



# Center for Health Care Policy: Review of the 82nd Session of the Texas Legislature

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## MEDICAID/CHIP

- ★ Medicaid makes up roughly one-fourth of our state's budget, and it is growing at an unsustainable rate. It also fails as an adequate system for the financing and delivery of health care because low reimbursement rates have caused almost two-thirds of the state's doctors to refuse to take Medicaid patients.
- ★ The Center published three reports at the beginning of the legislative session projecting the costs of Medicaid, analyzing the effect on our state budget, and offering a blueprint to begin the discussion on how to reform the program.
- ★ These significantly shifted the debate over Medicaid funding from "How do we maximize federal funding?" to "How do we control costs and reform the program?"
- ★ The Medicaid funding gap was particularly large this biennium due to declining federal money from a lower Federal Medical Assistance Percentage (FMAP) and stimulus funds running out as well as declining state tax revenues.
- ★ In response the Legislature filed a number of bills to cope with the current deficit and the future costs of Medicaid. These bills were the Health Care Compact, the state budget, the Medicaid Waiver bill, and a quality based reform bill.
- ★ The budget was the only bill that passed during the regular session. Certain riders on the budget indicate the course that the state is taking over the biennium. For instance, Article II Rider 59 directs the state to apply for a waiver from "standards and levels of eligibility" and for the ability to "design and implement benefit packages that target the specific health needs and reflect the geographic and demographic needs of Texas".
- ★ The Health Care Compact, Medicaid Waiver bill, and the quality based reform bill were all passed during the special session as SB 7.
- ★ The Health Care Compact was attached to the quality based reform bill. This compact would allow states that join the ability to draw down federal health care funding without all of the strings attached. This type of state flexibility is crucial to bringing Medicaid costs under control.
- ★ The quality based reform bill seeks to impact care delivery by funding based on outcomes rather than services provided. The bill establishes the Texas Institute of Health Care Quality and Efficiency to coordinate health care practices that are proven to produce better results. It will also study incentive programs to get providers to enact changes to reduce potentially preventable readmissions and other changes. The key part of this bill that sets it apart from other quality based initiatives is that the Institute cannot force providers to adopt individual practices; it can only make recommendations to the Legislature. This is crucial in protecting the doctor-patient relationship.
- ★ Finally, the Medicaid waiver bill directs the Executive Commissioner to seek a waiver from the federal government to effectively block grant Medicaid. Some of these provisions exist in the budget as a rider as mentioned above, but a bill is much more expansive in directing policy. The waiver bill directs the Health and Human Services Commission to incorporate a sliding scale and health savings accounts among the policies that can bring down the cost of the program and will result in better care.

## HEALTH INSURANCE

- ★ Texas has the highest rate of uninsured citizens of all 50 states and also has one of the highest levels of mandated insurance coverage in the nation.
- ★ Mandates make insurance expensive, and the more expensive insurance is the less people can afford it. Accordingly, one of the Center's top priorities is preventing the further regulation of health insurance in Texas. Of the 12 bills filed to mandate new benefits in the regular session, none were passed.

## HEALTH CARE REGULATION

- ★ Texas is the most highly regulated state for Advanced Practice Nurses' (APNs) scope of practice.
  - ★ Texas has a significant problem with access to primary care across our state. Crossing every socioeconomic and geographic divide, 98 percent of Texas counties are, in part or in full, classified as either a Medically Underserved Area (MUA) or Health Professional Shortage Area (HPSA). Twenty-five counties have no physician at all, and nearly 20 percent of Texans, or 3.2 million people, lack access to a primary care provider.
- ★ Studies have shown time and time again that consumers who access primary care on a regular basis have better health and lower health expenditures on average.
  - ★ Three bills were filed this session that would have allowed APNs to practice to full extent of their education and training. The Foundation testified on these bills, but they were not voted out of committee.
  - ★ Senate Bill 894 by Sen. Duncan allowed certain hospitals in counties of under 50,000 to employ doctors. It was previously illegal for doctors to be employed by hospitals because there was fear that it could violate the doctor-patient relationship. However, SB 894 adequately protects the doctor's right to provide care based on his professional capabilities and judgment rather than by an administrative board. Typically doctors have not worked in rural areas because the small client base makes it challenging to make a living. Corporate practice will allow hospitals and communities to pay a doctor a salary creating a better incentive for doctors to practice in rural areas.

