



# Texas Medicaid Reform Informational Meeting

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August 30, 2007

- **OVERARCHING GOAL:** Optimize investment in health care to ensure more efficient use of available funding and best health outcomes for Texans.
  - Protect and optimize Medicaid funding
  - Reduce the number of uninsured Texans
  - Focus on keeping Texans healthy
  - Establish infrastructure to facilitate accomplishment of reform goals

- **Senate Bill 10 Summary**

- Direction to seek new flexibility to provide premium subsidies to purchase commercial insurance or appropriate coverage for uninsured Texans through the Health Opportunity Pool (HOP) Trust Fund.
- HOP funds will also be used to help offset uncompensated care costs for providers who implement innovative measures to provide primary and preventive care.
- Opportunities to improve health outcomes and increase consumer choice and responsibility
  - Pilot programs such as positive incentives for healthy lifestyles, EPSDT visits, and other positive health incentive initiatives, as well as HSA options and increased flexibility with value added-services in HMO contracts.
  - Allow cost-sharing if feasible and cost-effective, for non-emergency use of emergency rooms to support appropriate emergency room utilization

- **Senate Bill 10 Summary**

- Increased employer-based options and Medicaid Health Insurance Premium Payment (HIPP) improvements
- Program infrastructure improvements such as
  - Encouraging the development and use of electronic health information standards and electronic records to improve patient care
  - Developing a billing coordination system to better identify third party coverage responsibilities
  - Use of outcome-based performance measures and incentives in HMO contracts; assess pay for performance options for providers
- Develop tailored benefits and systems for Medicaid children with special health care needs to better meet the complex needs of this population, reduce costs and simplify program administration. Identify other populations whose care could be improved through tailored approaches.

## Waiver Process – Timeline

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- Waiver Process Includes the Following:
  - Concept Paper
    - Fall 2007
    - Level of Detail—Outline of target populations, delivery systems, benefits, sources of state and general financing
  - Waiver Submission
    - Winter 2007
    - Level of Detail—More specific information and data to support key items above. Waiver approval can precede final Special Terms and Conditions (STCs).

## Waiver Process – Timeline

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- **Special Terms and Conditions (STCs)**
  - Following waiver approval
  - Level of Detail
    - Program Requirements
    - General Reporting Requirements
    - Operation Policies and Requirements
    - Financial Requirements
    - Monitoring Budget Neutrality
    - Evaluation Framework

## Waiver Process – CMS Goals

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- CMS goals include the following:
  - Reduce the number of uninsured
  - Direct funding to insurance or other coverage to individuals
  - Increased accountability to CMS
  - Enhance care management

# Key Program Decision Points

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- Target Population(s) and Phase-In
- Benefit Package Design(s)- Basic
- Delivery System(s)
- Financing
- Criteria for Receipt of Uncompensated Care Funds



## **Summary of Texas Uninsured Data**

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### **Who Are the Uninsured in Texas?**

#### **Summary of 2006 CPS Data on Uninsured Citizen and Legal Permanent Resident Adults with Incomes <200% FPL:**

- 60% (2.1 million) of the total uninsured adult population have incomes at or below 200% FPL.
- 51% of these adults (1.1M) are between the ages of 19 and 34.
- 55% (1.2M) are childless adults and 45% (960,000) are parents.
- 62% (592,000) of all uninsured parents are females.
- 60% (642,000) of all uninsured male adults are childless

## Summary of Texas Uninsured Data

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- Uninsured parents are generally employed:
  - 88% of male parents
  - 50% of female parents
- Uninsured childless adults are less likely to be employed
  - 64% of male childless adults
  - 41% of female childless adults

## Summary of Texas Uninsured Data

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- 50% (483,000) of all uninsured parents have children enrolled in either Medicaid or SCHIP.
  - These parents are generally older, 56% (272,000) are between 34 and 64 years of age.
  - 63% (306,000) of these parents are females.



# Summary of Texas Uninsured Data

Uninsured with Incomes <200% FPL by Age and Gender			
Age	Male	Female	Total
0-18	420,903	436,136	857,039
19-34	535,554	553,224	1,088,779
35-44	229,631	261,951	491,581
45-64	245,419	312,743	558,162
<b>Total Adults (19-64)</b>	<b>1,010,604</b>	<b>1,127,918</b>	<b>2,138,522</b>
<b>Grand Total</b>	<b>1,431,507</b>	<b>1,564,054</b>	<b>2,995,561</b>

