Senate Finance Committee – Article II Hearing
Texas Health and Human Services Commission
Feb. 26, 2021

Written Testimony Submitted on Behalf of:
Texas Medical Association
Texas Academy of Family Physicians
Texas Pediatric Society
American College of Physicians – Texas Chapter
American College of Obstetricians and Gynecologists – District XI (Texas)
Texas Association of Obstetricians and Gynecologists
Federation of Texas Psychiatrists

On behalf of the above-named organizations, which collectively represent more than 55,000 physicians and medical students, thank you for your service and the opportunity to provide recommendations regarding the Texas Health and Human Service Commission's (HHSC's) budget for the 2022-23 biennium.

At the Senate Finance Committee's Feb. 8 hearing, the state comptroller provided much-welcome news: The state's economy not only performed better than expected during the pandemic but also will grow over the next two years. Moreover, federal COVID-19 relief funds will help offset the anticipated budget shortfall, and the Economic Stabilization Fund will end the 2022-23 biennium with a balance of $11.6 billion.

Like you, our organizations breathed a collective sigh of relief at this updated forecast, knowing it will give the committee more flexibility to address Texas' multitude of ongoing and emerging health care challenges. As relieved as we were, we also know that hidden within the rosier-than-expected economic figures are the real-world stories of our patients – your constituents – for whom the news is not as good.

- Nineteen percent of all Texans – more than 5 million people – lack health care coverage.
- One million Texas children – 12.7% – lack coverage, driven by a steady erosion in children's Medicaid and Children's Health Insurance Program (CHIP) enrollment over the past three years.
- 660,000 Texans are eligible for Medicaid but not enrolled, 85% of whom are children.
- Rates of chronic disease, substance use disorders, and mental health needs continue to climb, compounded by the physical, psychological, and emotional harm wrought by COVID-19.
- Too many new mothers still die from preventable maternal health conditions, with nearly one in three deaths occurring following loss of pregnancy-related Medicaid postpartum coverage.
- Hunger, housing insecurity, and interpersonal violence – nonmedical health factors – all increased within the past year.

Having a health insurance card does not access make. Yet, it is the key every Texan needs to unlock timely entry into the health care system. People without health insurance – disproportionately women, essential workers, and rural Texans earning low wages – have worse health outcomes and die younger than

their insured counterparts. Many have underlying health conditions for which care had been delayed or skipped due to lack of insurance.

Additionally, throughout the pandemic, nonmedical factors that contribute to patients' health, such as housing stability, food security, and freedom from interpersonal violence, also deteriorated, harming long-term health outcomes for patients and communities.

In addition to the physical harm caused by being uninsured, Texans' economic freedom and prosperity also suffer. The uninsured have lower lifetime earnings, contributing to high rates of poverty and financial insecurity. Uninsured children miss more school, harming their future academic and economic success. Promoting economic prosperity for all Texans means ensuring not only a strong job market but also access to meaningful health care coverage across people's life span.

By extending meaningful health care coverage to low-wage working adults, the state will not only help them get and keep jobs[1] but also provide them the freedom to start a small business,[2] the engine of Texas' economy, go back to school, or move or change jobs without worrying whether they'll have health care coverage. Insuring parents also results in more children gaining coverage.

Growing rates of uninsured also imperil the lifeblood of the state's health care system – safety net practices and facilities on which *all* Texans depend, including rural physician practices, rural hospitals, and trauma centers. Prior to the pandemic, many of these entities operated on narrow margins. As the number of uninsured continues to increase, so too does uncompensated care, an unsustainable economic situation.

Texas is now at a crossroad. Thanks to years of careful economic stewardship and planning, the state avoided a pandemic-induced economic tsunami as feared last summer. Instead, it will have resources available to invest. Where will those dollars go? Amidst a deadly global pandemic where health care coverage is more vital than ever, we believe extending health care coverage to more Texans and revitalizing the state's health care infrastructure is the obvious choice.

