TEXAS HEALTH CARE 2009

Small Steps Forward and Missed Opportunities in the 81st Texas Legislative Session Show Need for National Health Reform

Every legislative session, Texas legislators struggle to allocate sufficient state dollars to ensure public health. They are hampered by our nation's lack of a comprehensive national health care system. Because of our hit-or-miss approach to health care and our lack of an adequate state revenue system, a higher percentage are shut out of health insurance in Texas than in any other state in the nation.

The following report summarizes how health care fared in the 2009 legislative session. It shows how often Herculean efforts resulted in mostly slight improvements in our state's public health care structures. For example, while the state took a few small steps forward in funding health care and access to coverage, the session was defined by the high-profile missed opportunities related to the CHIP program buy-in and the Texas Department of Insurance Sunset. Small steps forward are inadequate in light of the health care crisis in our state.

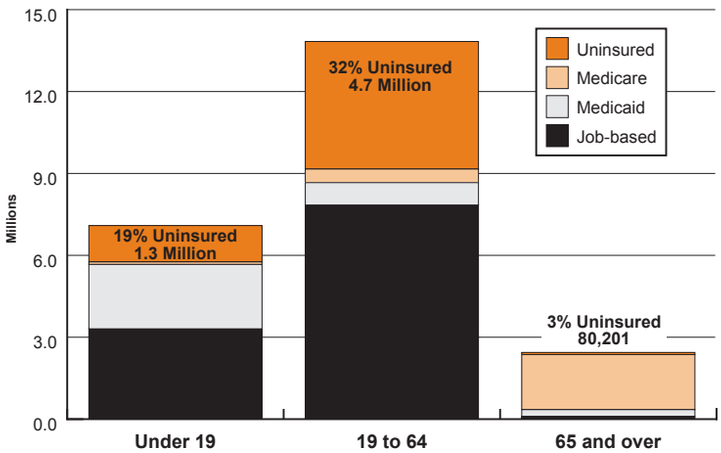
Given the situation in Texas, **the only plausible way to ensure all Texans have access to affordable, comprehensive health care coverage is for Congress to pass national health reform.**

We encourage you to get involved in the national health reform debate through our Texas Voice for Health Reform project, at www.texasvoiceforhealthreform.org.

What Happened to Medicaid and CHIP in 2009?

The federal-state Medicaid program is the bedrock of health care for some of the poorest Texans—children, people with disabilities, the elderly, and pregnant women. Currently, Texas Medicaid does not cover any other low-income adults except for a small population with incomes low enough for Temporary Assistance for Needy Families (TANF). The Children's Health Insurance Program (CHIP) provides health care to eligible children whose parents earn more than the Medicaid limits, but still cannot afford private insurance. As of September 2009, nearly 2.8 million Texans—including more than 2 million children—relied on Medicaid, with another 491,000 children enrolled in CHIP.

Where Texans Get Health Care Coverage by Age Group, 2008



Source: U.S. Census Bureau, Current Population Survey, 2009

Maintaining Medicaid and CHIP during the Recession

Texas avoided Medicaid and CHIP cuts and made modest new investments in 2009 thanks to the federal Recovery Act (stimulus) passed in February, which included at least $5.45 billion in additional federal Medicaid funds to Texas for 2009-2011. Absent federal help, given the recession and our state's inadequate tax system, Texas could not have adequately funded necessary public structures like Medicaid and CHIP.

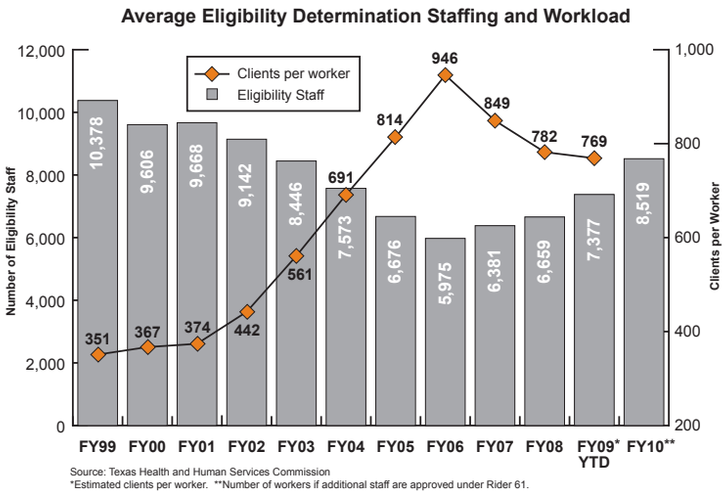
Medicaid Buy-in for Children with Disabilities

An example of a small but important step forward was Senate Bill 187 by Senator Deuell, which allows families with incomes up to 300 percent of the federal poverty level (FPL, about $66,000 per year for a family of four) to purchase Medicaid

coverage for their disabled children on a sliding-scale basis. This new program is expected to serve about 2,400 children in 2011 whose families make too much to qualify for Medicaid, but not enough to fully provide health care services for their disabled child.