% of Total Uninsured w/ Incomes <200% FPL by Age and Gender			
Age	Male	Female	Total
0-18	66%	75%	70%
19-34	55%	67%	61%
35-44	60%	69%	65%
45-64	48%	57%	53%
<b>Total Adults</b>	<b>54%</b>	<b>64%</b>	<b>59%</b>
<b>Grand Total</b>	<b>57%</b>	<b>67%</b>	<b>62%</b>

Distribution of Uninsured Adults with Incomes <200% FPL by Age, Sex and Parental Status										
Age	Parents <sup>1</sup>			Childless Adults			% Parents			
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
19-34	173,977	343,060	517,037	361,577	210,164	571,742	32%	62%	47%	
35-44	133,308	187,177	320,485	96,323	74,774	171,097	58%	71%	65%	
45-64	60,838	61,340	122,178	184,581	251,403	435,984	25%	20%	22%	
<b>Total</b>	<b>368,122</b>	<b>591,577</b>	<b>959,700</b>	<b>642,482</b>	<b>536,341</b>	<b>1,178,822</b>	<b>36%</b>	<b>52%</b>	<b>45%</b>	

Likelihood of Above Group Being Employed										
19-34	90%	57%	62%	67%	50%	61%				
35-44	88%	57%	70%	61%	39%	52%				
45-64	83%	45%	64%	60%	34%	45%				
<b>Total</b>	<b>88%</b>	<b>50%</b>	<b>65%</b>	<b>64%</b>	<b>41%</b>	<b>53%</b>				

Characteristics of Uninsured Adult Parents with Incomes <200% FPL with Children Enrolled in Either Medicaid or CHIP									
FPL	Total	Male	Female	White (Non-Hispanic)	Black (Non-Hispanic)	Hispanic	All Non-Anglo	Age 19 - 34	Age 35- 64
0 - 50% FPL	115,406	33,011	82,396	11,771	15,422	88,213	103,636	49,300	66,106
51 - 100% FPL	147,572	60,121	87,451	22,846	10,419	111,263	124,725	62,971	84,601
101 - 150% FPL	141,804	53,940	87,864	27,368	8,682	103,642	114,436	61,406	80,399
151 - 200% FPL	78,040	30,237	47,803	16,758	10,581	47,588	61,282	36,895	41,145
<b>Total</b>	<b>482,822</b>	<b>177,309</b>	<b>305,514</b>	<b>78,743</b>	<b>45,105</b>	<b>350,706</b>	<b>404,079</b>	<b>210,572</b>	<b>272,250</b>

Characteristics of All Uninsured Parents <200% FPL									
FPL	Total	Male	Female	White (Non-Hispanic)	Black (Non-Hispanic)	Hispanic	All Non-Anglo	Age 19 - 34	Age 35- 64
0 - 50% FPL	197,189	52,139	145,050	30,237	30,855	136,097	166,952	73,458	123,731
51 - 100% FPL	244,764	99,721	145,042	45,797	17,748	173,299	198,967	93,857	150,906
101 - 150% FPL	311,670	130,868	180,802	78,439	23,382	204,838	233,231	105,363	206,307
151 - 200% FPL	212,352	89,690	122,662	63,377	13,611	132,252	148,975	75,360	136,992
<b>Total</b>	<b>965,975</b>	<b>372,418</b>	<b>593,557</b>	<b>217,850</b>	<b>85,595</b>	<b>646,486</b>	<b>748,125</b>	<b>348,039</b>	<b>617,936</b>

Characteristics of All Uninsured Adults <200% FPL									
FPL	Total	Male	Female	White (Non-Hispanic)	Black (Non-Hispanic)	Hispanic	All Non-Anglo	Age 19 - 34	Age 35- 64
0 - 50% FPL	509,350	212,266	297,084	111,866	127,982	250,057	397,485	114,568	394,782
51 - 100% FPL	510,359	221,806	288,552	141,039	54,160	298,268	369,319	165,804	344,555
101 - 150% FPL	581,939	302,168	279,771	172,928	51,773	343,876	409,011	167,958	413,981
151 - 200% FPL	546,276	281,786	264,490	165,731	78,422	295,384	380,545	168,966	377,310
<b>Total</b>	<b>2,147,924</b>	<b>1,018,026</b>	<b>1,129,898</b>	<b>591,564</b>	<b>312,337</b>	<b>1,187,584</b>	<b>1,556,360</b>	<b>617,296</b>	<b>1,530,628</b>

**NOTES:**

- (1) All estimates based on March 2006 CPS data (survey of 2005 information)
- (2) All estimates reflect citizens and legal permanent residents only.
- (3) 2006 CPS: Up to 187,000 uninsured parents may be eligible for TANF Medicaid, but are not enrolled

