Methodist Healthcare Ministries
OF SOUTH TEXAS, INC.
"Serving Humanity to Honor God"

House Committee on Human Services

Interim Charges 2.2-2.5: Review how Texas is preparing for state and federal budgetary changes that impact the state's health programs.

Written testimony submitted by:

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Methodist Healthcare Ministries of South Texas, Inc.

Chair Frank, and members of the committee:

Thank you for the opportunity to provide information regarding budgetary changes impacting our state's health programs. My name is Christine Yanas; I serve as the Vice President of Policy & Advocacy for Methodist Healthcare Ministries of South Texas, Inc.

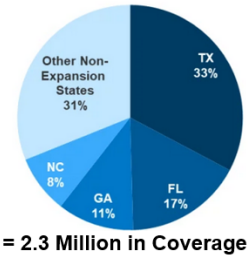
A brief background on Methodist Healthcare Ministries. We are a private, faith-based, 501(c)3 not-for-profit organization dedicated to increasing access to health care for uninsured and low-income Texas families through direct clinical services, community partnerships and strategic grant-making in 74 counties spanning the Rio Grande Valley and South Texas. Created in 1995, we are a half owner of 10 Methodist Hospitals – nine in San Antonio and one in Atascosa County. Through our partnership with HCA Healthcare, Methodist Healthcare Ministries provides the local governance for the Methodist Healthcare System to ensure that the healthcare needs of the community are served. On an annual basis, Methodist Healthcare Ministries manages an estimated $125 million budget to operate its primary care clinics and fund more than 90 community partners.

My submitted testimony, on behalf of Methodist Healthcare Ministries, focuses on encouraging state leaders to invest in efforts to improve health care services and coverage for millions of uninsured Texans. Additionally, I also request the preservation of crucial program policies that will not only help achieve healthy outcomes for women and children but will also result in significant cost savings to the state. Respectfully, we offer the following points for the committee's consideration:

State leadership should support initiatives that reduce the number of uninsured Texans and secure healthcare coverage for millions upon expiration of the 1115 Texas Transformation Waiver.

Texas has the highest uninsured rate in the nation with five million hard-working Texans in lower wage service industry jobs, such as waiters or home health aides, who are unable to access affordable healthcare services due to a lack of insurance coverage. It is estimated that 761,000 low-wage Texans,[i] out of 2.3 million adults nationally, continue to fall into the "coverage gap."

Distribution of Adults in the Coverage Gap



Total = 2.3 Million in Coverage Gap

**Note: Analysis based on 2019 Medicaid eligibility levels and 2018 American Community Survey.*
Source: Kaiser Family Foundation, *The Coverage Gap: Uninsured Poor Adults in States that Do No Expand Medicaid*, January 14, 2020.

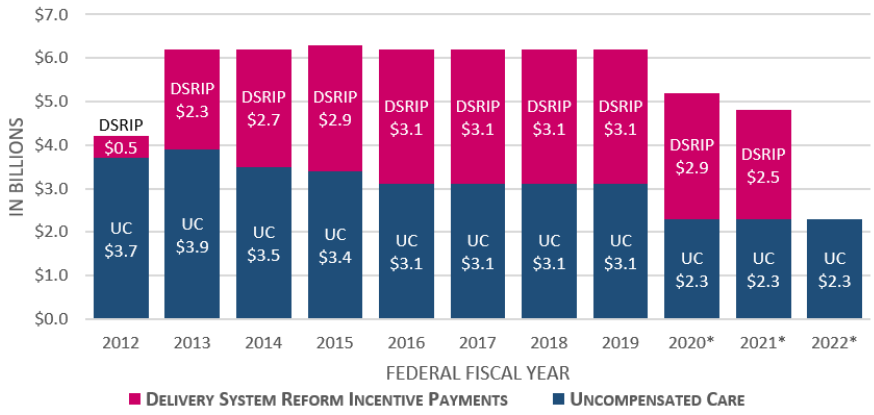
These are individuals (with incomes below 100% of poverty) who do not have employer sponsored coverage, earn too little to qualify for health insurance subsidies through the federal healthcare exchange programs and do not qualify for Medicaid coverage. According to recent projections, if there is no intervention to address the millions of Texans who don't have health coverage, the cost of lower lifetime earnings and the health of uninsured Texans will increase from $57 billion in 2016 to $178.5 billion by 2040. [ii]

BACKGROUND INFORMATION

In 2011, The Texas Health and Human Services Commission (HHSC) obtained federal approval for a $29 billion, Section 1115 research and demonstration waiver, known as the 1115 Texas Transformation Waiver. The waiver is a national model of innovation and efficiency. It enabled Texas to expand its managed care delivery system and create two funding pools for Medicaid recipients, the uninsured and low-income: Uncompensated Care (UC), which pays hospitals for delivering care to patients without health insurance, and Delivery System Reform Incentive Payment (DSRIP) Program, which provides funding for innovative healthcare initiatives.

