



Medicaid Reform Legislative Oversight Committee Meeting

Albert Hawkins, Executive Commissioner
May 20, 2008

Status: Texas Proposal

HHSC submitted waiver request to CMS on April 16, 2008

Request outlines the state's plan to transform the current system:

- Expand health coverage options in the state
- Reduce reliance on expensive emergency room visits for basic care
- Support a coordinated, locally-integrated care approach with time-limited grant opportunities
- Make it easier for the working poor to buy into employer-sponsored insurance (ESI)

Texas Proposal

Create a Health Opportunity Pool (HOP) Trust Fund

- **Includes DSH and UPL funds, GR (from H.B. 1751), and other federal and non-federal funds.**
 - **Includes UPL funds not currently being drawn down**
 - **Includes request to recognize existing state and local indigent care expenditures as**
 - a “wrap” to the benefits provided under the subsidy
 - basis for state match
 - **Federal funds for optional populations including parents of Medicaid/CHIP enrollees and eligibles**

Achieve flexibility in regard to distribution and uses of DSH and UPL funds consistent with state and federal health policy goals.

Use funding from the HOP Fund to:

- Provide grants for infrastructure improvements and innovative programs to reduce uncompensated care
- Implement a limited catastrophic care program for parents and caretakers
- Implement a health care subsidy program for low-income uninsured
- Support hospital safety-net funding consistent with state health policy goals
- Support new seamless funding options for the Medicaid HIPP, CHIP Premium Assistance and HOP programs to facilitate family coverage under employer sponsored insurance

Critical Waiver Request Components

Texas Waiver Requests Needed for Successful Waiver Negotiation include:

- Recognition or approval of current unmatched state and local governmental indigent care expenditures as source of state match
- The ability to manage enrollment to ensure state budget certainty
- No risk to Medicaid program funding

Critical Waiver Request Components (cont.)

- No additional obligation for state GR funding
- Flexibility on distribution of DSH/UPL funds consistent with state policies to improve efficiency and effectiveness of investment
- Flexibility on benefits, cost-sharing, and delivery system approaches that are consistent with commercial insurance plans and approaches

Waiver Year One: Covered Populations and Programs

- Certain groups of children not eligible for Medicaid or SCHIP
 - Enroll in CHIP benefit package, CHIP delivery system with HOP funding
- Former Foster Care Children ages 21- 22 who are enrolled in college
- Catastrophic Care Coverage (inpatient urgent care) for parents and caretakers who are at or who spend down to qualifying income

Waiver Year One: Grants

- Grants totaling \$75 million for each of the first three years
- Targeted to achieve the following objectives:
 - o Reduce uncompensated care and uncompensated care costs in communities
 - o Improve coordination of indigent care/uncompensated care services and networks
 - o Improve infrastructures for indigent care systems
 - o Support the implementation of the subsidy program within a coordinated system in Year Three
 - o Provide care management for uninsured with chronic conditions
- Local units of government, local and regional non-profits, community groups and provider groups can apply
- Selection criteria to be developed