## Coverage Considerations

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- **200% FPL: 2007 HHS Poverty Guidelines**
  - 1 -- \$20,420/annual    \$1,701.67/month
  - 2 -- \$27,380/annual    \$2,281.67/month
  - 3 -- \$34,340/annual    \$2,861.67/month
  - 4 -- \$41,300/annual    \$3,431.67/month

## **Benefit Considerations**

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- Focus on coordination with Employer Sponsored Insurance (ESI), and Subsidies for basic benefits
- Identify Premium Subsidy Amount
- Identify Minimum Basic Benefit
- Support market flexibility re: benefits
- Support choice without overwhelming enrollees
- Identify availability of existing health care products or coverage options
- Cost-sharing and Deductibles
- HSA
- Sliding Scale Premium Subsidies

## **Design and Delivery Considerations**

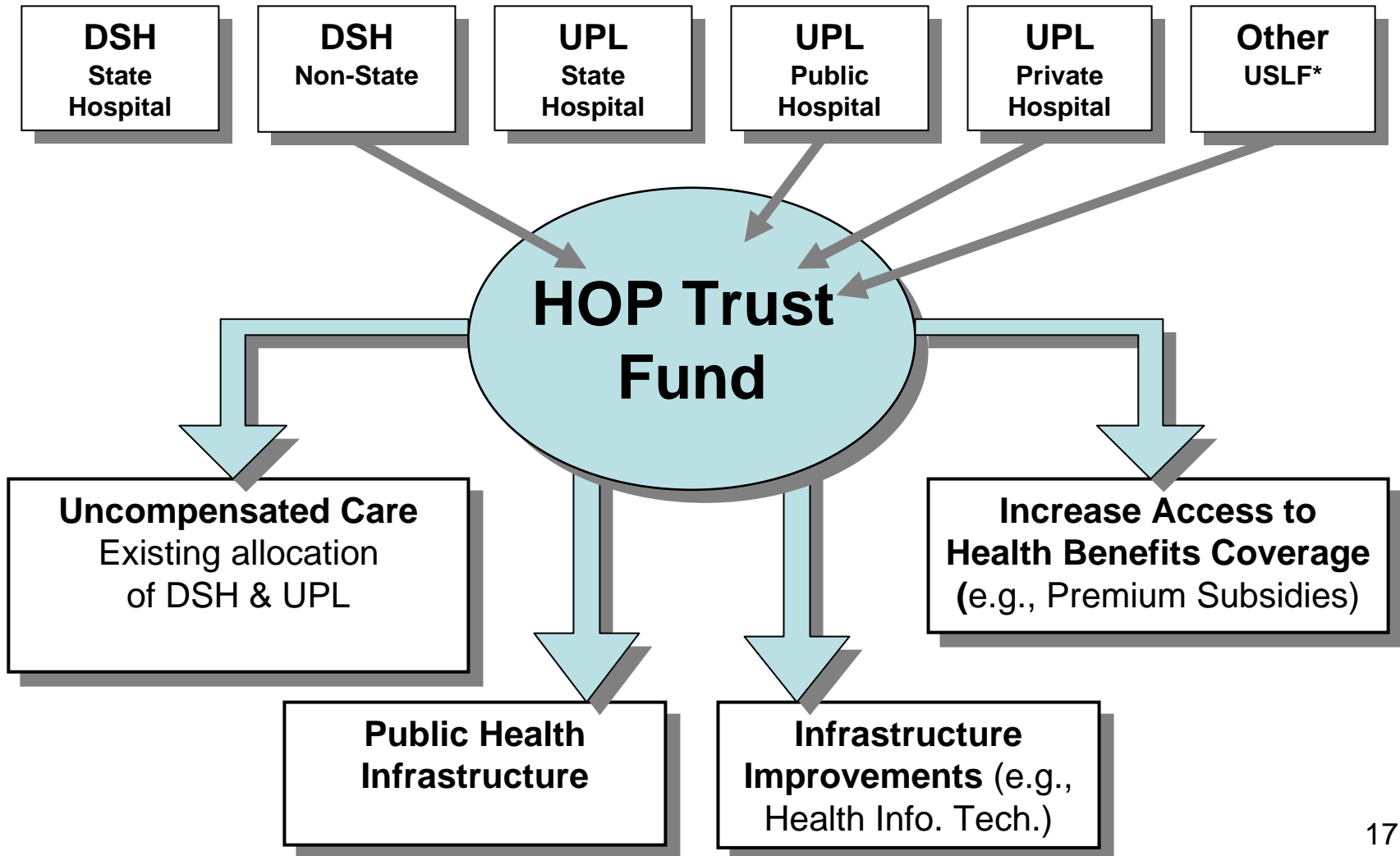
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- Premium Based Coverage Options
  - Existing Products
  - Other Products
- Other Coverage Options
- Sliding Scale Premiums
- Coordination with Existing Programs
- Maximize Employer Sponsored Insurance (ESI)

