

Texas Medicaid Health Care Update 2011

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LINK Representatives



Presentation Outline

- **I. Texas Legislature**
- **II. Budget**
- **III. Medicaid**
- **IV. Advocacy**



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82nd Texas Legislature



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Biennial Budget Process

- Governor's Vision
- LBB sends out LAR
- Comptroller Estimate
- LBB prepares draft
- Filed in both houses
- Conference Committee
- Certified by Comptroller
- Signed by Governor

2012-2013 Budget is short \$27 Billion

- “Shortfall” means the amount to maintain current services
- \$3.2 billion from Rainy Day to cover 2010-2011 obligations
- Health Care and Education will take biggest hit
- House Bill 1 underfunds schools by \$8 billion and Medicaid by \$4 billion
- “Cut and Save”, rather than “Create and Spend” approach
- Currently in conference committee

Why \$27 Billion Shortfall?

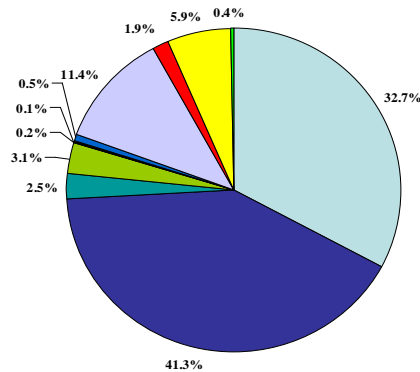
- Antiquated Tax Structure
- Economy
- Loss of Stimulus
- Soaring Health Care Costs

\$27 Billion Budget Shortfall No \$ = No Legislation

<u>Bills Filed</u>	<u>2009</u>	<u>2011</u>	
Senate	2439	1871	-568
House	4697	3801	-896



2010-2011 Biennial Budget \$182,188,000,000



- Health & Human Services
- Education
- General Government
- ARRA
- Legislature
- General Provisions
- Regulatory
- Economic Development

Texas Comptroller: “State Health Care Spending”

- “In fiscal 2009, more than 50 Texas state agencies spent more than \$30 Billion in state, federal, and other funds on Health care.”

“That’s more than a third of all state spending.”

“In five years between 2005-2009, costs increased by 36.1%”

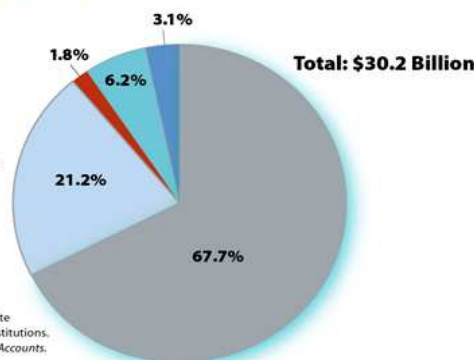


Texas Health Care Expenditures

EXHIBIT 1
TEXAS HEALTH CARE EXPENDITURES

Fiscal 2009 (In Billions)

- Medicaid and CHIP Services
- Prisoner Health Care
- State Employee and Retiree Medical Benefits
- Mental Health Services
- Other

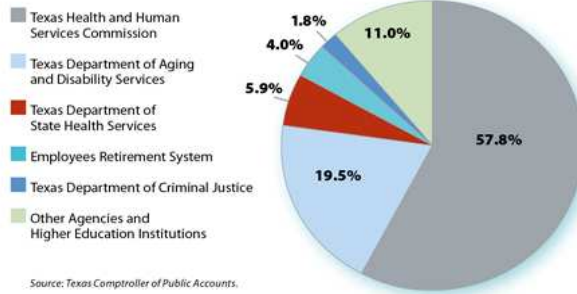


Note: All funds appropriated to state agencies and higher education institutions.
Source: Texas Comptroller of Public Accounts.

89% by 5 State Agencies

EXHIBIT 5
SHARE OF ALL HEALTH CARE SPENDING

Fiscal 2009



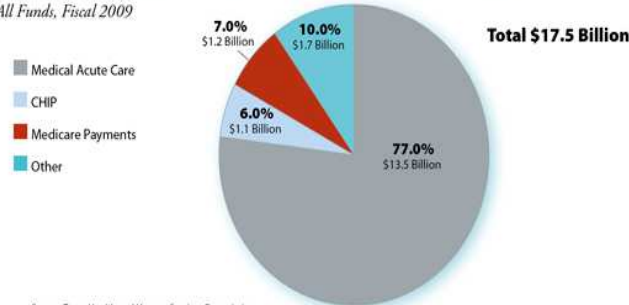
Source: Texas Comptroller of Public Accounts.