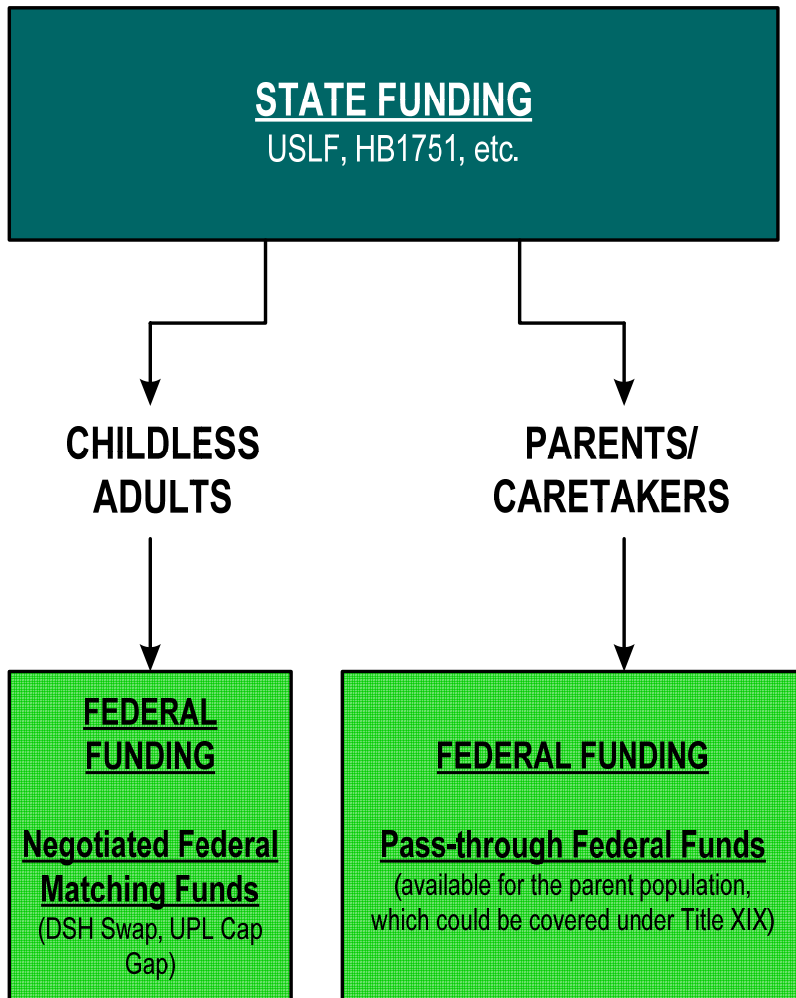
Ongoing: ESI and HIPP Improvements

- Administration, Information Technology and Management improvements to the current Health Insurance Premium Payment (HIPP) program
- New access to Texas employer insurance coverage data, new premium payment options, new vendor management
- Improvements leveraged to support:
 - Employer Sponsored Insurance options under Medicaid and the HOP
 - Blending premium contributions to support use of ESI

Waiver Year Three: Subsidies

- Implement a health care subsidy program for uninsured Texans at or below 200 percent FPL
 - Subsidies are initially planned to be offered to uninsured parents with incomes at or below 133 percent FPL, and to childless adults with incomes at or below 100 percent FPL.
- Subsidies used to purchase Employer Sponsored Insurance, when qualifying and affordable, or to buy market based insurance or other coverage options
 - Could include multi-share programs
- Have the flexibility to change the FPL eligibility levels based on available funding
- Achieve flexibility in delivery systems, benefits and cost sharing requirements

Funding for Adult Populations



- Federal funding for Childless Adults must be identified from within existing federal funds negotiated as part of budget neutrality.
- Parents/Caretakers are an optional group for whom the federal share is provided if there is sufficient state share.

Complementary Reform Initiatives

Workgroup on Uncompensated Hospital Care, and the development of new requirements to enable data-driven state health, uncompensated care, public health, and insurance policy development:

- Development of new hospital uncompensated care costs and financing reporting requirements to form the basis for uniform, reliable, and transparent uncompensated care reporting.
- Development of new uncompensated care claims submission requirements for all hospitals receiving DSH or UPL funds, as the basis for state and regional analysis of uncompensated care charges, utilization patterns, and disease conditions in the uncompensated care population.

- Development by the Texas Department of Insurance and HHSC an analysis and recommendations for small employer premium assistance programs as required by Senate Bill 10.
- Development of local and regional multi-share programs to support affordable employer-based coverage, as authorized by Senate Bill 10.

Key Elements of Reform and Timeline

Anticipated Implementation Timeline by Waiver Year

	SFY 09	SFY 10	SFY11	SFY 12	SFY 13
	9/08 – 8/09	9/09 – 8/10	9/10 – 8/11	9/11 – 8/12	9/12 – 8/13
	Waiver Year 1	Waiver Year 2	Waiver Year 3	Waiver Year 4	Waiver Year 5
Catastrophic Care through HOP	●—————→				
Children’s and Former Foster Care Member’s Coverage	●—————→				
Grants	●—————→				
Study with TDI and small employers	●————→				
Subsidy Program for Adults			●—————→		
Work Group on Uncompensated Care	●—————→				
Uncompensated Care Claims	●—————→				
Updated Hospital Reporting		●—————→			
HIPP and ESI program improvements	●—————→				