- **Protect and Leverage Federal Funds**
- **Negotiate with CMS re: budget neutrality, available federal funds, and trends**
- **Identify Unmatched State and Local Funds**
  - GR funded programs
  - Hospital and Hospital District programs
  - County and Municipal programs
- **Other HOP funds**
  - Offset from Rebasing
  - Offset from Reduced Uncompensated Care
  - Dedicated funding

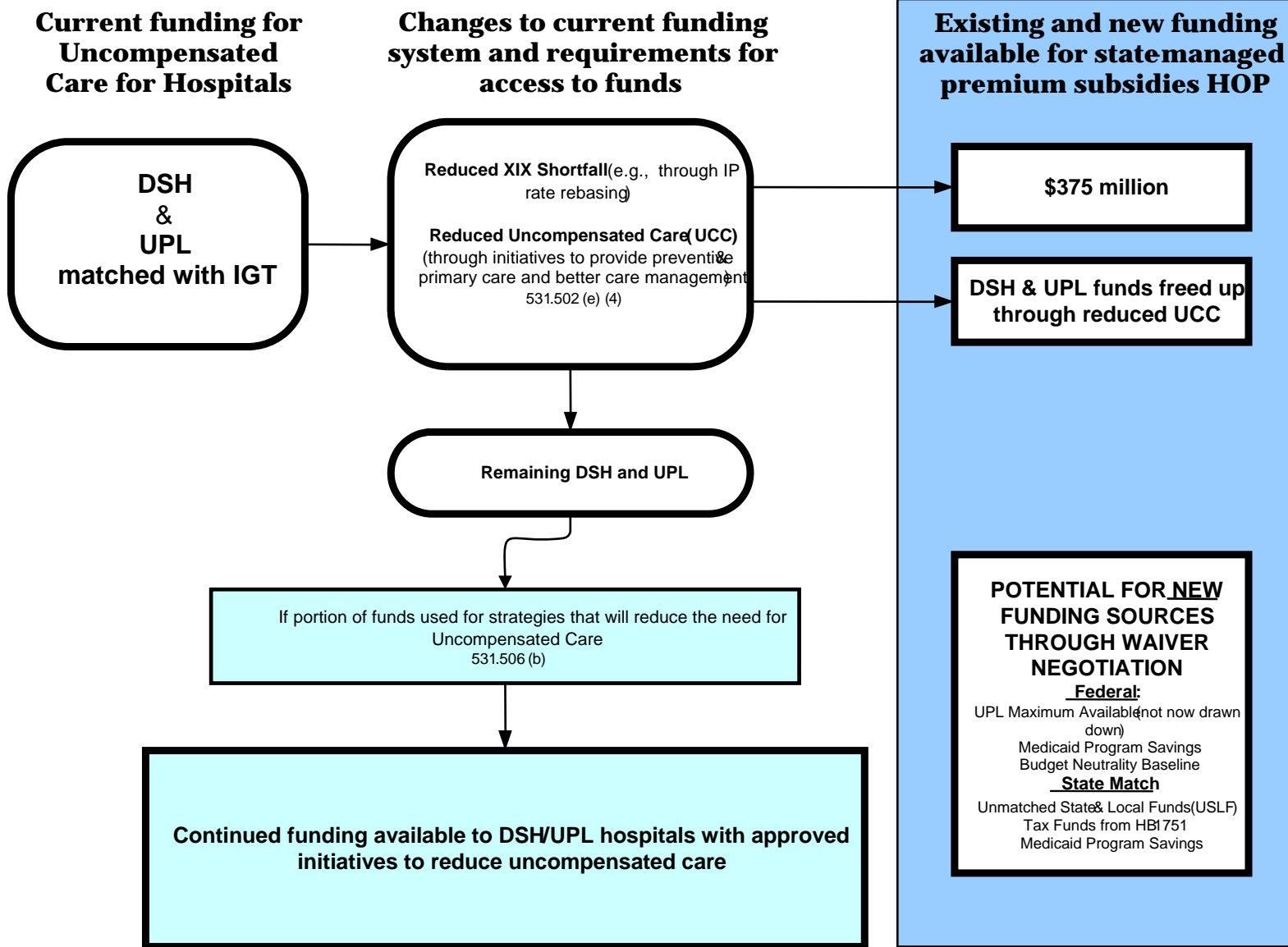


# Health Opportunity Pool Trust Fund Structure

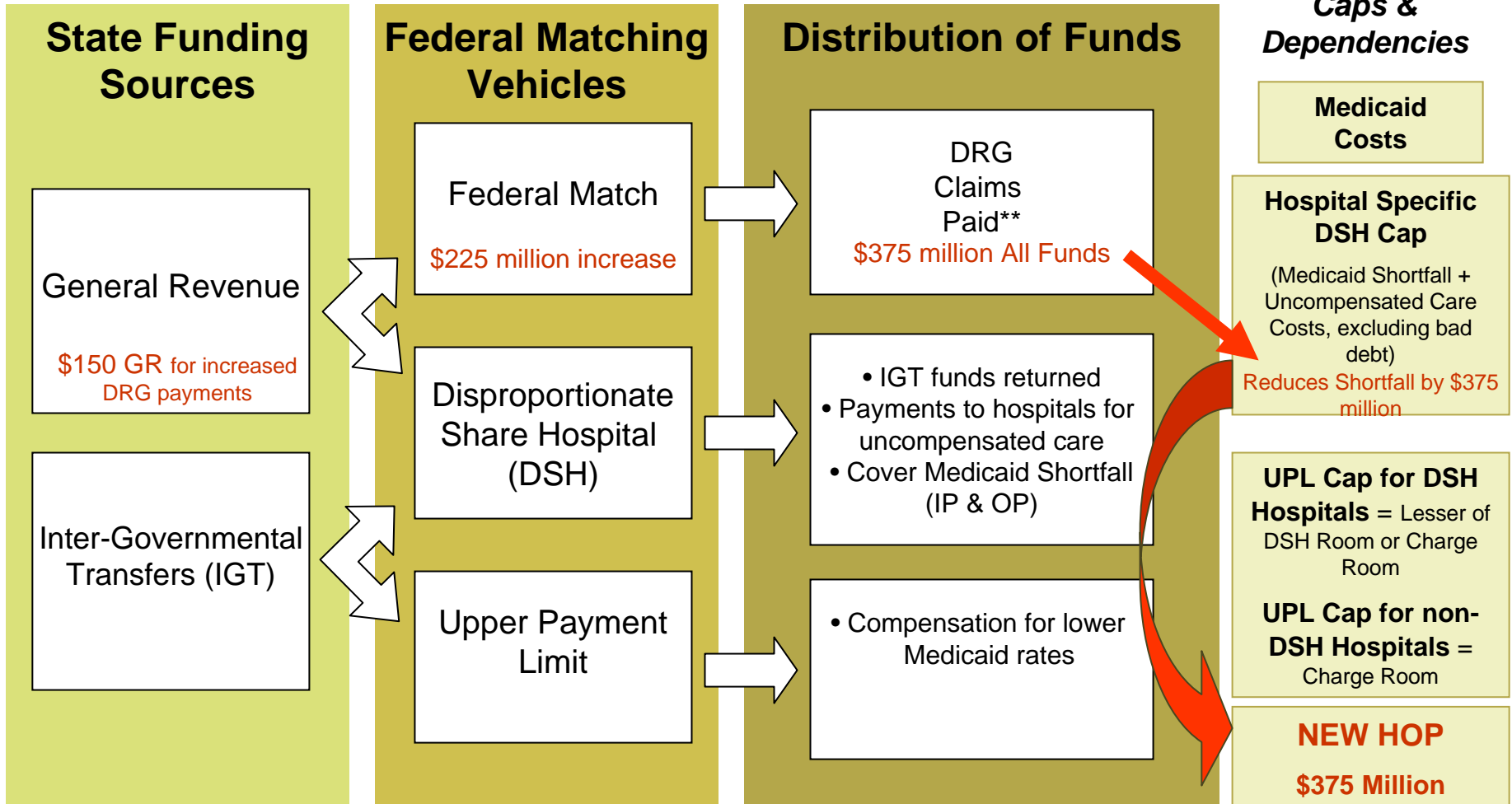


\*Certified Public Expenditures may be utilized.

# TEXAS HEALTH OPPORTUNITY POOL FUNDING



# Impact of Rebasing on HOP Fund



## Cap Definitions

\*\*Medicaid Shortfall = Medicaid Costs – Actual Payments

DSH Room = Hospital Specific DSH Cap – DSH payments

Charge Room = Medicaid charges – Medicaid payments

- Medicaid Reform Legislative Oversight Committee
- HHSC Council Subcommittee on Medicaid Reform
- Stakeholders

# Information About Medicaid Reform

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- Website
  - <http://www.hhs.state.tx.us/Medicaid/Reform.shtml>
  - E-mail alerts
  - Updated information