As Texans painfully learned following the failure of the state's electric grid, it is always costlier to rebuild than to fix a problem before something breaks. **Texas' alarmingly high and growing ranks of uninsured are the health care equivalent of a snowstorm – one that could break the state's health care delivery system.**

This session, we urge you to invest in the health of all Texans.

<u>Recommendations</u>

- **Ensure meaningful, comprehensive health care coverage for Texans, including working uninsured, postpartum women, and children.**
  - Pursue federal funds to extend meaningful health care coverage. According to four recent Texas economic analyses, doing so would provide coverage to nearly 1 million Texans while saving an estimated $75 million to $110 million over the biennium
  - Increase health care coverage for children by providing 12 months' continuous coverage for children enrolled in Medicaid – one of the single most important steps Texas can take to reduce the number of uninsured children.
  - Increase funding for outreach and enrollment to Texans eligible but not enrolled in Medicaid or CHIP.
  - Eliminate proposed reductions in the number of Texas Medicaid eligibility workers. Maintaining a robust eligibility system will ensure Texans who qualify can timely enroll.
  - Build upon Healthy Texas Women Plus to provide women 12 months of comprehensive postpartum coverage.

- **Promote better birth outcomes by enhancing women's access to preventive, primary, and behavioral health care throughout their reproductive lifespans.**
  - Maintain robust funding to the state's women's health programs, Healthy Texas Women (HTW) and the Family Planning Program (FPP), both of which provide women access to essential preventive

health services, including annual well woman exams and screening, and basic treatment for common chronic diseases.
- Provide funding to allow Texas Medicaid to increase from one to four the number of postpartum depression (PPD) screens for which it will pay a primary care physician or provider to improve early detection and treatment of PPD among new mothers.
- Increase availability for screening, intervention, and treatment for substance abuse and postpartum treatment.
- Reduce health inequality by screening and by connecting and coordinating care across medical and social domains throughout a woman's lifespan.

Rationale: Enrollment in HTW and FPP continues to grow, a positive development because these programs often are the only source of care for low-income uninsured women. Over the next biennium, the two programs together will serve an average of nearly 60,000 women each month. Despite this encouraging trend, combined these programs still reach only a fraction of women in need. Funding for caseload should reflect the continuing and growing need.

Healthy pregnancies do not begin at conception but in the months and years prior. While many factors contribute to healthy pregnancies, timely access to preventive, primary, and subspecialty care, including behavioral health services, throughout a woman's reproductive lifespan are among the most important. Twenty-five percent of low-income women lack health insurance. Before and after pregnancy, the Family Planning Program and Healthy Texas Women fill important gaps in preventive and primary care. HTW Plus, launched in September 2020, builds on HTW, providing postpartum the same benefits available via HTW in addition to one year of specialty care coverage for the three conditions and illnesses most likely to contribute to maternal mortality or morbidity.

Women living in states with comprehensive health care coverage have better health outcomes, including fewer maternal complications and deaths.[3, 4, 5] Recalibrated, HTW Plus could become the backbone of a such a program for Texas women, thus ensuring access to a full array of benefits across their reproductive lifespans.

Health inequality, the "health differences that are avoidable, unnecessary, and unjust,"[6] further undermine maternal health and increase health care costs.[7] Women of color and low-income women suffer disproportionately from these disparities, including higher chronic disease burden and less timely care. Health care coverage throughout a woman's lifespan greatly diminishes these gaps, resulting in better health care outcomes for new mothers and infants. But health care alone does not improve health. Texas also must address the nonmedical factors, such as food insecurity, unsafe housing, domestic violence, and systemic racism, that make motherhood unnecessarily risky for too many women.

Moreover, according to the state's own data, when women become uninsured after losing pregnancy-related Medicaid 60 days postpartum, they are more likely to suffer severe complications or to die from pregnancy-related complications. The majority of maternal deaths occur from 31 days to one year following delivery, with most being potentially preventable.

