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# **Regional and Local Health Care Grant Program Report**

**Submitted to the Governor and the Texas  
Legislature**

**As Required by the Texas Health and Safety Code, Chapter 75, Section 75.203**

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**Health and Human Services Commission**

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## **Executive Summary**

S.B. 10, 80<sup>th</sup> Legislature, Regular Session, 2007, authorized the Health and Human Services Commission (HHSC) to develop a grant program to support regional and local health care programs (also known as multi-share or three-share programs). The grant program aims to foster the initial development and operation of multi-share programs in an effort to increase the accessibility, availability, and affordability of health services or benefits offered to employees of small employers.

Multi-share programs are one innovative, community-based approach to increasing access to health care and expanding health coverage to uninsured workers. These programs are known as multi-share programs because they pay for health coverage using a combination of contributions from employers, employees and, typically, a third or even fourth source of funds, which may include local or state public funds, and sometimes foundation funding. One of the main goals of these multi-share programs is to offer coverage at an attractive price point for both small employers and their employees.

HHSC issued a request for proposals for the initial establishment and operation of regional and local health care programs for employees of small employers. HHSC awarded \$1 million in grant funds to two entities: the Brazos Valley Council of Governments; and the TexHealth Coalition (formerly the Texas Communities Healthcare Coalition).

HHSC awarded the Brazos Valley Council of Governments (BVCOG) \$300,000 in grant funds to develop and foster the operation of its local coverage program. BVCOG is the administrative and fiscal entity with whom HHSC contracts. BVCOG is part of the broader Brazos Valley regional health care initiative, which is a collaborative effort of seven counties in Brazos Valley: Brazos; Burleson; Grimes; Leon; Madison; Robertson; and Washington. Brazos Valley plans to establish a multi-share program that provides coverage to employees of small businesses and enables them to obtain care from a variety of providers throughout the seven counties. By the end of the grant period, Brazos Valley aims to pilot its regional initiative in one county. Coverage in the remaining six counties will be implemented during the 18 months that follow (coverage will be implemented in one county per quarter), and full coverage for the seven participating counties is estimated to be provided by the spring of 2011. Brazos Valley proposes to enroll 5,000 people into its multi-share product.

HHSC awarded \$700,000 in grant funds to the TexHealth Coalition (coalition). These grant funds are being provided to five of the coalition member communities: Galveston; Central Texas (Travis, Hays, Williamson, Burnet, Caldwell, and Bastrop); Houston; Dallas; and El Paso. The Harris County Healthcare Alliance is the fiscal agent and single point of accountability for the grant. The alliance subcontracts with the other four grantee organizations: The University of Texas Medical Branch (UTMB); El Paso County Hospital District; the Central Texas Indigent Care Collaboration; and the North Texas Underinsured Healthcare Coalition.

The coalition plans to implement five operational multi-share programs. The five participating communities are at different developmental stages of their local multi-share plans. Four of the five grantee communities already have plans for developing coverage programs, and the fifth, El Paso, will develop its plan during the grant period. In 2008, the coalition will implement

coverage in Galveston, and in 2009, coverage will be implemented in Central Texas, Houston, Dallas, and El Paso. The coalition plans to enroll 45,000 people into its multi-share products.

The multi-share grants support local communities in their effort to create affordable health coverage options for small employers who do not currently offer insurance to their employees. These programs will increase access to primary and preventive care for the working uninsured and promote the medical home. Texans with this coverage will be able to access quality, cost-effective, preventive care rather than fragmented, more expensive care in the emergency room.

## **Introduction**

S.B. 10 authorized HHSC to develop a grant program to support regional and local health care programs (also known as multi-share or three-share programs). The grant program aims to foster the initial development and operation of multi-share programs in an effort to increase the accessibility, availability, and affordability of health services or benefits offered to employees of small employers. Specifically, the grant program helps to accomplish the following:

- Improve the health of employees of small employers and their families by increasing employee access to health care and by reducing the number of those employees who are uninsured.
- Reduce the likelihood that those employees and their families will require services from publicly funded programs such as Medicaid and CHIP.
- Contribute to economic development by helping small businesses remain competitive with a healthy workforce and health care benefits that will attract employees.
- Encourage innovative solutions for providing and funding health care services and benefits.

