



TEXAS HOSPITAL ASSOCIATION

THA TAKEAWAYS

Setting the Record Straight on Medicaid

- **The fact that Medicaid payments make up a significant portion of the state budget is a result of the state's poverty problem, not federal mandates or the state's Medicaid eligibility policies.**
 - Nearly 1 in 4 Texas children and 1 in 9 adults over the age of 65 live in poverty in a state with a total population of more than 26 million.
- **Claims that Medicaid spending will soon eclipse spending on education and crowd out other state priorities are grossly overstated because they are based on calculations that include federal health care funds in Article II.**
 - The oft-cited figure that Medicaid is consuming more than 35 percent of the state budget is an "all funds" calculation. In reality, in FY 2014-15 Health and Human Services (Article II) accounted for about 31 percent of **state** general revenue while Education (Article III) was allocated about 53 percent. *(See attached chart – State Spending (GR) Education and HHS)*
- **Increased spending in the Medicaid program is primarily the result of growing caseload, not increasing costs.**
 - Acute care spending per Medicaid recipient has largely been flat due to the state aggressively implementing managed care and other cost containment initiatives. *(See attached chart – Percent Increase in Medicaid Caseload and Total Medicaid Spending)*
 - Growing caseload is the result of a growing state population, not federal mandates or the state's Medicaid eligibility policies.
- **Medicaid cost trends are much more modest than what is occurring in the state's employee and teacher retirement systems.**
 - Medicaid costs per enrollee have increased 10 percent over the last 10 years while ERS has seen a 45 percent increase and TRS a 60 percent increase. *(See attached chart – Medicaid Costs per Enrollee Compared to ERS and TRS)*
- **Texas has the most "reformed" Medicaid system in the nation.**
 - Because of the Medicaid Transformation and Quality Improvement 1115 waiver successfully negotiated with the federal government in 2011, the state is achieving significant savings.

- More than 85 percent of acute care program beneficiaries are enrolled in managed care.
 - Medicaid managed care has saved the Texas Medicaid program nearly \$4 billion over six years. This is in comparison to projected costs under the former approach known as “fee for service” (FFS). Projections indicate the approach is expected to save an additional \$3.3 billion all funds over the next three years using the managed care model compared to projections under a FFS model.
 - The waiver also transitions the state away from lump-sum payments for uncompensated care (UC) to a more proactive care delivery system and payments based on care and efficiency metrics through more than 1,300 delivery system improvement projects (DSRIP).
- **Medicaid has a particularly important role in providing access to health care for people who are most likely to have high medical expenses: those with disabilities, the elderly and pregnant women.**
 - Because Medicaid insures people at high-risk for needing high-cost medical care, everyone with private insurance experiences lower premiums and easier access to insurance than would be the case if Medicaid did not exist.



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