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Nov. 22, 2019

Dr. Courtney N. Phillips
HHSC Executive Commissioner
P.O. Box 13247
Austin, Texas 78711-3247

Re: Texas Hospital Association's Recommendations for THHSC's Legislative Appropriations Request

Via electronic submission to CFOStakeholderFeedback@hhsc.state.tx.us

Dear Commissioner Phillips:

On behalf of its more than 450 member hospitals and health care systems, the Texas Hospital Association respectfully requests that the Texas Health and Human Services Commission consider including the following items in its fiscal year 2022-2023 legislative appropriations request:

- Continue funding Medicaid rate enhancements for Texas' trauma, safety-net and rural hospitals.
- Provide funding to ensure access to continuous care for vulnerable populations such as women, children and individuals with behavioral health conditions.
- Increase funding to improve capacity for community-based and emergency inpatient behavioral health and substance use services.

Strong hospitals are better for patients and better for Texas. Close attention to hospital financing, access to care, vulnerable populations and behavioral health will help pave the way for a stronger, healthier Texas. This is a mission THA shares with THHSC.

Continue Essential Trauma, Safety-Net and Rural Hospital Payments

Using proceeds provided primarily by the Designated Trauma Facility and EMS Account 5111, the 86th Texas Legislature appropriated approximately \$313.9 million in state revenues for the 2020-2021 biennium to fund directed enhanced Medicaid payments to trauma, safety-net and rural hospitals. THHSC should request continuation of these important Medicaid rate enhancements.

With approximately 290 designated trauma hospitals that provide care in potentially life-threatening situations, Texas has one of the strongest and most effective trauma care systems in the nation. Ensuring that the state's trauma care network can continue to meet the needs of a rapidly growing population requires adequate and sustained funding. Texas trauma facilities

currently provide more than \$320 million in unreimbursed trauma care, an amount that would be even greater if the state did not provide funding to offset some of these costs.

Texas has experienced more rural hospital closures than any other state, with 22 rural hospitals shuttering since 2013. Protecting access to essential health care services in rural communities requires continued funding to cover rural hospitals' actual costs of providing care. In addition to continuing the existing Medicaid rate enhancements for rural hospitals, THHSC should request an additional \$122 million annually to ensure rural hospitals' reimbursement rates cover the full cost of providing services to Medicaid enrollees, consistent with Senate Bill 170 as passed by the 86th Legislature.

Provide Funding to Ensure Access to Continuous Care for Vulnerable Populations

While Texas hospitals support comprehensive health care coverage for all Texans, THHSC should prioritize health care services for vulnerable populations, including individuals with behavioral health conditions, young women and mothers and children. THA recommends:

- Improving health care coverage for low-income individuals, especially those with behavioral health needs. With funding through the Delivery System Reform Incentive Payments winding down, millions of Texans are in jeopardy of losing access to care. To maintain Texas' strong economy, the state needs healthy residents and communities. When patients' basic health care needs are not met, they often turn to clinically inappropriate care settings, such as hospital emergency departments.
- Extending Medicaid coverage for women after childbirth from 2 to 12 months. In its September 2018 joint report, Texas' Maternal Mortality and Morbidity Task Force recommended improving continuity of care before, during and after pregnancy to improve maternal health outcomes. Specifically, the task force recommended extending access to health care coverage for 12 months following delivery to ensure that medical and behavioral health conditions can be managed and treated before becoming severe.
- Providing 12 months of continuous eligibility for children enrolled in Medicaid. Thousands of children lose Medicaid coverage every month due to administrative hurdles. Children often lose coverage through periodic income checks following the first six months of continuous eligibility. Of the children who are denied Medicaid through a periodic income check, 90% lose coverage due to paperwork burdens rather than failing to meet Medicaid income requirements.
- Supporting auto-enrollment into Healthy Texas Women Program for young women who no longer meet the age requirements to qualify for Children's Medicaid or the Children's Health Insurance Program. HTW coverage would provide general health care and family planning services that are important to a young woman's overall health. THHSC estimates that auto-enrolling young women could save the state approximately \$58.7 million in general revenue from 2020-2025.

Increase Funding to Improve Capacity for Community-Based and Emergency Inpatient Behavioral Health and Substance Use Services

Although the Texas Legislature has made significant investments in improving behavioral health services in recent sessions, the state still has too few inpatient beds for patients with severe

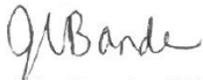
behavioral health needs. Outpatient behavioral health services are not sufficiently meeting Texans' needs, which exacerbates chronic conditions and can lead to crises.

THA requests increased state funding to ensure timely and appropriate access to inpatient, outpatient and community-based services and supports for Texans with behavioral health and substance use needs. THA specifically recommends:

- Increasing reimbursement rates for adult and pediatric inpatient psychiatric beds for the Medicaid program and for non-state-owned contracted beds. Low reimbursement rates limit hospitals' ability to provide inpatient psychiatric care despite the growing need for services. For patients who need competency restoration services, hospitals often incur costs beyond the scope of care. These include court fees and costs to transport and accompany patients to hearings related to their cases. Increasing reimbursement rates would allow hospitals to better meet the demand for behavioral health services among Medicaid and low-income populations.
- Increasing the number of purchased inpatient psychiatric beds.
- Increasing access to community-based behavioral health and substance use services to help individuals manage conditions in lower acuity care settings and reduce reliance on inpatient hospital beds.

Texas hospitals are committed to providing the highest quality care to all Texans. Timely access to quality health care services depends on a strong, stable and equitable financing system. Thank you for considering THA's recommendations for THHSC's Legislative Appropriations Request. Should you have any questions or require additional information, please contact me at 512/465-1046 or jbanda@tha.org.

Sincerely,



Jennifer Banda, J.D.
Vice President
Advocacy & Public Policy
Texas Hospital Association