

Texas Hospitals' 2020 Federal Policy Priorities

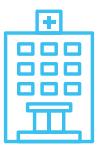


The Texas Hospital Association appreciates the opportunity to work with the Texas Congressional delegation to ensure hospitals across the state have the support they need to provide the highest quality of care. To achieve these goals, hospitals need financial stability and a fair regulatory environment.

Over the last decade, Texas hospitals have transformed and innovated care delivery to meet the needs of a growing state with a diverse array of needs. **Still, challenges remain at the federal level and will play a critical role in hospital care delivery.**

THA has the following priorities for the 116th Congress:

1. Protect Texas hospitals from harmful payment or reimbursement reductions in the Medicare and Medicaid programs.



Texas hospitals' supplemental payment programs and the methods local entities use to finance those payments must be preserved. Texas hospitals' base Medicaid payments do not cover the cost of providing care. Supplemental Medicaid payments account for about 60% of Texas hospitals' total Medicaid payments. To provide the highest quality care, every hospital needs the resources to invest in workforce, equipment, operations and infrastructure. In addition, hospitals' Medicare and Medicaid payments should not be cut and used as offsets for other policy goals. This works against hospitals being able to meet the health care needs of a growing, demographically diverse population.

2. Repeal or, at a minimum, delay for two years massive cuts to Medicaid Disproportionate Share Hospital payments scheduled to take effect May 23, 2020.

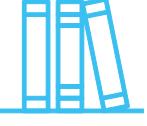


If Congress does not permanently repeal or delay Medicaid DSH cuts, Texas hospitals will lose an estimated \$440 million, or 22.7% of DSH payments, in 2020 alone. The estimated cumulative loss totals \$4.84 billion from 2020 through 2025—a critical loss for hospitals that serve the state's low income and uninsured populations. The Affordable Care Act required the cuts in anticipation of a reduction in the number of residents without health insurance and the amount of uncompensated care hospitals provide. Texas, however, did not expand Medicaid and has seen an increase in the number of uninsured residents, becoming the state with the most residents without health insurance.

3. Preserve and improve the current health care system to make private health insurance more affordable and accessible for all Texans, and protect the fragile health care safety net.



Texas hospitals oppose one-size-fits-all government health insurance proposals—Medicare for All, Medicare buy-in or the public option—that would strain the fragile health care safety net and make Texans pay more and wait longer for lower quality care. Medicare is not designed for or capable of providing health care for every American. Texas hospitals support free market competition to incentivize innovation, reduce costs and enhance consumer choice.



4. Ensure that any proposals to cap states' federal Medicaid funding include protections so that coverage, access and reimbursement are not adversely affected.

Capping the amount of federal Medicaid funding a state can receive has the potential to deprive a growing state like Texas of funding necessary to ensure timely access to medically necessary health care services. Any proposal to cap federal Medicaid funding should include:

- Funding that is commensurate with the need for services and ensures adequate reimbursement for hospitals and other health care providers.
- Funding allocation that accounts for supplemental payments and associated methods of finance.
- Financial adjustments that account for states' demographic differences, and financial protections in the event of economic downturn.



5. Protect patients from surprise medical bills while allowing hospitals and health plans to resolve payment disputes for emergency out-of-network health care services independently, free from government interference or benchmark rates.

Texas hospitals support fair, private contract negotiation between health plans and hospitals for network participation and out-of-network payment. Inserting government interference or benchmark rates into a private negotiation could unravel carefully negotiated provider networks by disincentivizing health plans from including hospitals as in-network providers and paying them fairly. This ultimately limits patients' access to care.



6. Ensure consumers have access to useful information about their out-of-pocket costs.

Texas hospitals support access to timely, straightforward and accurate estimates of patients' out-of-pocket costs for scheduled and elective procedures. Price transparency initiatives should focus on the patient's costs—not disclosing confidential contractual terms between hospitals and health plans.



7. Protect Texas' rural hospitals.

Texas has seen more rural hospital closures than any other state, and many are reducing critical service delivery lines. Texas hospitals support policies that ensure adequate and stable reimbursement for rural hospitals, including Medicare reimbursement for critical access hospitals at 101% of costs. Congress should develop and test new delivery and payment models that will allow rural hospitals to meet the needs of their community and provide access to care.



8. Align policies for Medicare Advantage plans with that of traditional Medicare.

Medicare Advantage plans reimburse hospitals at a slower, lower rate and offer benefits and cost-sharing arrangements for beneficiaries that differ from traditional Medicare. MA plans delay and limit beneficiaries' access to necessary medical care through more frequent prior authorizations, inappropriate claims denials and recertifications than traditional Medicare. Rural hospitals, especially critical access hospitals, are disadvantaged in a MA system. Consistency across MA plans and traditional Medicare will protect patients' access to medically necessary care and reduce financial instability and administrative burden for Texas hospitals.