



Texas Medicaid Reform

CHIP Coalition

October 26, 2007

- **OVERARCHING GOAL:** Optimize investment in health care to ensure more efficient use of available funding and best health outcomes for Texans.
 - Protect and optimize Medicaid funding
 - Reduce the number of uninsured Texans
 - Focus on keeping Texans healthy
 - Establish infrastructure to facilitate accomplishment of reform goals

Waiver Process – CMS Goals

- CMS goals include the following:
 - Reduce the number of uninsured
 - Direct funding to insurance or other coverage to individuals
 - Increased accountability to CMS
 - Enhance care management

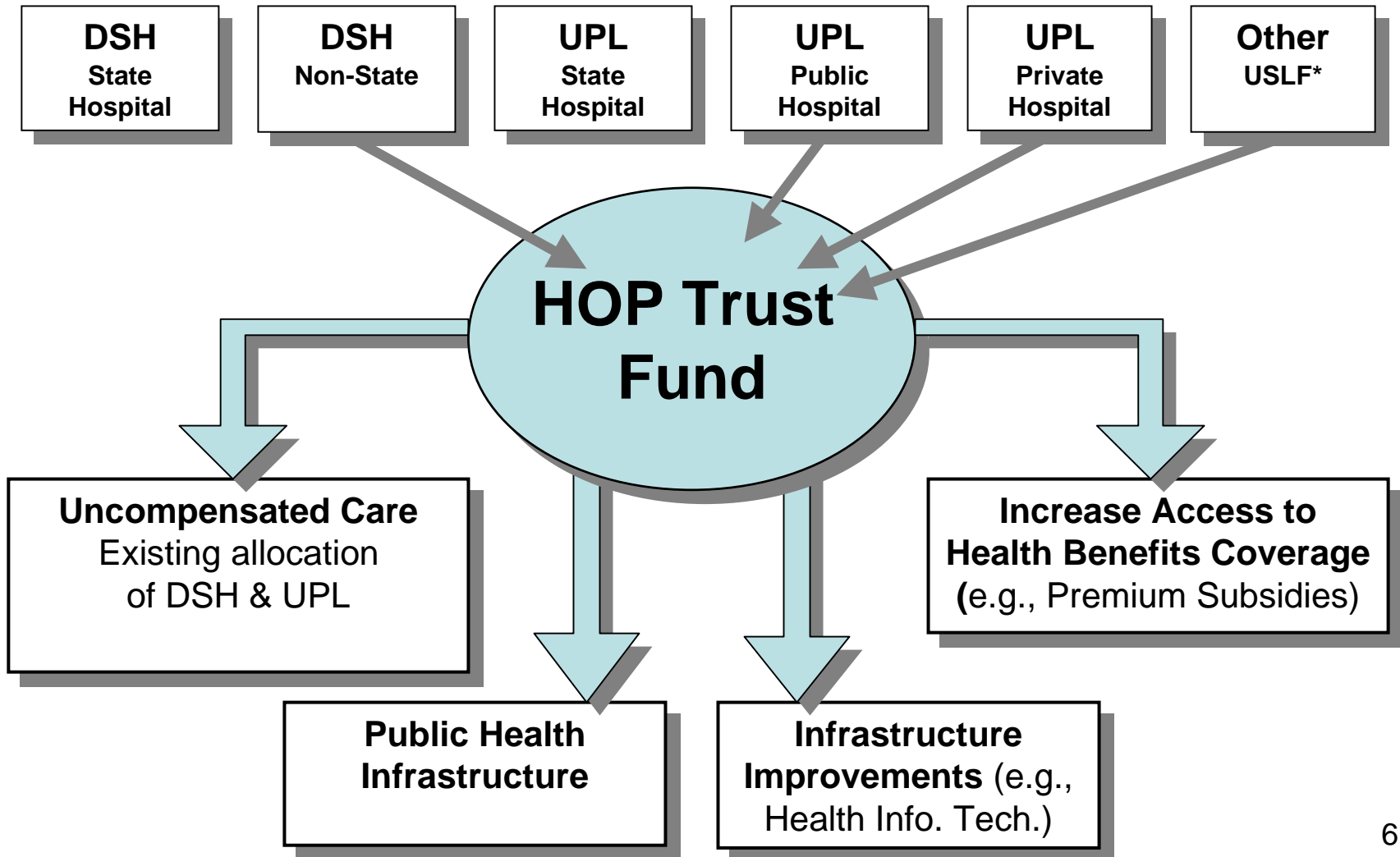
- **Senate Bill 10 Summary**

- Direction to seek new flexibility to provide premium subsidies to purchase commercial insurance or appropriate coverage for uninsured Texans through the Health Opportunity Pool (HOP) Trust Fund.
- HOP funds will also be used to help offset uncompensated care costs for providers who implement innovative measures to provide primary and preventive care.
- Opportunities to improve health outcomes and increase consumer choice and responsibility
 - Pilot programs such as positive incentives for healthy lifestyles, EPSDT visits, and other positive health incentive initiatives, as well as HSA options and increased flexibility with value added-services in HMO contracts.
 - Allow cost-sharing if feasible and cost-effective, for non-emergency use of emergency rooms to support appropriate emergency room utilization

- **Senate Bill 10 Summary**

- Increased employer-based options and Medicaid Health Insurance Premium Payment (HIPP) improvements
- Program infrastructure improvements such as
 - Encouraging the development and use of electronic health information standards and electronic records to improve patient care
 - Developing a billing coordination system to better identify third party coverage responsibilities
 - Use of outcome-based performance measures and incentives in HMO contracts; assess pay for performance options for providers
- Develop tailored benefits and systems for Medicaid children with special health care needs to better meet the complex needs of this population, reduce costs and simplify program administration. Identify other populations whose care could be improved through tailored approaches.

Health Opportunity Pool Trust Fund Structure



*Certified Public Expenditures may be utilized.

Waiver Process – Timeline

- Waiver Process and Tentative Timeline:
 - Concept Paper
 - November 2007
