

## Section 1115 Waiver Could Be Key To Medicaid Reform

The state's efforts to improve the management of Medicaid costs may hinge on its pursuit of a Section 1115 waiver to restructure the program's funding methodology. The waiver could give Texas access to health care models that offer the most cost-effective quality-of-care options, while continuing to preserve the state's safety-net system. The Section 1115 waiver would allow the state to incorporate the use of "low income" or "uncompensated care" pools to protect safety-net providers and slow Medicaid costs. Through the waiver, the state can address the conflict with federal funding requirements involving Upper Payment Limit (UPL) funds while also increasing its flexibility to direct Disproportionate Share Hospital (DSH) funding toward programs that increase savings and sustainability. The use of the pools can generate efficiencies with the program while protecting funding for safety-net providers. Additionally, a low income pool would provide Texas with the flexibility to utilize funds to promote and subsidize coverage for the uninsured, rather than local taxpayers simply paying for uncompensated services provided.

## Risk Pool Changes Could Enhance Fund's Viability

Assessments paid by health plans to fund the state's Risk Pool have increased approximately 1400 percent in just eight years. This increase has some concerned about the sustainability of the Pool's funding methodology. The pool was created to extend access to health coverage to Texans who were considered uninsurable. The program also provided a means of reimbursement to physicians, hospitals, and pharmacists for care that may have otherwise been uncompensated.

Premiums paid by those covered are used to fund the Pool with costs in excess of the premiums collected paid through an assessment against Texas health plans. Those assessments were \$86 million in 2005 compared to \$5.8 million during 1998, the first year the Pool was funded. The rapid and dramatic increases in the assessments have created unpredictability for Texas insurers and are ultimately reflected in higher insurance costs paid by businesses and consumers.

The creation of a premium tax-offset for Risk Pool assessments paid by insurers is being discussed to help protect the fund's viability and reduce the impact on insurance costs for businesses and consumers.

## Texas Health Quiz

1. What's the estimated increase to health care premiums for Texas families resulting from the costs of care for the uninsured?
  - (a) \$73
  - (b) \$491
  - (c) \$1550
  - (d) No cost
2. What is the state's share for each \$1 spent on providing a child health care through CHIP?
  - (a) 28¢
  - (b) 56¢
  - (c) 73¢
  - (d) \$1
3. What percent of small businesses in Texas provide health benefits?
  - (a) 100 %
  - (b) 72 %
  - (c) 31%
  - (d) 17%
4. Assessments paid by insurers to fund the state's Risk Pool have increased by what amount since 1998?
  - (a) 38 %
  - (b) 1382 %
  - (c) 480 %
  - (d) 729 %
5. Uninsured children are how much more likely to rely on emergency room care to meet their basic medical needs than insured children?
  - (a) Never
  - (b) Two times
  - (c) Three times
  - (d) Five times

## More Proposals Offered To End Balance Billing

Balance billing involves the practice, by certain physicians, of billing patients for fees that exceed the amount covered by a patient's insurance. This usually occurs when a patient receives care in a hospital that is in the patient's health plan network, but from a provider who is not in network. These hospital-based providers often have exclusive privileges at hospitals, creating a disincentive to join health plan networks.

The movement to end balance billing of consumers continues to gain steam with additional proposals being offered. Measures ranging from an outright ban to a requirement that patients be notified before they can be balance billed are among the proposals being discussed. Additionally, a measure that would require providers to choose between the option of balance billing or waiving their right to a patient's assignment of benefits may also provide relief to consumers from unanticipated medical expenses. This proposal would encourage providers to advise patients of the charges they will be responsible for before medical services are provided rather than waiting to collect on unexpected expenses after procedures have been performed.

## Strategies To Reduce Uninsured Dominating Session's Health Care Debate

Legislation to address the state's growing uninsured population is dominating the health care debate of the current legislative session. Proposals include several dozen bills aimed at simplifying the enrollment process for the state's Children's Health Insurance Program as well as additional tax incentives to small businesses that offer employee-based health coverage.

Proposals providing for improved access to health care for small employers, increased options for affordable coverage for consumers, and modernization of the state's Medicaid and CHIP programs are being advocated for by the state's leading health plans. Hospitals are calling on the Legislature to take a responsible approach to providing access to all Texans by promoting evidence-based medicine, personal responsibility, and incentives for healthy lifestyles. Physicians are encouraging lawmakers to consider "three-share programs" while also increasing rates paid to them for the delivery of care.

With more than 25 percent of the state without health insurance, Texas leads the nation in uninsured adults and children. The rising cost of uncompensated care and the resulting increase in health insurance premiums created by this trend has legislators eager to explore cost effective solutions to reverse the costly cycle fueled by lack of insurance.

## Study Shows Health Care Costs Continue to Outpace Economic Growth

Health care costs continue to rise at a pace that outstrips the rest of the economy. Although no longer at the peak increase of 10 percent per year that was witnessed in 2001 and 2002, the growth rate for health care costs remained at 7.5 percent per year for 2005 and 2006 according to *The Center for Studying Health System Change (HSC)*. The Bureau of Economic Analysis at the U.S. Department of Commerce lists the GDP increase at 6.3 percent in 2005 and 6.4 percent in 2006.

The vast majority of health care expenditures are to pay physicians and hospitals for care provided and to purchase prescriptions. Costs for physician services grew by 7.1 percent in 2006 and have risen between 6 and 8 percent annually since 2000. Costs for hospital care and facility-based outpatient services grew by 9 percent in 2005, according to HSC. Both hospital utilization and costs have increased rapidly since 2000. Prescription drug spending has moderated and the growth rate fell for the sixth consecutive year in 2005 to 4.8 percent.

## Birthdays

### March

- 1 – Sen. Kevin Eltife
- 3 – Rep. Dennis Bonnen
- 4 – Gov. Rick Perry
- 5 – Sen. Kim Brimer
- 5 – Rep. Dan Branch
- 6 – Rep. Dora Olivo
- 7 – Sen. Juan Hinojosa
- 7 – Rep. Carl Isett
- 7 – Rep. Paula Pierson
- 11 – Sen. Bob Deuell
- 11 – Rep. Juan Escobar
- 11 – Rep. Jose Menendez
- 13 – Rep. Joe Farias
- 14 – Rep. Rene Oliveiera
- 15 – Rep. Gary Elkins
- 17 – Rep. Pat Haggerty
- 18 – Sen. Kirk Watson
- 20 – Rep. Stephen Frost
- 20 – Rep. Linda Harper-Brown
- 20 – Rep. Jim Jackson
- 23 – Rep. Todd Smith
- 24 – Rep. John Zerwas

### Trivia Answers:

1. c (\$1550) 2. a (28¢) 3. c (31%) 4. b (1382%) 5. d (Five times)