In 2017, the renegotiated $25 billion waiver called for the winding down of DSRIP funded projects and significant funding changes to UC payments. The waiver's $3.1 billion in DSRIP programs have been a vital part of the hospital and healthcare provider safety net system, making available primary, school-based, behavioral health and specialty health care to uninsured Texans who otherwise would not have received care.

TEXAS 1115 Medicaid Waiver Funding



Notes: Maximum Allowable Federal Funds, in Billions of Dollars
Source: Texas Comptroller of Public Accounts. (August 2019). *FiscalNotes: Texas and the 1115 Medicaid Waiver.*

Without an alternative plan to care for vulnerable Texans, Texas stands to lose $3.1 billion a year in federal and local dollars starting in October 2019, dropping from $3.1 billion a year to $0 by October 1, 2021[iii]. Over the next 12 months alone, Texas hospitals and healthcare providers will lose an estimated $610 million in DSRIP funding, causing vital providers to shut down, especially in our rural counties. Additionally, Texas rural hospitals are estimated to lose between $200-300 million a year starting in 2020 in uncompensated care and an additional $150 million a year with the winding down of DSRIP.[iv] These changes are endangering healthcare for uninsured Texans everywhere especially at a unprecedented time in our nation's history due to the COVID-19 pandemic.

RECOMMENDATION:

The lack of Medicaid Expansion in Texas has placed great importance on the substantial funding the state receives through its 1115 Transformation Waiver. Kaiser Family Foundation estimates show that 1.6 million Texans could become uninsured during the COVID-19 pandemic following job losses[v]. These losses are projected to further widen the coverage gap by 50% by January 2021 in the absence of Medicaid expansion[vi].

The 39 states (plus the District of Columbia) that have implemented the Affordable Care Act's (ACA) Medicaid expansion are better positioned to respond to the COVID-19 public health emergency and prevent the ensuing economic downturn from worsening access to care and health outcomes[vii]. The 12 remaining states, like Texas, must act swiftly to expand coverage that can then draw down billions in federal dollars to be used to cover Texans who fall into the coverage gap and help them weather the current crisis.

With Medicaid expansion, we can build a stronger health care infrastructure, drive down health care costs and improve access to affordable health care coverage for millions of uninsured Texans, especially for our families below 100 percent of the federal poverty level.

2.5 – State Leadership Should Not Support HHSC's Proposed Termination of Crucial HTW Policies such as Auto-Enrollment, Adjunctive Eligibility, and the Simplified Application Form

The federal Centers for Medicare and Medicaid Services (CMS) approved Texas' ability to receive federal Medicaid funds to support the Healthy Texas Women (HTW) program in January 2020 under the 1115 Healthy Texas Women Demonstration Waiver. Since the approval, HHSC has announced proposed changes to the HTW program under the waiver. The changes include the termination of three crucial policies: (1) auto-enrollment of new mothers from Pregnant Women's Medicaid into HTW; (2) adjunctive eligibility for women applying for HTW that are already enrolled in WIC, have a child in Medicaid, or in a household that receives SNAP or TANF benefits; (3) simplified HTW application form (Form H1867). Without these crucial program policies, the efficiency of the HTW program will be disrupted resulting in serving fewer Texan women and increasing state Medicaid costs.

BACKGROUND INFORMATION

The HTW program offers a wide variety of services such as breast cancer prevention and screening and treatment for diabetes and postpartum depression to name a few. These services ensure that eligible Texas women can lead healthy and productive lives.

