

Feb. 13, 2017

Mr. Charles Smith
Executive Commissioner
Texas Health and Human Services Commission
4900 North Lamar Blvd.
Austin, TX 78756

Dear Commissioner Smith,

On behalf of our diverse membership of more than 450 hospitals and health care systems, thank you for your continued leadership on important health care issues in Texas. We greatly appreciate all your ongoing work to ensure that Texas hospitals can continue their vital work to provide care to all Texans in communities across the state.

Medicaid financing and reimbursement is integral to that work. As you know, most hospitals in Texas are paid significantly less than cost for services provided – 58 percent of costs, on average, for inpatient services. Increasing Medicaid reimbursement rates to more closely approximate the costs of services is critical.

Towards that goal, we appreciate the Texas Health and Human Services Commission's recent proposal to facilitate uniform rate increases for hospitals participating in the Medicaid managed care program. We also welcome the opportunity for hospitals and managed care plans to convene to resolve any outstanding challenges and concerns so that the rule is fairly implemented.

At the same time, we appreciate your leadership to secure a renewal of the Medicaid 1115 waiver. The supplemental payments that flow through the waiver are indispensable for Texas hospitals to continue expanding access to care, transforming health care and supporting a growing number of uninsured patients.

Increasing Medicaid reimbursement rates and maintaining the Medicaid 1115 waiver will help fortify the health care safety net upon which millions of Texans depend for vital health care services. This is particularly important as Congress begins discussions to replace the Medicaid entitlement with fixed federal funding and to replace the Affordable Care Act.

Again, thank you for your leadership and for your commitment to Texas hospitals and the patients we serve. Please let me know how THA can be of service.

Sincerely,



Ted Shaw
President/CEO
Texas Hospital Association