other providers by linking payments to patient improvement or outcomes instead of simply reimbursing for the number of clinic visits or the quantity of services.

Dunkelberg: It laid the groundwork for real healthcare reform.

Anne Dunkelberg is a senior healthcare policy analyst at the Center for Public Policy Priorities in Austin. The Center, which advocates for low income Texans, often opposes cuts to the state's healthcare budget. But Dunkelberg says this bill has some cost saving improvements including a measure that removes antitrust penalties for health care providers who work together.

Dunkelberg: This law is more designed to set up the legal structures that will allow doctors and clinics and labs and hospitals and health plans to work together to restructure themselves in a way that they can share information and savings if they really not just keep costs down but actually improve people health outcomes.

But Dunkelberg and the conservative Texas Public Policy Foundation don't agree on provisions that would allow Texas to opt out of the federally run Medicaid and Medicare programs.

The bill allows Texas to ask the federal government for permission to take its share of funding and join other states in creating a compact, a healthcare program free of federal requirements.

The Texas Public Policy Foundation's Arlene Wohlgemuth says that would cut federal waste and allow decisions closer to home.

Wohlgemuth: Access is improved for people who are poor. It would allow the state to move that program from being completely unsustainable, from consuming almost 50 percent of our state's all-funds budget next session to something that can be sustained.

Dunkelberg doesn't believe healthcare would improve if Texas took over the federal programs. She points to Texas having long had the most uninsured in the country and some of the lowest per capita spending on services.

Dunkelberg: We don't believe Texas' track record suggests in any way that given a system where we are no longer even required to provide the same Medicare you would get in another state that Texas would rise to the occasion and develop a superior system.

For now the compact provision probably won't go far. There is almost no chance the Obama administration would allow Texas to leave Medicare and Medicaid to join a state healthcare compact.

But the concept might be viewed differently by a future President and

Congress. And it would almost certainly become part of Rick Perry's platform if he decides to make a run for the White House.

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