- **Reinvigorate the Medicaid physician network by rewarding value-driven initiatives that improve health outcomes; promote sustainable, accountable, and cost-effective care; reduce health disparities; address social drivers of health; and strengthen rural, border, and underserved physician networks.**

Rationale: Unacceptably low Medicaid payments rates – determined by the legislature – directly correlate with an inadequate physician network. Yet Texas has not enacted a meaningful, enduring physician rate increase in more than a decade. For example, Medicaid pays $37 for a routine pediatric office exam ($33 for that child's parent). If the same physician saw the child's grandmother, however, Medicare would pay $73[8] for the same service, while a commercial health plan would pay $87[9] regardless of the patient's age.

Some lawmakers argue Medicaid managed care organizations (MCOs) must solve the problem. While it is true MCOs have discretion to pay physicians more (or less), the amount they pay is ultimately tied to the fee schedule set by the state.

Lawmakers must find a solution. Using the state's value-based payment framework, Texas can increase physician payments while improving health equity, outcomes, and cost-effectiveness. To pay for this, Texas should consider allocating a portion of the MCO experience rebates (profits above a preset limit) the MCOs already must remit to the state. Likewise, any savings from extending health coverage should be used to improve physician Medicaid payments.

We support targeted investments for pediatric physician rates as well as other targeted increases to improve maternal, rural, and behavioral health.

- **Establish clear policy and payment guidelines relating to Texas Medicaid's efforts to address social determinants of health as authorized by the Centers for Medicare & Medicaid Services.**

- **Increase access to evidence-based community and crisis mental health and substance abuse services.** Medicine is thankful for the state's recent prioritization of mental health promotion and services. The continued support for improved quality of and access to mental health services and substance use disorder care for Texans is key for making significant progress. Additionally, the public health emergency of COVID-19 has affected nearly every facet of our lives, resulting in negative impacts to Texan's mental health, and compounded and increased the number of barriers to get help.

  - Medicine continues to support safe and supportive school policies and programs. Funding for school districts' school safety and higher education mental health services should be maintained so it can support campus-tailored, comprehensive school programs.
  - We support the funding of reforms that will prevent unnecessary institutionalization. Medicine supports timely access to mental health services and state hospital care for those who are institutionalized, including stabilization medication consistent with the patient's regimen.

- **Continue investments in Early Childhood Intervention (ECI)**
  Restore the $27 million ECI reduction included within Senate Bill 1. This equates to a significant decline in per-child per-month funding and takes us further away from the ideal 2013 levels of funding prior to a host of ECI providers dropping out of the program. Investments in early childhood programs pay long-term dividends for our society and the state budget. We must continue to prioritize them throughout fiscal hardships.

  Rationale: ECI is a statewide program for families with children, birth to age 3, with disabilities and/or developmental delays. For more than 30 years, ECI has supported more than 800,000 families to help their children reach their potential through targeted developmental services and parent counseling and training. What makes ECI different from other services is its focus on training parents and other caregivers, such as grandparents or child care facilities, on how best to help a child achieve specific goals and developmental milestones.

  The benefits of early intervention services, like Texas' ECI program, are numerous for both child health outcomes and economic advantages to the family and society. A substantial amount of longitudinal research has demonstrated that access to early intervention for children results in marked improvement in verbal abilities, receptive language scores, and overall cognitive abilities, which can translate later in life to better school performance, graduation rates, and social and emotional skills need to succeed in life.

  By intervening early, when a baby's cognitive and physical health are still being formed, we can reduce costs in other domains and interventions, such as school-age special education services, and improve a child's functional trajectory for life. Furthermore, early intervention services such as ECI are vital to more

high-risk populations of children including those who come from environments of abuse and neglect, those with mental health issues, those from culturally diverse backgrounds, and children living in economically deprived environments.[10]

The Texas Legislature made a $31 million investment in the ECI program during the 2019 legislative session to ensure a robust network of community providers in all areas of the state. Without these providers, children will go without much-needed services during the most crucial time in their life. While this investment is most welcome, it still does not raise the per-child spending to 2013 levels, or $484 per child each month. Furthermore, more investment is needed to ensure all providers have adequate funding for Child Find services, which go into hard-to-reach communities to find families who need services. This is especially important because of a 2018 report[11] that found Black children made up a disproportionate share of decreased enrollment compared with Hispanic or white children.