Addressing the Eligibility System Crisis

Texas' enrollment systems for Medicaid and CHIP have been in crisis since 2006 due to severe state staff shortages, technology woes, and ill-advised outsourcing to private contractors.



Source: Texas Health and Human Services Commission
*Estimated clients per worker. **Number of workers if additional staff are approved under Rider 61.

The state began to transition to a new eligibility computer system in 2003 called TIERS. Contrary to what the Legislature assumed, however, TIERS does not make it possible to reduce eligibility staff. In fact, TIERS may require more staff than the system it is replacing. Yet, the Legislature has reduced the number of state eligibility workers repeatedly—down from 12,500 in 1995 to 7,377 today (see figure). Each worker today serves more than twice as many clients as in 2000: 770 per worker in 2009, up from just 370 in 2000. As currently staffed, the system produces neither accurate nor timely eligibility decisions.

Even so, the Legislature held the number of budgeted eligibility workers constant from 2009 through 2011, but did take a small step forward by allowing HHSC to request up to 822 additional staff if the system still fails to meet federal standards (in HHSC Rider 61). In addition, HB 3859 by Representative Herrero requires HHSC to conduct a staffing analysis to determine the number of state employees and contractor staff needed to expand TIERS in an accurate and timely manner that ensures seamless transitions between Medicaid and CHIP for children.

CHIP Buy-in Expansion

More than half-a-million uninsured Texas children live in families with incomes above the current limits for CHIP. Children often fall off of the "CHIP cliff," losing their coverage when their parents' incomes increase marginally, though not enough to purchase private coverage.

Two CHIP buy-in proposals, SB 841 by Senator Averitt and HB 2692 by Representative Coleman, sought to allow children in families with income from 200 to 300 percent of the FPL ($44,150 to $66,150 a year for a family of four) to purchase CHIP for their children on a sliding-scale basis. Both bills were passed from their respective chambers with bipartisan support and the buy-in was funded in the budget, but ultimately the legislative stand-off over the unrelated issue of voter identification that killed dozens of bills at the end of the session also killed the CHIP buy-in.

What Happened to Private Health Insurance Access in 2009?

One of the primary reasons Texas has the nation's highest uninsured rates is because Texans are much less likely to have employer-based coverage than other Americans. Job-based coverage has steadily eroded in Texas and nationally since 2000—a trend in place well before the current recession. In 2008, only 49.5 percent of Texans were covered by employer-sponsored health insurance, down from 57.4 percent in 2000. Skyrocketing health insurance premiums make it increasingly difficult for both employers and workers to afford coverage. Health insurance premiums in Texas doubled in the last decade, and now cost nearly $13,000 a year for family coverage. To cover more people through private health insurance, state and national lawmakers must pass reforms that make coverage affordable for Texans with moderate and middle-class incomes.

Expanding Access to Employer-sponsored Health Insurance

The Legislature passed a few measures that will incrementally increase access to employer-sponsored health insurance.

- SB 78 by Senator Nelson establishes the Healthy Texas program (originally filed as SB 6 by Senators Duncan and Nelson), a new statewide insurance plan that will make lower-cost coverage available to eligible small employers with low-income employees by covering a share of high-cost medical claims through

a state-funded "reinsurance" pool. The program is expected to cover about 25,000 Texans in 2011 with an average monthly premium around $200 per person.

- The Legislature appropriated about $4 million to help fund regional "three-share programs" that make coverage more affordable for low-wage employees of small businesses by dividing the cost of coverage among employers, employees, and public funds.

In September 2009, the U.S. Department of Health and Human Services granted Texas up to $10 million a year for 5 years to support administration of Healthy Texas and premium or cost-sharing assistance for low-income individuals in Healthy Texas or three-share programs.

- SB 1771 by Senator Duncan lengthened the period of COBRA-like coverage for small business employees from 6 to 9 months. This extension helps employees bridge their health coverage between jobs and ensured that workers losing jobs from small businesses during the recession could take full advantage of federal premiums subsidies made available through the federal stimulus.

Premium Help for Low-income Enrollees in the Texas Health Insurance Pool

The Texas Health Insurance Pool provides coverage to eligible Texas residents, who due to pre-existing medical conditions, are unable to obtain insurance in the private market. The high cost of pool premiums—more than $625 per month on average—exceeds most Texans' means. House Bill 2064 by Representative Smithee (with a companion bill by Senator Averitt) established a new sliding-scale premium subsidy program to make coverage more affordable for low- and moderate-income Texans.

