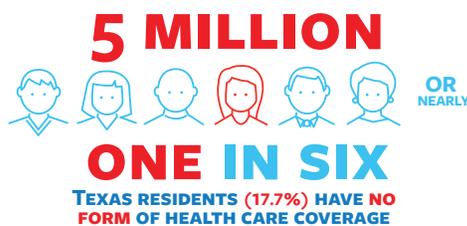


The stability of Texas' health care safety net is in jeopardy as a proposed federal rule – the Medicaid Fiscal Accountability Rule – seeks to **severely limit states' ability to draw down critical federal Medicaid payments** that hospitals nationwide use to ensure access to essential care for Medicaid enrollees and the uninsured.

The rule, proposed by the Centers for Medicare & Medicaid Services in November 2019, **erodes states' flexibility and imposes new conditions on the methods states can use to finance the non-federal share of Medicaid payments**, which are required to draw down federal matching funds.

CMS should withdraw the rule and continue to work with states to identify acceptable methods of financing the non-federal share of Medicaid payments.

In a state that leads the nation in the number and percentage of uninsured individuals, the stakes for Texas are high.



STATE AND FEDERAL LAW REQUIRE HOSPITALS TO
PROVIDE CARE
FOR ANYONE WHO SEEKS IT,

REGARDLESS OF THEIR
ABILITY TO PAY

TEXAS HOSPITALS' BASE MEDICAID PAYMENTS
DO NOT COVER
THE COSTS OF PROVIDING CARE



Supplemental Medicaid payments, which make up two-thirds of Texas hospitals' total Medicaid payments, are at risk.

These payments, totaling **\$11 billion in federal fiscal year 2020**, help Texas hospitals offset some of the costs of providing unreimbursed care for the uninsured and lower-than-cost Medicaid reimbursement.

The proposed rule, however, would restrict the ability to finance this contribution through intergovernmental transfers, health care-related assessments, such as local provider participation funds, and provider-based donations.

Texas, like other states, has worked closely with CMS over the years to identify acceptable methods of financing the non-federal share of Medicaid payments. Shifting rules at this stage **undermines the stability and flexibility states need** to sustain their Medicaid programs and ensure access to care for the growing number of Texans who depend on it.

Without existing supplemental Medicaid payments:

- The Texas Legislature would have to address a larger financial burden for Medicaid.
- Local taxes would increase.
- Fragile rural hospitals would shutter at an even higher rate.
- Essential service lines, including already hard-hit labor and delivery services, would be reduced.
- Access to specialized and lifesaving care for all Texans would suffer.

BIG PICTURE:

States need the flexibility to finance the non-federal share of supplemental Medicaid payments.