



Health Care and Medicaid Reform Presentation to the Senate State Affairs Committee

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Reform Goals

Optimize investment in health care to achieve more efficient use of available funding and best health outcomes for Texans.

- Focus on primary and preventive care to keep Texans healthy
- Reduce the number of uninsured Texans
- Protect and optimize Medicaid funding
- Establish infrastructure to facilitate accomplishment of reform goals

Current Medicaid Funded Indigent Care Focus

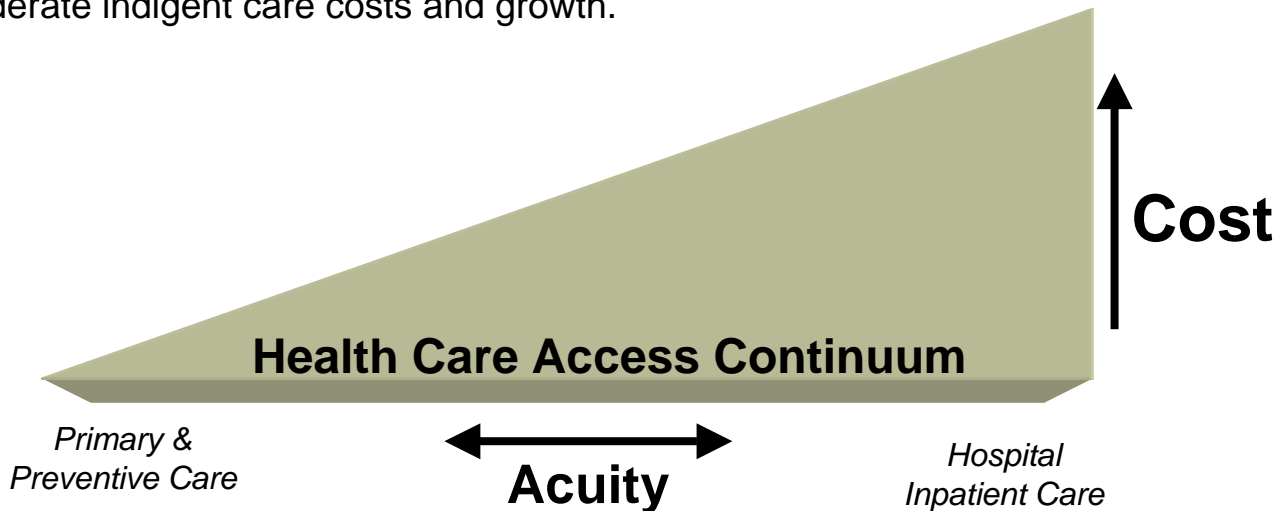
While DSH and UPL can help offset indigent care costs, reform needs to address the underlying dynamics creating these costs.

Medicaid funded indigent care focuses on hospitals and drives how uninsured Texans access healthcare.

Reimbursing hospital providers at the most expensive end of the care continuum does little to address root causes. Improving access to primary and preventive care will moderate indigent care costs and growth.

Current System Investment

The uninsured tend to forgo primary and preventive care until a high acuity, high cost catastrophic health event occurs.



The Need for Reform

- Uncompensated care charges have increased from \$5.5 billion to \$11.3 billion over a five-year period
 - Simply allocating more funds to hospital uncompensated care won't address underlying dynamics driving increased uncompensated care
- Two Legislative Catalysts for Reform
 - SB 10 provides policy direction and establishes Health Opportunity Pool (HOP) Trust Fund, which will finance the reform strategies and initiatives
 - \$150 million GR appropriations is basis for HOP subsidy funding
- Reform must address uncompensated care by investing in primary and preventive care that is not covered today, or that is covered with 100% local tax funds

Health Opportunity Pool

- Overarching Policy
 - Improve efficiency of health investment
 - Effect a gradual, but critical system transformation
- HOP Funding will be used to:
 - Subsidize insurance premiums for uninsured individuals
 - Fund hospitals to help offset uncompensated care
 - Provide infrastructure funding to create efficiencies in health care provider base
- HOP premium subsidy will be rolled out in two phases
 - Under Phase I of the waiver, HHSC proposes to provide coverage to uninsured parents of Medicaid/CHIP children using the existing delivery system.
 - Under Phase II of the waiver, health coverage subsidies would be available to eligible citizens and Legal Permanent Residents who meet income and eligibility criteria.

HOP Phase I - Population

- Must be low-income Texas residents and U.S. citizens or legal permanent residents
- Cannot be eligible for or enrolled in Medicaid, CHIP or Medicare
- Must have been uninsured for at least the previous six months unless insurance is lost for good cause.
- Must utilize employer-sponsored insurance if affordable and acceptable
- Enrollment is subject to availability of program funds

HOP Phase I - Benefit Design

- Robust primary and preventive care package
- Include a broad range of services which would meet the basic healthcare needs of most enrollees
- Include cost sharing for all participants
- Include behavioral health services
- No entitlement to Medicaid benefits

Status: Texas Proposal

- Submitted to Centers for Medicare and Medicaid Services (CMS) December 5th, 2007
- Ongoing meetings and discussions with CMS on waiver details
- Next Steps: Submit financing and benefit model information to CMS
- For more information:
 - Sign up for updates and notification at www.hhs.state.tx.us.
 - Visit our website at <http://www.hhs.state.tx.us/medicaid/reform.shtml>
 - For questions Email medreform@hhsc.state.tx.us