 - Level of Detail—Outline of target populations, delivery systems, benefits, sources of state and general financing
 - Waiver Submission
 - January 2008
 - Level of Detail—More specific information and data to support key items above. Waiver approval can precede final Special Terms and Conditions (STCs).

- **Special Terms and Conditions (STCs)**
 - Following waiver approval
 - Level of Detail
 - Program Requirements
 - General Reporting Requirements
 - Operation Policies and Requirements
 - Financial Requirements
 - Monitoring Budget Neutrality
 - Evaluation Framework

Key Program Decision Points

- Target Population(s)
- Benefit Package Design(s)
- Delivery System(s)
- Financing
- Criteria for Receipt of Uncompensated Care Funds

Summary of Texas Uninsured Data

Who Are the Uninsured in Texas?

Summary of 2006 CPS Data on Uninsured Citizen and Legal Permanent Resident Adults with Incomes <200% FPL:

- 60% (2.1 million) of the total uninsured adult population have incomes at or below 200% FPL.
- 55% (1.2M) are childless adults and 45% (960,000) are parents.
- 50% (483,000) of all uninsured parents have children enrolled in either Medicaid or SCHIP.
- 65% of all uninsured parents are employed, compared to 53% of uninsured childless adults

Benefit Considerations

- Focus on coordination with Employer Sponsored Insurance (ESI), and Subsidies for basic benefits
- Identify Premium Subsidy Amount
- Identify Minimum Basic Benefit
- Support market flexibility re: benefits
- Support choice without overwhelming enrollees
- Identify availability of existing health care products or coverage options
- Cost-sharing and Deductibles
- HSA
- Sliding Scale Premium Subsidies

Design and Delivery Considerations

- Premium Based Coverage Options
 - Existing Products
 - Other Products
- Other Coverage Options
- Sliding Scale Premiums
- Coordination with Existing Programs
- Maximize Employer Sponsored Insurance (ESI)

- **Protect and Leverage Federal Funds**
- **Negotiate with CMS re: budget neutrality, available federal funds, and trends**
- **Identify Unmatched State and Local Funds**
 - GR funded programs
 - Hospital and Hospital District programs
 - County and Municipal programs
- **Other HOP funds**
 - Offset from Rebasing
 - Offset from Reduced Uncompensated Care
 - Dedicated funding

- Medicaid Reform Legislative Oversight Committee
- HHSC Council Subcommittee on Medicaid Reform (October 30th, 10 a.m.)
- Stakeholders

Information About Medicaid Reform

- Website
 - <http://www.hhs.state.tx.us/Medicaid/Reform.shtml>
 - E-mail alerts
 - Updated information