

HEALTH CARE REFORM PRINCIPLES

Supporting Texas Hospitals in Creating a Healthy Future for All Texans

The mission of all Texas hospitals is to provide the highest quality care to all Texans. Any proposed changes to the health care system nationally or at the state level should be evaluated according to whether they support or subvert this mission. The following principles will guide THA in ongoing discussions with the U.S. Congress, the administration, state lawmakers and the state's health care agencies on health care reform.

1

Continue efforts to reduce the number of uninsured Texans and ensure the availability of affordable private health insurance.

Despite improvement over the last several years, Texas leads the nation in the number of residents who lack health insurance. From a clinical and financial perspective, reducing the number of uninsured Texans is essential. Texas hospitals support private-market solutions to reduce the number of uninsured.



2

Allow greater state innovation and flexibility to develop local solutions to coverage, access and financing challenges.

Texas has been a national leader on health care reform since the implementation of its Medicaid 1115 waiver in 2011. To build on this success, Texas needs increased flexibility for innovation to improve health care outcomes and create additional efficiencies. Enhancing the Medicaid 1115 waiver process is a more appropriate method for giving states the desired flexibility to change their Medicaid programs rather than fixing federal funding through the use of block grants or per capita spending caps.

3

Support financing and reimbursement that reduce cost shifting and protect access to care.

Federal law requires hospitals to provide care to anyone who seeks it in their emergency departments, regardless of their ability to pay. This mandate coupled with Texas' high number of uninsured residents and low Medicaid reimbursement yields uncompensated care costs for hospitals that exceed \$7 billion a year. Some of these costs are pushed onto the private health insurance market in the form of higher premiums, and some are offset with supplemental payments. Whether through higher reimbursement rates or continued supplemental payments, Texas hospitals need stable, predictable and adequate funding to continue providing the best care for all Texans.

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

These include a funding baseline that is related to the need for services and ensures adequate reimbursement for hospitals and other health care providers; funding allocation that accounts for supplemental payments and associated method of finance; state-specific adjustments to the funding allotment that account for demographic and other population factors; and financial protections for states in the event of economic downturn or recession.

5 Promote responsible consumer behavior for managing their health and health care decisions.

Everyone has a role to play in managing health care costs and ensuring appropriate use of health care resources, including consumers. Health plans should provide avenues that help consumers take an active role in understanding their health insurance, managing their own health and making responsible health care choices.

6 Continue investments in the health care workforce.

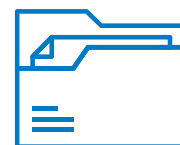
Texas is the fastest growing state in the nation, and our population is aging. Having a sufficient number of appropriately trained health care professionals, including physicians, nurses, behavioral health care providers and allied health professionals, is essential for the continued health and well-being of our residents.

7 Ensure that efforts to increase and enhance price transparency include all relevant stakeholders, including health insurance plans.

Hospitals are committed to making sure that patients understand the costs of services and what is covered. For elective and scheduled procedures, hospitals share information with patients on expected charges. Health insurance plans, however, have a significant role to play in working with insured patients so they understand their specific network and benefit limits and cost-sharing obligations. True price transparency requires the engagement of providers, payers and consumers.

8 Reduce costly and antiquated regulatory burdens that impede hospitals' ability to achieve efficiencies and to innovate.

Regulation has not kept up with the rapid pace of change in the health care industry. Eliminating or modifying duplicative, excessive, antiquated and contradictory provider regulations is critical for encouraging greater collaboration, efficiency and care innovation.



9 Support policies that recognize the unique needs and circumstances of different hospital types, including rural, teaching and children's.

All Texas hospitals share a common commitment of providing the best care to all Texans. However, some hospitals face unique challenges in achieving this mission and require policies to address them. Rural hospitals have a greater proportion of uninsured and publicly insured patients than their urban counterparts. Teaching hospitals take on the responsibility of training the next generation of physicians. Children's hospitals have a higher proportion of Medicaid patients than general acute care hospitals because children comprise a majority of Texas Medicaid enrollees.