Multi-share programs are one innovative, community-based approach to increasing access to health care and expanding health coverage to uninsured workers. These programs are known as multi-share programs because they pay for health coverage using a combination of contributions from employers, employees and, typically, a third or even fourth source of funds, which may include local or state public funds, and sometimes foundation funding.

In 2007, some 6 million Texans, or about 25 percent of the population, had no health insurance, the highest uninsured rate in the nation. While most uninsured, non-retired, Texans ages 18 and older have a job, the proportion of the population covered by employer-based health insurance is lower than the national average. Nationwide, 63 percent of Americans under age 65 were covered by employer-sponsored health coverage in 2007, compared to only 53 percent of Texans.

Additionally, Texas has a significantly lower rate of employer-sponsored health insurance coverage among small employers than the national average. Approximately 70.2 percent of all businesses in Texas are small businesses with fewer than 50 employees, and only 32.2 percent of these small businesses offer employer sponsored insurance compared to 42.6 percent nationally.

## **Background**

The concept of “three-share or multi-share,” originated in 1994 in Muskegon, Michigan. Muskegon received funding from the Kellogg Foundation to design a local health care model for employees of small businesses. What developed is a health care model that distributes the cost of health care coverage among three entities – the employer, employee, and community. Each year, the Muskegon model, or Access Health, provides health coverage to over 400 small business and approximately 1,500 people. Given the success of Access Health, a number of communities around the United States have developed similar models.

One of the main goals of these multi-share programs is to offer coverage at an attractive price point for both small employers and their employees. Cost is one of the major determinants of whether an employer offers coverage and employees sign up for that coverage. Small employers often cannot afford to provide commercial health insurance to their employees, and lower wage employees cannot afford the employee contribution required of them to sign up for that coverage. Multi-share programs aim to provide coverage that is affordable.

Multi-share programs are developed from the ground up with a great deal of input from local community members and small business owners. Involving local community stakeholders in the program and benefit design helps ensure that each program is tailored to the employers and employees in that community and offers benefits that address the communities’ needs so that stakeholders are willing to purchase the benefit package. While there may be similarities among multi-share models, each model is unique in addressing the needs of its local community, through the benefits it offers and the different funding sources it utilizes.

Multi-share programs provide health coverage; they do not offer what most consider to be health insurance. Three-share programs do not assume full risk for members’ health care needs, and the benefit package members receive is limited. Additionally, coverage areas are limited to the county or counties involved in the coverage initiative, and provider networks are closed, meaning that members are limited to the local provider network in that coverage area. Thus, if someone sought care outside of their defined local coverage area, that person’s health care services would probably not be covered through the multi-share program.

## **Local and Regional Health Care Program Grants**

HHSC issued a request for proposals for the initial establishment and operation of regional and local health care programs for employees of small employers on October 3, 2007. In selecting the grant recipients, HHSC considered the extent to which the multi-share program proposed by the applicant accomplished the following purposes established by the Texas Health and Safety Code, Chapter 75, Section 75.203.

- Reduce the number of individuals without health benefit plan coverage within the boundaries of the participating county or counties.
- Address rising health care costs and reduce the cost of health care services or health benefit plan coverage for small employers and their employees within the boundaries of the participating county or counties.
- Promote preventive care and reduce the incidence of preventable health conditions, such as heart disease, cancer, diabetes, and low birth weight in infants.

- Promote efficient and collaborative delivery of health care services.
- Serve as a model for the innovative use of health information technology to promote efficient delivery of health care services, reduce health care costs, and improve the health of the community.
- Provide fair payment rates for health care providers.

