Resolution of the Board of Directors, Greater Houston Partnership

Referred by the Health Care Advisory Committee, March 20, 2013
Approved by the Government Relations Advisory Committee, March 22, 2013

To Reduce the Number of Uninsured and Improve the Medicaid Program in Texas

For the past eight years, the Greater Houston Partnership (GHP) has supported efforts to reduce the number of residents in our area without health insurance. Thus, GHP supports the modernization of Texas’ Medicaid program that provides quality, coordinated and cost-effective care to our most vulnerable citizens.

- GHP supports modernization efforts that address inefficiencies and control health care’s ever-increasing consumption of the state and local budgets.
- With greater state and local flexibility, Texas can implement measures that promote patient accountability, control costs and improve access and quality.
- These measures include co-payments, fair reimbursement for providers, and a simpler, better-coordinated approach to eligibility and covered services.
- Modernization should also streamline administrative burdens and stem fraud and abuse in the existing system and continuously consider effective use of available resources.
- Any expansion of Medicaid must allow Texas to pull out of the program if the federal government fails to honor its funding commitment of the expanded program.

GHP supports constructive conversation with all parties on the treatment and support of our uninsured population.

David McClanahan, Chairman

Bob Harvey, President & CEO

Paul Hobby, Secretary
MEMORANDUM

DATE: April 5, 2013

TO: Greater Houston Partnership Board of Directors

FROM: Dr. Paul Klotman, M.D., Chairman
Health Care Advisory Committee

Subject: Resolution of the Board of Directors to Reduce the Number of Uninsured and Improve the Medicaid Program in Texas

RECOMMENDATION

For the past eight years, the Greater Houston Partnership (GHP) has supported efforts to reduce the number of residents in our area without health insurance. Thus, GHP supports the modernization of Texas’ Medicaid program that provides quality, coordinated and cost-effective care to our most vulnerable citizens.

- GHP supports modernization efforts that address inefficiencies and control health care’s ever-increasing consumption of the state and local budgets.
- With greater state and local flexibility, Texas can implement measures that promote patient accountability, control costs and improve access and quality.
- These measures include co-payments, fair reimbursement for providers, and a simpler, better-coordinated approach to eligibility and covered services.
- Modernization should also streamline administrative burdens and stem fraud and abuse in the existing system and continuously consider effective use of available resources.

BACKGROUND

GHP has been a long-term advocate of reducing the number of uninsured Texans. In 2010, under the leadership of Rob Mosbacher, Jr. GHP crafted “A Region in Crisis: A Call to Reduce the Number of Uninsured” white paper. The white paper outlined key concepts on ways to address the uninsured that support today’s health care debate.

- Resolution in Support of Key Principles to be Incorporated into the Federal Health Care Reform Proposal (2009);
- Resolution in Support of “A Region in Crisis” White Paper (2010);
- Resolution in Support of the Addendum to the “A Region in crisis: A Call to Reduce the Uninsured and Expand Access to Health Care in the Ten-County Houston Region” White Paper (2010); and

Compared to other states, Texas is unique because we have the highest rate of uninsured in the country (24 percent) and one of the largest Hispanic populations. According to the Kaiser Family Foundation, Texas has 6 million persons who lack health insurance, of which 60 percent or 3.6 million are Hispanic. Texas comprises nearly a quarter of the 15.5 million Hispanic uninsured in the country. Coupled with that is Texas’ strict Medicaid eligibility requirements for childless
adults. Only adults within 26% of federal poverty are eligible for Medicaid. Texas’ current program only serves elderly/disabled, pregnant women and children through the Medicaid program.

Therefore, GHP supports constructive conversation with all parties on the treatment and support of our uninsured population. Since 2009, GHP has studied the economic impact of health care systems and programs that support the uninsured population (see “Region in Crisis” white paper). We believe the current system is inefficient and must be modernized to cover the uninsured population over time as the state of Texas continues to grow and change. Therefore, GHP supports a plan to develop:

- An efficacious health care system that reduces fraud and directs funding to our uninsured with the greatest need; and
- A modernized system with service the uninsured that is flexible, allowing Texas to serve the unique needs of our uninsured population.

GHP is mindful of current state legislators’ concepts for improving our health care system, such as those put forth by Senate Finance Committee Chairman, Tommy Williams (R-The Woodlands). GHP supports efforts that lower health care costs to taxpayers and the private sector while offering health coverage to more uninsured Texans. These efforts include:

- Copayments or other cost-sharing for recipients so individuals have skin in the game when it comes to their health care.
- Incentives to encourage patients to use routine health care services to reduce costly emergency room care.
- Corresponding efforts to ensure our states hospitals and medical providers are sufficiently staffed and resources to support patient needs
- Establishment of a health care system that encourages providers and payors to establish cost structure that ensures effective use of resources.
- Expansion of managed-care programs to improve and streamline services, reduce costs and provide quality and cost-effective health care to serve more Texans.
- Reduction of burdensome administrative requirements for providers, recipients and the State.
- Consolidation of multiple, fragmented programs funded by federal, state, and/or local funds to provide more efficient, holistic care while reducing overlapping, duplicative and confusing program administration.

Providing health coverage to the uninsured would ease the burden of uncompensated care on medical providers, as well as on indigent care programs funded by county governments, which are responsible for providing health care services to the poorest of their uninsured residents. Some of the state and county funds previously designated for these programs could potentially be redirected to help offset the state’s share of the Medicaid expansion or other programs.

Currently, many of the adults who would be newly covered seek non-urgent, primary medical care through emergency rooms, because hospitals cannot turn away emergent patients, regardless of their insurance status. This practice results in uncompensated care, which for
Texas in 2008 totaled an estimated $13.6 billion,\(^1\) most of which was absorbed by hospitals as bad debt and charity care.

Reducing the number of uninsured Texans would also benefit those with health insurance. To offset losses due to uncompensated care primarily attributed to the uninsured, medical providers have resorted to charging insurance companies higher rates, resulting in an increase of $1,017 for the average family health plan.\(^2\) A decrease in the number of uninsured would lessen this cost-shifting burden for both insured individuals and employers.

**LEGISLATION PROPOSED**

The week of March 4 unveiled support for a Texas-specific solution to the uninsured issue. Following the March 8 House Appropriations Committee hearing on Medicaid funding, members of the Texas Legislature filed a total of 21 bills that somehow address the problem of the uninsured. Particularly, Representative John Zerwas (R-Richmond) filed HB 3791, a bill that authorizes the Health and Human Services Commission to create a “‘Texas’ solution to issues related to Medicaid, including flexibility in the administration of the Medicaid program, tailored to the needs of the state.” Chair of Senate Finance, Senator Tommy Williams (R-The Woodlands), included a budget rider to SB 1 outlining concepts that would reform Medicaid and address the uninsured issue. Senator Williams’ rider proposes key concepts supported by GHP.

**FISCAL IMPACT**

The Texas Legislature is currently working on a plan to solve Texas’ high number of uninsured. Cost estimates have not yet been determined, but GHP recommends that the plan include a long-term cost structure that is fiscally sound.

**KNOWN OPPOSITION**

Legislators from both parties agree that Texas should seek a state-specific approach to reduce the number of uninsured Texans. There is no known opposition to this particular initiative.

**RESOURCES REQUIRED**

This recommendation can be implemented with available GHP staff and within current operating budget resources.


\(^2\) [http://familiesusa2.org/assets/pdfs/hidden-health-tax.pdf](http://familiesusa2.org/assets/pdfs/hidden-health-tax.pdf)