Since then, following a federal review, the U.S. Department of Education Office of Special Education Programs cited HHSC in a letter[12] for falling short in meeting its federal obligation to ensure access to ECI services for eligible children. The letter specifically identifies lack of funding as a primary cause for eligible children not receiving timely services. To rectify this concern and ensure Texas does not enter prolonged monitoring by our federal partners, the legislature must continue to invest in ECI.

- **Allocate funds to ensure Medicaid patients diagnosed with hepatitis C receive lifesaving prescription medications at the outset of their diagnosis.**

  Rationale: According to the Centers for Disease Control and Prevention, hepatitis C is one of the nation's deadliest infectious diseases, affecting more than 2 million patients nationwide each year. Antiviral medications offer patients a potential cure, but the cost of medications has kept Texas Medicaid from making them broadly available. The National Viral Hepatitis Round Table grades Texas a D+ because it has one of the most restrictive hepatitis C drug prior authorization policies in the country, meaning patients cannot obtain treatment before suffering advanced liver disease. While HHSC is currently evaluating options for expanding availability of cost-effective hepatitis C medications to more Medicaid enrollees, it is literally a matter of life and death that Texas pursue needed funds to provide early hepatitis C treatment to Medicaid patients in need.

---

1 The Effects of Medicaid Expansion under the ACA: Updated Findings from a Literature Review, KFF, March 17, 2020.
2 Medicaid and the Supply of Entrepreneurs: Evidence from the Affordable Care Act, Kyung Min Lee, Oct. 2018.
3 High Rates of Perinatal Insurance Churn Persist After The ACA, Jamie Daw, Katy Backes Kozhimannil, and Lindsay K. Admon, *Health Affairs,* Sept. 2019.
4 Effects Of Medicaid Expansion On Postpartum Coverage And Outpatient Utilization, Sarah H. Gordon, Benjamin D. Sommers, Ira B. Wilson, and, Amal N. Trivedi, *Health Affairs,* Jan. 2020.
5 Adoption of Medicaid Expansion is Associated with Lower Maternal Mortality, Erica L. Eliason, MPH, *Women's Health Issues,* Feb. 25, 2020.
6 What Are Health Disparities and Health Equity? We Need to Be Clear, Paula Braveman, MD, MPH.
7 Disparities in Health and Health Care: Five Key Questions and Answers, KFF, March 4, 2020.

[8] Medicare physician payment rate for the Rest of Texas geographic locality, which encompasses San Antonio, South Texas, and nonmetro counties and is the lowest amount paid by Medicare.

[9] Texas Medicaid establishes rates for each service billed by physicians. However, Medicaid managed care organizations may contractually establish different payment rates, which are proprietary. The Texas Medical Association estimated the average commercial payment based on analysis from the Medicare Physician Payment Advisory Committee.

[10] Early Intervention, IDEA Part C Services, and the Medical Home: Collaboration for Best Practice and Best Outcomes. Richard C. Adams, Carl Tapia, The Council on Children With Disabilities. *Pediatrics*. October 2013, 132 (4) e1073-e1088; DOI: 10.1542/peds.2013-2305.

[11] Texans Care for Children. (November 2018). New Data Show Decline in funding for Texas Early Childhood Intervention (ECI). Retrieved from: https://static1.squarespace.com/static/5728d34462cd94b84dc567ed/t/5c0ed746cd8366413d0490f9/1544476498788/2018-ECI-Funding-Report.pdf.

[12] U.S. Department of Education, www2.ed.gov/fund/data/report/idea/partcdmsrpts/dms-tx-c-2020-dmsletter.pdf.