

CHIP and Medicaid Reform: Leveraging State Funds to Reduce the Uninsured, Decrease Impact of Uncompensated Care

State leaders are recognizing the role CHIP and Medicaid can play in reducing the cycles of un-insurance and uncompensated care. Reforming these public health care programs presents the state with opportunities to ensure optimum use and accountability of state tax dollars used to provide basic health care coverage for low-income Texans.

Changes to these programs provide the state with a fiscally responsible approach for leveraging federal matching funds available to reduce the number of uninsured and protect local taxpayers. The following facts outline some of the reasons why public support continues to build for better utilization of the CHIP program:

- The state receives \$2.64 for every one dollar it invests in the CHIP program.
- For every one dollar spent on a child's health care through CHIP the state pays only 28¢.
- The **Health and Human Services Commission** has projected a savings of \$33 million to the Medicaid program because an increase in CHIP enrollment results in fewer kids enrolling in Medicaid.
- CHIP allows the state to insure a child for approximately \$40 per month.
- Since 1998, Texas has forfeited almost a billion dollars in CHIP funds to other states.
- According to economist **Ray Perryman**, for every state dollar removed from CHIP and Medicaid, local taxes must rise 51 cents, private health insurance premiums increase by \$1.34, and retail sales decline by almost two dollars.
- According to a study conducted by the **Texas Children's Hospital**, medical costs per child decrease about 25 percent the longer children have consistent access to health care.
- Children without health insurance are five times as likely to rely on emergency room treatment for routine care.
- According to the **Greater Houston Partnership Public Health Task Force**, providers are able to recover, on average, less than 10 percent of the cost of care of the uninsured.

Reforming the Medicaid program provides an equally attractive approach to achieving optimum use of taxpayer dollars. **SB 10/HB 2404** by Nelson and Delisi are aimed at increasing the state's flexibility in directing the use of Medicaid dollars to more efficiently address health care costs, reduce the uninsured, and increase personal responsibility. The legislation includes the creation of a "Health Opportunity Pool" that will strengthen the state's ability to protect federal dollars, maintain funding for safety net providers, and allow more effective use of DSH and UPL funds.

Mounting support from the state's business community as well as health care advocates has raised the stakes of a growing movement to better utilize public health care programs to provide relief to consumers, businesses, and local taxpayers from the costly cycle resulting from a large uninsured population.

Texas Health Quiz

1. How many states have adopted government-mandated doctor contracts?
 - (a) 23
 - (b) 14
 - (c) 44
 - (d) 1
2. What is the approximate number of insurance mandates that currently exist at the state and federal levels?
 - (a) about two dozen
 - (b) 413
 - (c) approximately 1800
 - (d) 105
3. The CHIP program allows the state to provide health coverage for children at what cost per month?
 - (a) \$17
 - (b) \$40
 - (c) \$85
 - (d) \$104
4. What percent of Texas citizens receive their health coverage from their employers?
 - (a) 22 %
 - (b) 53 %
 - (c) 71 %
 - (d) 91 %
5. According to a recent survey, this percent of Americans are "concerned" or "very concerned" with the rising cost of health care.
 - (a) 99 %
 - (b) 85 %
 - (c) 63 %
 - (d) 51 %



Business Leaders Concerned With Proposals That Would Increase Health Care Costs, Add Government Regulations

Business leaders are expressing concern with measures the Legislature is considering that could have a significant impact on the cost of health care benefits they offer employees. Some say the proposals could have the unintended consequences of reducing the level of health benefits that businesses are able to provide their workers.

As introduced, **House Bill 839 by Eiland** would apply rigorous prompt payment requirements for health care expenses on major self-insured employers while placing restrictions on their ability to pursue discounted medical fees that reduce the cost of health care. **House Bill 2016 by Smithee** would change the process for negotiating health benefits between businesses and providers by requiring a government-mandated doctor contract that would dictate the terms of their arrangement. Business leaders have expressed concern that the proposal will reduce the role that conventional market forces play in determining health care costs and increase physician's ability to dictate the price of medical services. They have also expressed concern that a government-mandated contract will create an inflexible and complicated process for managing health care in Texas.

Insurance Mandates Drive Up Cost for Consumers and Businesses

More than thirty proposals for additional insurance mandates have been filed during the current session of the Texas Legislature. These mandates would force businesses and health plans to fund care previously paid for by consumers. Studies reflect that the more than 1800 mandated benefits that currently exist at the state and federal level contribute to the spiraling cost of health care coverage. As mandates drive up the cost of insurance, they force many employers and consumers to pay higher premiums for coverage they will never use. The increase in premiums can be significant while only benefiting a small percentage of those with coverage. A 2006 study by the Council for Affordable Health Insurance reported that mandated benefits currently "increase the cost of basic health care coverage from a little less than 20 percent to more than 50 percent depending on the state."

Those who need a specific medical procedure or who offer a particular treatment commonly want insurance coverage to pay for it. And while there is near unanimous support for any step that will enhance treatment and care, the cost of covering every mandate proposed would be prohibitive. With the increasing cost of insurance as the primary reason individuals lack coverage and the cause for many businesses to drop the benefits they provide employees, federal and state leaders are searching for ways to ensure the broadest coverage possible at the most affordable price. One proposal offered by America's Health Insurance Plans (AHIP) recommends that states create independent advisory committees to proactively evaluate suggested mandates. According to the proposal, the committee's analysis would be based on accurate and unbiased data, include a requirement that mandates promote evidence based medicine to ensure quality, and require regular reviews of mandates to ensure they remain relevant and conform to advances in medical technology. Texas has not yet adopted such a process.

Birthdays

April

2 – Rep. Delwin Jones
4 – Sen. Dan Patrick
4 – Rep. Craig Eiland
5 – Rep. Larry Phillips
6 – Rep. Rick Hardcastle
7 – Sen. Rodney Ellis
7 – Rep. Alma Allen
8 – Rep. Byron Cook
20 – Rep. Jodie Laubenberg
21 – Rep. Helen Giddings
26 – Rep. Myra Crownover
27 – Rep. Robert Puente
28 – Rep. Paul Moreno

Trivia Answers: 1. d (1) 2. c (approximately 1800) 3. b (\$40) 4. b (53%) 5. b (85%)

OUR MISSION: "To improve health care for all Texans by serving as an effective advocate for value, access, quality care and sound public policy in the administration of health care benefits."