Projects eligible for grant funding included the following:

- identifying the target population of small employers for participating in the program;
- designing the service or benefit structure and delivery mechanisms;
- designing and implementing wellness and educational programs to improve the general health of the targeted population;
- conducting actuarial analysis;
- conducting related surveys or focus groups;
- developing and maintaining a provider network;
- provider contracting;
- marketing to small employers and employees;
- administrative costs for the initial operation of regional or local health care programs; and
- other functions determined by HHSC to support the initial establishment or operation of a regional or local health care program.

Following a thorough review of the proposals submitted, HHSC awarded \$1 million in grant funds to two entities: the Brazos Valley Council of Governments; and the TexHealth Coalition (formerly the Texas Communities Healthcare Coalition). Each of these two entities is made up of members working on behalf of multiple communities. To monitor the grantees' progress and performance, HHSC established performance objectives related to Chapter 75 of the Texas Health and Safety Code and requires the grantees to report quarterly on these objectives. HHSC monitors the performance of these grantees according to their progress in meeting these objectives. The contracts with these two grantees expire on November 30, 2009.

### **Brazos Valley Regional Multi-Share Initiative**

HHSC awarded the Brazos Valley Council of Governments (BVCOG) \$300,000 in grant funds to develop and foster the operation of its local coverage program. BVCOG is the administrative and fiscal entity with whom HHSC contracts.

BVCOG is part of the broader Brazos Valley regional health care initiative, which is a collaborative effort of seven counties in Brazos Valley: Brazos; Burleson; Grimes; Leon; Madison; Robertson; and Washington. Brazos Valley plans to establish a multi-share program that provides coverage to employees of small businesses and enables them to obtain care from a variety of providers throughout the seven counties. By the end of the grant period, Brazos Valley aims to pilot their regional initiative in one county. Coverage in the remaining 6 counties will be implemented during the 18 months that follow (coverage will be implemented in 1 county per quarter), and full coverage for the seven participating counties is estimated to be provided by spring 2011. Brazos Valley proposes to enroll 5,000 people into its multi-share product.

With the grant funds made available by HHSC, Brazos Valley aims to complete the following six objectives:

- Establish criteria and a framework for the regional health care program.
- Engage community stakeholders in the program development process.
- Determine services to be covered through the program.
- Establish a regional network of service providers to participate in the program.
- Develop the infrastructure for program implementation.
- Pilot test the coverage program in one county of the Brazos Valley.

To accomplish these six objectives, Brazos Valley will use its grant funds to pay for salaries, supplies, actuarial work, local travel, stakeholder focus groups and workgroups, health care model development, outreach and enrollment, marketing, legal counsel, and claims processing development.

Brazos Valley has completed a great deal of research in developing its preliminary vision for its regional multi-share health care program. The Texas A&M University Center for Community Health Development (CCHD) conducted a Brazos Valley multi-share feasibility study between March and May 2008. The study was designed to determine the employers' and employees' insurance needs and to determine their interest in purchasing health coverage. Overall, the data show that in Brazos Valley employees are interested in the multi-share program and the majority of employers are willing to contribute to their employees' health coverage expenses.

Brazos Valley plans to spread the costs of its multi-share coverage among the employer, employee, and one or more additional entities, such as a local foundation or public source that will assist with a subsidy payment for a third share. To sustain its activities over time, Brazos Valley plans to acquire additional funding so that its program's revenue covers its budgetary requirements for operation of the program.

### **TexHealth Coalition**

HHSC awarded \$700,000 in grant funds to the TexHealth Coalition (coalition). The coalition is a voluntary association of communities who collaborate to identify statewide options for reducing the uninsured in their communities while preserving local and regional flexibility. The grant funds are being provided to five of the coalition member communities: Galveston; Central Texas (Travis, Hays, Williamson, Burnet, Caldwell, and Bastrop); Houston; Dallas; and El Paso. (Following the awards of these grants, Brazos Valley joined this coalition but, for the purposes of this report, any reference to the coalition only includes the five communities listed above who applied collaboratively for the regional and local health care grant.)