Limited-benefit Coverage for Kids in the Child Support System

SB 66 by Senator Nelson (passed as part of SB 865 by Senator Harris) requires non-custodial parents paying child support without other health insurance options to purchase ChildLink, a private health insurance policy currently under development, to cover their uninsured children. ChildLink will be administered by the Office of the Attorney General (OAG) as part of its Child Support Program. ChildLink is not subsidized, and unlike in children's Medicaid and CHIP, there is no guarantee that this program will have comprehensive benefits that meet children's needs or affordable premiums. Both Medicaid and CHIP will probably remain better options than ChildLink for low-income families. Program implementation by the OAG must be closely monitored to ensure that families are not forced into ChildLink when Medicaid or CHIP is available.

Adequate State Oversight of Private Health Insurance

Texans look to the Texas Department of Insurance (TDI) to foster a fair and competitive health insurance market. Unfortunately, TDI lacks tools to oversee the market in a manner that protects consumers or ensures reasonable health insurance premiums. In 2009, TDI underwent "sunset review," a periodic legislative review and re-authorization of state agencies. Despite many consumer groups' calls for agency reform, the initial bills to re-authorize the agency (SB 1007 by Senator Hegar and HB 2203 by Representative Isett) did nothing to make health insurance more accessible or affordable in Texas. Some consumer protections were added by the Senate, and many pro-consumer amendments were filed for consideration by the House, but ultimately, the bill was killed with many others as a result of a legislative stand-off at the end of session. In a special session, the legislature temporarily extended TDI's authorization until 2011, and the agency will go back through sunset review in the 2011 session.

What Happened to Long-term Care in 2009?

Long-term care for persons with a disability or chronic illness is a crucial—and cost-intensive—component of health care and human services. Neither private health insurance nor Medicare (the federal health program for seniors and individuals with disabilities) pay for most long-term care. Long-term care programs in Medicaid serve seniors, adults, and children with disabilities in both community care programs that provide care in an individual's home or in smaller group homes, and institutional setting like nursing homes and State Supported Living Centers (formerly called "state schools"). Most Texans using long-term care Medicaid services live in poverty.

In Texas, Medicaid helps pay for the long-term care of roughly seven-in-ten nursing home patients. Community care "waiver"

programs have limited budgets and caps on the number of people they can serve. As a result, people with significant disabilities must get on waiting lists—sometimes for many years—before receiving services. As of July 2009, nearly 100,000 Texans were on waiting lists for long-term community care.

A U.S. Department of Justice investigation uncovered abuse and neglect in Texas facilities serving persons with developmental disabilities, which prompted the Legislature to increase funding for services and supports for Texans with disabilities. The 2010-2011 budget will allow 10,000 Texans with developmental disabilities and other disabilities to be moved off of community care waiting lists and into services, and will increase staffing levels, training, and monitoring at State Supported Living Centers.

What Happened to Public Health, Mental Health, and Prevention Programs in 2009?

The Department of State Health Services (DSHS) provides a wide range of public health, safety, mental health, and prevention programs; protects Texans from infectious diseases; and regulates the quality and safety of everything from water to X-ray facilities.

Major investments in DSHS programs by the 2009 Legislature include increased funding for:

- Mental health services in Texas communities, including enhanced funding for crisis services, transitional and on-going services for Texans emerging from crisis, and mental health services to children;
- Health promotion and chronic disease prevention, including expanded diabetes services and obesity prevention programs;
- Family planning programs, to update reimbursement rates for community clinics, which had been significantly below cost and Medicaid rates;
- Children with Special Health Care Needs, which provides special care (not covered by insurance) needed by seriously ill and medically fragile children.

Because population and inflation rise each year, if the Legislature fails to increase program funding, the number of people served or level of service must drop. Often the programs cut are the only source of care for uninsured Texans, especially those with low and moderate incomes. DSHS substance abuse prevention programs for youth and adults, and family planning programs are projected to serve the same number of Texans in 2011 compared to 2009, falling behind population growth. Women projected to receive health services from the Maternal and Child Health Program (Title V) have declined below 2003 levels, largely because the CHIP Perinatal program now funds a substantial amount of prenatal care. Without the CHIP Perinatal program, access to prenatal care services would be severely reduced in Texas.

Conclusion

Sometimes the Legislature will take two steps forward and one step back as in 2009, and sometimes one step forward and two steps back as in 2003. But compared to the magnitude of the problem, the steps are always small. Only congressional action can bring significant reform. After Congress acts, Texas will have a real opportunity to move forward.

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The Center for Public Policy Priorities is a nonpartisan, nonprofit policy institute committed to improving public policies to better the economic and social conditions of low- and moderate-income Texans. To learn more about CPPP, visit http://www.cppp.org.

CPPP is home to the Texas Voice for Health Reform project, which aims to inform and mobilize all Texans on the national debate on health care reform. You can learn more about the project at http://www.texasvoice-forhealthreform.org.

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