In HHSC's most recent women's health programs report, the agency found that HTW services saved Texas $96.8 million in General Revenue.[viii] As the HTW client base and program investment has grown, so have the cost savings to the state. These immense cost savings are primarily rooted in HTW services preventing unintended pregnancies as half of all Texas births costs are paid for by Medicaid. In 2016, birth and delivery-related services for mothers and infants during their first year of life cost the state $3.5 billion.[ix]

Auto-enrollment is an important HTW program policy that allows new mothers who were eligible and enrolled in the Pregnant Women's Medicaid program to be automatically enrolled in the HTW program once their Medicaid coverage expires. This policy ensures the

continuum of care and access to critical postpartum services for new mothers. HHSC has proposed to replace this policy with agency's current administrative renewal process. The current administrative renewal process in Texas has a known success rate of 25% according to the Kaiser Family Foundation.[x] With the success of the HTW dependent upon the continued client base growth, enacting HHSC's proposed termination of auto-enrollment would result in decreased numbers of women enrolled and served.

Adjunctive eligibility has been a longstanding policy used by HHSC and approved by CMS. The policy states that women who are eligible for and enrolled in the Women's Infants and Children's Program (WIC), has a child enrolled in Medicaid, or lives in a household that receives SNAP or TANF benefits, then they are not required to resubmit proof of income to the agency. Without the continuation of this policy, increased costs to HHSC, women, and healthcare providers are expected.

The simplified HTW application form (Form H1867) is a one-page document that can be filled out on the same day that a woman visits a clinic for services and is available online. HHSC's proposal would replace Form H1867 with the Texas Health Coverage Application (Form 1205). Form 1205 is not only longer but requires multiple extensive requests for specific pieces of proof and information such as pay stubs for all household income, the social security numbers for all members of a household, proof of payment documents for childcare expenses, and even financial documents for money gifts received from a family member. The unnecessary burden Form 1205 would place on women and healthcare clinics will undoubtedly have a negative impact on HTW enrollment.

As part of the 1115 HTW Demonstration Waiver, Texas is required to maintain budget neutrality. HTW can assist in meeting this expectation by increasing access to women's health and family planning services which reduces Medicaid costs associated with adverse health outcomes from the lack of preventative care and treatment. HTW cannot accomplish these objectives if enrollment decreases as is expected by the elimination of these three policies. If Texas cannot achieve budget neutrality as dictated by the Standard Terms and Conditions of the approved waiver, then continued federal funding would be in jeopardy.

It should also be noted that in these unprecedented times of this public health and economic crisis, state leadership should consider the implications and burden of increased Medicaid costs. The novel coronavirus pandemic has taken a toll on Texans' health and financial wellbeing, and the need for assistance programs such as HTW can be expected to increase.

In addition, HHSC has allowed for the automatic renewal and access to COVID-19 testing and telehealth services to women currently enrolled in the HTW program under COVID-19 program updates[xi]. Texas women who are already dealing with the immense responsibility of motherhood should not bear the additional burdens that would be associated with new enrollment under HHSC's proposed policies especially during this national crisis.

RECOMMENDATIONS

State leadership should not consider replacing the auto-enrollment policy with the HHSC administrative renewal process without improvements made to ensure it is an effective process.

Post enrollment verification should be considered so that women may have 90 days instead of the current 40 days to submit proof of eligibility. This would be especially beneficial to new mothers as they will have time to recover and care for their newborn and not risk loss of coverage.

It is also recommended that HHSC request an additional waiver amendment from CMS that would allow for the adjunctive policy to continue.

HHSC should consider providing technical training and assistance to HTW providers as they make the transition to be compliant with the modified adjusted gross income (MAGI) eligibility requirements. To maintain HTW enrollment, healthcare providers would need continued cost reimbursement to subsidize efforts associated with completing the new and complicated application process.

Thank you for your time and consideration of these comments and recommendations. If you have any questions or if we may provide further information, please contact me at (210)253-3523 or cyanas@mhm.org

Respectfully submitted,

Christine Yanas

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[vii] Center on Budget and Public Priorities. (2020, July). States that Have Not Expanded Medicaid Are Better Positioned to Address COVID-19 and Recess. Retrieved September 2020 from https://www.cbpp.org/research/health/states-that-have-expanded-medicaid-are-better-positioned-to-address-covid-19-and

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[x] Tricia Brooks, Lauren Roygardner. "Medicaid and CHIP Eligibility, Enrollment, and Cost Sharing Policies as of January 2020: Findings from a 50-State Survey." *KFF*, 31 Mar. 2020, www.kff.org/medicaid/report/medicaid-and-chip-eligibility-enrollment-and-cost-sharing-policies-as-of-january-2020-findings-from-a-50-state-survey/.

[xi] Texas HHSC; Healthy Texas Women. "COVID-19 Benefits and Program Updates" https://www.healthytexaswomen.org/