

# HEALTHCARE FACTSHEET

BETTER  
TEXAS™

TEXAS MEDICAID & CHIP  
PART TWO IN A FIVE PART  
PRIMER SERIES

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## Current Budgets Would Place Texas Medicaid and CHIP in Critical Condition

### Vitals

The federal government pays just under 60 cents of every dollar of Texas Medicaid health care spending.

Federal law sets minimums for who is covered and the level of care they receive, as well as options to go above for states that choose to do more.

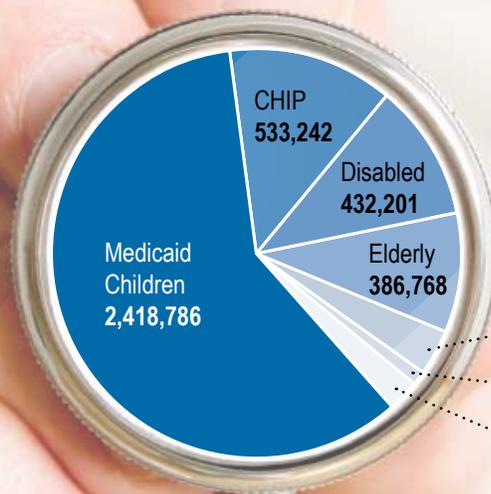
Texas Medicaid provides health care for some of Texas' poorest and most vulnerable.

- Over 3.5 million Texans were enrolled in Medicaid in March 2011.
- Another 533,000 children in families just above the Medicaid limit were enrolled in the Children's Health Insurance Program (CHIP).
- Together, that is 3 million Texas children and 1 million Texas adults who receive vital health care from Medicaid and CHIP: one in six Texans!

Texas Medicaid provides basic health care and life-saving supports for:

- 70 percent of Texans in nursing homes;
- Nearly all Texans with intellectual disabilities and other serious lifelong or childhood-acquired disabilities;
- 55 percent of Texas babies who receive prenatal care and delivery from Medicaid and CHIP;
- 2.5 million kids (3 million with CHIP);
- Hundreds of thousands of seniors and Texans with disabilities who avoid institutional care through Medicaid community supports; and
- Over 1,600 women every month who are undergoing treatment for breast or cervical cancer.

### TEXAS MEDICAID & CHIP: WHO IS HELPED TODAY?



- Poor Parents  
144,899
- TANF Parents  
50,592
- Maternity  
91,666

## Symptoms

- The 2011 Texas Legislature filed budget bills in January for 2012-13 that were *\$18 billion short of full funding* of Medicaid for two years: about a one-third cut from what the program needed just to keep doing what it is currently doing. To “save” \$7.6 billion state dollars, Texas would lose another \$10.4 billion in federal matching dollars.
- Part of the budget cuts come from cutting fees paid to health care providers (like doctors, hospitals, attendants, and nursing homes) *by 10 percent, for Medicaid and CHIP.*
  - This can cause some providers to stop taking Medicaid and CHIP patients, while others may actually go out of business.
- Cuts to eyeglasses, hearing aids, medical supplies, prescriptions, and mental health care are being discussed for seniors and adult Texans with disabilities.
- House and Senate budget committees added money to make the cuts smaller, but the House budget still would short Medicaid by \$5.9 billion state dollars. The Senate leaves Medicaid short about \$3.6 billion state dollars if the proposal being considered as of April 4, 2011, is adopted.

- We would lose more federal health care matching dollars than we save if we cut Medicaid and CHIP.
- Our Texas children would take a double-hit with school funding cuts and Medicaid/CHIP cuts unless we find a better way to balance our budget.
- Proposals to opt out of Medicaid and CHIP or treat them as fixed pot of money that doesn't grow with need would leave Texas unprotected in recessions and natural disasters.
- Medicaid costs are growing at the same pace as private insurance, and much slower than Medicare. Medicaid's health spending must be controlled, but through system-wide reform across our whole U.S. health care system: Medicare, Medicaid, and private insurance.

## Diagnosis

- Deep cuts to Medicaid and CHIP would hurt our most vulnerable children, seniors, Texans with disabilities, and expectant mothers.
- Deep cuts to Medicaid and CHIP provider fees would hurt these Texans' access to primary health care, which will drive up expensive emergency room use and hospitalizations.

## Prescription

Before cutting Medicaid or CHIP benefits or provider payment rates, or other vital public health and preventive health services, we must first use existing state resources, including the Rainy Day Fund, and find new resources, particularly by discouraging unhealthy behaviors through increased tobacco and alcohol taxes and taxes on sugary drinks.

- We can balance our budget in a balanced way. The cuts-alone approach will hurt our children, seniors, and Texans with disabilities and short-change the future.

We support real reforms to Medicaid and CHIP that reward accountability of providers and insurers for cost-effective care that produces good outcomes, and that build coordination, continuity of care, and medical homes—as an alternative to cuts.

### Acknowledgement

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### CPPP

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