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## **Response to Formal Request for Information by the House Human Services Committee *Regarding Interim Charge 2.2***

With the phase-out of the Texas Medicaid Transformation 1115 waiver in 2021, Texas should expand its Medicaid program to meet the needs of millions of Texans without affordable health insurance. Nearly one in five Texans is uninsured, this includes one in every four women of child-bearing age, one in every three non-elderly adults, and more than one in every ten children. Since the COVID-19 pandemic began 695,000 additional Texans have been added to the ranks of the uninsured, increasing the number of people who would benefit from Medicaid expansion from 1.5 million to 2.2 million.

Over the last five years, the 1115 waiver has helped pay for the Texas healthcare safety net by establishing funding through a \$25 billion 5-year agreement between the state and federal government. Although many advocates argued that Medicaid expansion was the most cost-effective way to cover the health costs of currently uninsured individuals, the waiver instead used two different programs to support state hospital and healthcare infrastructure. The first program directed the state government to reimburse state hospitals for “uncompensated care,” or services provided to vulnerable populations (UC). The second program, Delivery System Reform and Incentive Payment (DSRIP), provided funding for cost-effective initiatives to improve healthcare quality, especially in regards to people without insurance.

State hospitals have relied on these sources of funding to create new programs and to avoid financial difficulties when providing services to people without insurance. From 2011-2017, programs funded by [DSRIP served 11.7 million Texans over 29.4 million appointments](#). They were especially helpful for hospitals like Parkland in the Dallas area with 70% of their patient base depending on Medicaid and charity clinics to get much needed medical care. With 70% of Texas counties classified as rural, hospitals in those areas depended on funding from DSRIP and UC to stay afloat.

As the 1115 waiver comes to an end, many state hospitals are left without an alternative source of funding. Many will have to cut services and tighten their budgets, and some may even have to close their doors. The needs of millions that were met under the DSRIP programs and UC will be left unmet while in the middle of a continuing public health emergency.

**We recommend that Texas expand Medicaid as the state government transitions from 1115 transformation waiver for the following reasons:**

- 1. Medicaid expansion would provide healthcare services to patients that depended on the 1115 transformation waiver and those in the Texas coverage gap.**

As public hospitals transition from funding sources previously provided through DSRIP and UC, hospital administrators will be left with insufficient funds to serve the needs of Texans without health insurance. The state legislature has not offered other forms of funding to replace the 1115 waiver. Compared to the waiver, Medicaid expansion would bring far more federal funding - estimated at 10 billion dollars per year - to support Texas' healthcare infrastructure and provide a healthcare coverage option to an estimated 2.2. million low-income Texans.

## 2. Medicaid expansion would save Texas money.

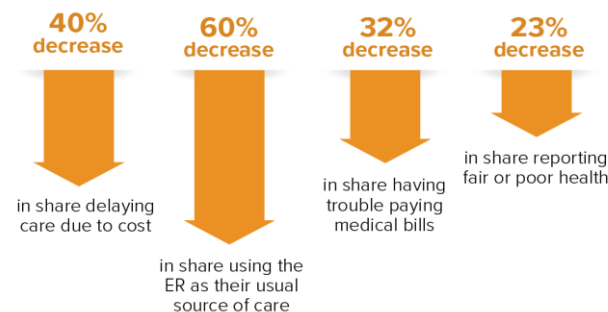
Because the federal government covers 90% of Medicaid expansion costs, many states that have expanded Medicaid have actually experienced net savings in their state budgets. In Arkansas, studies project the state's net savings to total \$444 million from 2018 to 2021 and in Michigan, the projected net savings equals \$1 billion during the same time frame.

Similarly, a [new report](#) sponsored by the Episcopal Health Foundation finds that expanding Medicaid in Texas would have a net positive impact on the state budget. With increased accessibility to medical services, there is less burden on hospitals to pay for uncompensated care which translates to state and local savings. Medicaid expansion is a direct solution to the funding crises faced by many public hospitals, especially those located in rural and medically underserved areas.

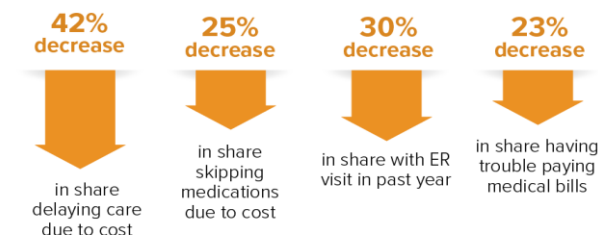
### Affordable Care Act's Medicaid Expansion Improving Low-Income People's Financial Security in Arkansas and Kentucky

Estimated effect through 2016

#### Arkansas



#### Kentucky



Note: States have the option to expand their Medicaid programs under the Affordable Care Act. The study estimated changes in outcomes in Kentucky and Arkansas relative to changes in Texas, which did not expand Medicaid.

Source: CBPP calculations from Sommers, et al., Health Affairs, 2017

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### **3. Medicaid expansion allows patients to access primary care and practice preventative health.**

When individuals have readily accessible health insurance, they are more likely to use primary healthcare services regularly and less likely to put off addressing their health needs. This translates to reductions in emergency room costs. [Studies](#) show that preventative care leads to reduced spending on Medicaid patients.

### **4. Medicaid expansion helps decrease maternal mortality and morbidity.**

Consistent coverage is a critical factor for decreasing maternal mortality and morbidity, yet Texas has the highest rate of uninsured women of child-bearing age, with one in four lacking coverage. To properly care for Texas mothers and babies, women need healthcare coverage throughout their lives. Medicaid expansion is not only the most efficient way to do this but data from other expansion states shows that we can expect improvements in prenatal access to care through expansion. [Studies show](#) that churning (switching between being insured and uninsured) decreased by 10.1% during the perinatal period (critical period for the development of the baby) in 13 states that expanded Medicaid compared to states that did not. In addition, women of childbearing age are twice as likely to be uninsured in states that did not expand Medicaid compared to the states that did.

### **5. Medicaid expansion reduces racial disparities in health.**

Troubling disparities in health outcomes across racial lines plague our state. In Texas, Black women are 2 to 3 times more likely to die in the year after childbirth and face greater risks of infant mortality and low birthweight compared to their white counterparts. People of color, particularly non-white Hispanic and Black populations, face higher risks of catching and dying from COVID-19 than white populations. These stark health disparities are largely due to poor access to affordable health insurance. While 15% of white Texans lack coverage, 23% of Black and 38% of non-white Hispanic Texans are uninsured.

**While programs under the 1115 waiver attempted to meet the needs of vulnerable populations, steady coverage is essential for protecting the health of all Texan. We strongly urge this committee to support Medicaid expansion in the upcoming session.**