The Harris County Healthcare Alliance is the fiscal agent and single point of accountability for the grant. The Alliance subcontracts with the other four grantee organizations: The University of Texas Medical Branch (UTMB); El Paso County Hospital District; the Central Texas Indigent Care Collaboration; and the North Texas Underinsured Healthcare Coalition. Additionally, a 14-member grant oversight committee, which includes representatives from all five communities, oversees grantee performance.

The coalition plans to implement five multi-share programs. The five participating communities are at different developmental stages of their local multi-share plans. Four of the five grantee communities already have plans for developing coverage programs, and the fifth, El Paso, will develop its plan during the grant period. In 2008, the coalition will implement coverage in Galveston, and in 2009, coverage will be implemented in Central Texas, Houston, Dallas, and El Paso. The coalition plans to enroll 45,000 people into its multi-share products.

Using the grant funds, the coalition proposes to do the following:

- Accelerate development of multi-share plans in Harris, Galveston, and Central Texas.
- Provide technical assistance to North Texas and El Paso counties.
- Create a sustained and targeted focus on multi-share models.
- Establish mechanisms for collaboration.
- Increase efficiencies by sharing resources and best practices for program replication, including the creation of a tool kit for other communities working to set up similar programs.
- Develop a template for program evaluation.
- Integrate this multi-share initiative with other state initiatives.

Specifically, the coalition will use the grants funds to pay for coordination among the five entities, salaries, actuarial analysis, marketing, focus groups, coalition building, legal counsel, project management, outreach, program reporting, and the creation of a toolbox that will assist other communities wanting to embark on this endeavor.

The coalition plans to find local sources to pay for the third-share subsidy funds. Additionally, the coalition will seek funding from private, local, and national philanthropic organizations.

### **Galveston Multi-Share**

One of the coalition members, Galveston, implemented its multi-share program in July 2008. The Galveston multi-share program offers health benefits to employees of small employers in Galveston County. The total cost of the coverage is \$180 per month, which is divided among several entities. Employers and employees each pay \$60 per month, and the remaining \$60 is paid for by a combination of funds from the Houston Endowment and The University of Texas Medical Branch (UTMB).

Both employees and employers must meet certain eligibility criteria. Employers must: have been in business for at least 12 months prior to enrollment; be located within Galveston County; and have at least 2, but not more than 50, employees. The employer and at least half of the eligible employees must enroll in the plan, and the maximum median annual income for all employees is \$50,000. At the time of enrollment, the employee may not be covered by any governmental health insurance benefits plan, such as Medicare or Medicaid. Additionally, the employee must work an average annual minimum of 20 hours per week.

Galveston multi-share health benefits include primary care, specialty care, emergency room visits, hospitalization, pharmacy, and mental health care. The lifetime maximum benefit is \$250,000. Covered benefits are provided by UTMB facilities and providers.



As of October 1, 2008, Galveston had enrolled 98 employers and 432 employees. Galveston plans to enroll up to 5,000 people, or 7 percent of its working uninsured.

### **Recommendation**

If approved by the Centers for Medicare and Medicaid Services (CMS), HHSC recommends support of multi-share products in the state's Medicaid Reform Waiver. Waiver clients living in communities with multi-share programs that provide benefits that meet CMS approved criteria could choose this type of private coverage under the waiver and get assistance through the Health Opportunity Pool established by S.B. 10 in paying for that coverage.

### **Conclusion**

The multi-share grants support local communities in their effort to create affordable health coverage options for small employers who do not currently offer insurance to their employees. The multi-share programs serve as examples of innovative, community-based models for increasing the number of businesses providing private coverage for their employees.

Approximately 50,000 Texans in six different areas of the state will receive health care coverage. Consequently, access to primary and preventive care will increase.