

**February 2011****Legislation Would Keep Texas in Control of Its Health Insurance Market**

In an effort to maintain the state's regulatory control over its health insurance market, State Rep. John Zerwas (R-Richmond) has filed HB 636, which would create the Texas Health Insurance Connector - a coordinated insurance market that would serve as the state's insurance exchange as required under federal health care reforms adopted in 2010.

"This legislation is more about what's best for Texas and less about what the federal government has passed. It's about ensuring that Texas maintains the state's regulatory oversight over what could end up being a large block of its health insurance market," stated Rep. Zerwas.

The proposal quickly picked up key support from several of the state's leading trade organizations. The Texas Association of Business, Texas Hospital Association, Texas Medical Association, Texas Restaurant Association, Texas Conservative Coalition Research Institute, Texas Association of Health Plans, and the Texas Association of Life and Health Insurers offered a rare, unified endorsement of a state Exchange. In a letter to legislators, the groups stated, "We strongly believe that the creation and administration of the Texas Health Insurance Exchange should be the responsibility of our state government. The Exchange design should not be left to the federal government, which will be the ultimate consequence if the Texas Legislature fails to act."

Included in the federal health care reforms is a requirement that each state create and manage an organized insurance market known as an American Health Benefit Exchange by January 1, 2014. A state is required to demonstrate by 2013 that it will have the structure in place to operate its Exchange or face federal oversight of this segment of its health insurance market. The state's 2011 session may be the only opportunity that Texas lawmakers have to affect the development of their state's Exchange before the federal government's deadline.

The Exchanges are designed to offer managed competition with coverage available in five categories, making it easier to compare policies and to offer consumers the ability to select a policy that meets their coverage and budget needs.

Under HB 636, the Texas Connector would supplement, not replace, the state's existing health insurance market. Health coverage would continue to be sold outside the Connector. Advocates for a state-run Exchange believe it can help maintain consistent regulatory rules both inside and outside the Connector, a factor that will benefit consumers and the market as a whole.

The Congressional Budget Office has estimated that by 2014, up to 24 million individuals will use an Exchange to purchase their health insurance. With Exchanges becoming a primary source for health coverage, it is anticipated that most states will move to create their own Exchanges and avoid federal disruption to their historic role of regulating health insurance.

Zerwas added, "My opposition to the federal health care reforms is no secret, and I continue to support Attorney General Greg Abbott's efforts to have the law declared unconstitutional, but the Connector concept has been around for decades and did not originate with Obamacare. Quite frankly, it is something that we should consider on its own merits regardless of the fate of the federal reforms. I will leave that to the will of the Legislature."

Birthdays**February**

2 – Rep. Susan King
3 – Rep. Dee Margo
4 – Rep. Yvonne Davis
6 – Rep. Raul Torres
9 – Rep. Angie Button
9 – Rep. Harvey Hilderbran
13 – Sen. Judith Zaffirini
15 – Rep. Stefani Carter
15 – Rep. Elliot Naishtat
17 – Rep. Harold Dutton
18 – Rep. Vicki Truitt
20 – Rep. Jerry Madden
21 – Rep. Dan Flynn
22 – Rep. Drew Darby
22 – Sen. Chris Harris
26 – Rep. Fred Brown
29 – Rep. Phil King

LBB Recommends Medicaid Managed Care Expansion for Budget Savings

State lawmakers should expand Medicaid managed care programs to parts of the state not currently using the HMO model in order to generate budget savings during the next biennium, the Legislative Budget Board recommends. If the LBB's suggestion is adopted, it would produce budget savings from the state's Medicaid program and generate increased premium taxes from participating health plans, boosting savings and additional state funds to more than \$600 million.

Some of the proposed savings – among several LBB proposals to help legislators wrangle with an estimated \$27 billion budget shortfall – are contingent upon new legislation to lift a managed care ban in the South Texas counties of Cameron, Hidalgo and Maverick.

Texas is a national leader in controlling Medicaid costs through managed care while improving services to eligible low-income children, disabled adults and the elderly. Its innovative managed care programs, STAR and STAR+PLUS, have received high satisfaction marks from clients while providing budget certainty to the state.

Under the managed care model, the state pays a fixed rate to participating managed care health plans in return for providing comprehensive medical benefits to qualified Medicaid enrollees. The managed care programs reduce the state's cost while improving care through a host of tools and strategies that include the use of medical homes, innovative care delivery, disease management, prevention strategies and flexible incentives for physicians.

The LBB, which identifies changes to improve the efficiency and performance of state and local operations and finance, directed the Texas Health and Human Services Commission to submit a report on managed care expansion to the LBB and Gov. Rick Perry by July 1, 2012. The LBB's recommendation mirrors an earlier suggestion from HHSC staff that appeared in the agency's Legislative Appropriations Request.

Smoking Ban Could Save State \$30 Million in Medicaid Costs

Texas would become the 30th state to ban smoking in the workplace under legislation filed by Rep. Myra Crownover (HB 670) and Senator Rodney Ellis (SB 355).

"No one can dispute the mountain of evidence that has proven that not only does secondhand smoke kill people, but that it also is costing taxpayers millions of dollars," Crownover said.

"The bottom line is that this bill will save lives," said Ellis. "The vast majority of Texans understand the impact smoking has on our health and our economy. This legislation will improve the health of Texans and save our state billions of dollars in health care costs over time."

The Texas Department of State Health Services recently completed an analysis of the effects of comprehensive smoking bans on Medicaid spending. The analysis indicates Texas would likely see a 9.2 percent reduction in spending on hospitalizations for heart attack, stroke, and respiratory illness in 2012 alone, and DSHS expects the effect of the ban to increase over time. Crownover projects the legislation would save taxpayers at least \$30 million over the next two years while saving lives and improving the health of all Texans.

According to the U.S. Centers for Disease Control, an estimated 37 percent of adult nonsmokers inhale secondhand smoke at home or work.

A statewide poll commissioned by the Smoke-Free Texas coalition found that 68 percent of Texans favor a statewide law eliminating smoking in all indoor workplaces and public facilities including public buildings, offices, restaurants and bars.

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