HHSC Spending

EXHIBIT 6
TEXAS HEALTH AND HUMAN SERVICES COMMISSION HEALTH CARE SPENDING

All Funds, Fiscal 2009



Source: Texas Health and Human Services Commission,
Texas Comptroller of Public Accounts.



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Medicaid: Unsustainable Program

- **\$13.5 Billion on Medicaid in 2009**
- **28.2% of Texas' State Budget**
- **Spending rose 46% from 2005 to 2009**
- **Enrollment rose 78% from 1999 to 2009**

How Does the State Pay For Increasing Health Care Costs?

- **Limiting Eligibility**
- **Decreasing Reimbursements (10%)**
- **Quality Assurance Fee**
- **Medicaid Waiver ***

Is Health Care Reform Necessary?

- **Medicare - .88 cents/\$1 of cost**
- **Medicaid - .53 cents/\$1 of cost**
- **Self Pay - .01 cent/\$1 of cost**
- **Uncompensated Care continues to rise**
- **Cost is shifted to the remaining commercial and managed care patients**
 - This group continues to shrink

Medicaid Managed Care 1115 Waiver Proposal

- Managed care model throughout state
- Payment based on Quality rather than Quantity
- Rewards innovative health care models

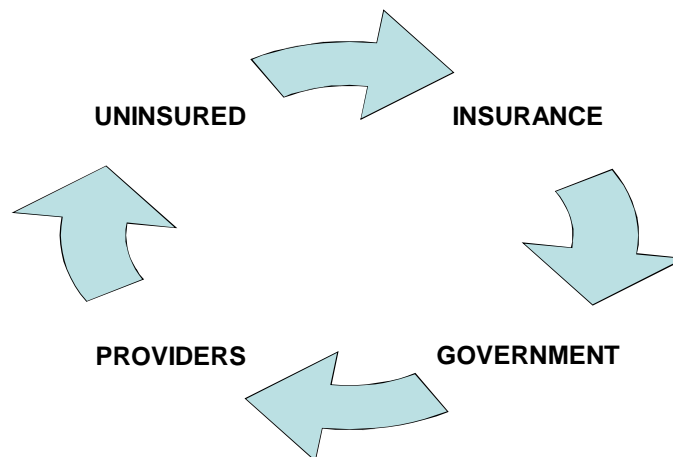
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Advocacy

- Average Texas House member will have 165,000 people in their district.
- 118,800 are eligible to vote (72%).
- 82,500 are registered to vote (50%).
- 61,000 will vote (37%).
- 10,000 or less from the district will ever seriously communicate on an issue (6%).
- Less than 1% will ever walk into the office!!
- Even fewer will return to the office!!!
- **WHO DO YOU THINK GETS REMEMBERED?**

Health Care Delivery Dilemma



Federal Health Care Reform



One Year Anniversary

- States asking for Waivers
- Different Legal Opinions
- Federal Government De-funding
- Health Care Exchanges
- \$1.13 Trillion from 2012-2021

Where are we?

- **2010: 26 provisions, 26 provisions in effect**
- **2011: 21 provisions, 18 in effect**
- **2012: 10 provisions, 4 in effect**
- **2013: 13 provisions, 0 in effect**
- **2014: 20 provisions, 0 in effect**
- **2015: 1 provision, 0 in effect**
- **2016: 1 provision, 0 in effect**
- **2018: 1 provision, 0 in effect**

Health Care Exchanges

- A health insurance exchange is a marketplace that offers purchasers of health insurance a variety of plans from different insurance companies with different benefits and prices. A public health insurance exchange is a marketplace run by states and offers standardized health care plans for individuals, some of whom are eligible for federal subsidies. State-run exchanges are a central provision of the Patient Protection and Affordable Care Act (PPACA).

Accountable Care Organizations

- A “Shared Savings” Program
- Starting January 1, 2012
- A payment and delivery reform model that starts to tie provider reimbursements to quality metrics and reductions in the total cost of care for an assigned population of patients
- Group of Providers and Suppliers

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Questions?