



TO: Senate Conferees
 The Honorable Steve Ogden, Chair
 The Honorable Juan Hinojosa
 The Honorable Florence Shapiro
 The Honorable Royce West
 The Honorable Tommy Williams

FROM: **Texas Medical Association**
 Texas Academy of Family Physicians
 Texas Pediatric Society

SUBJECT: **Recommendations on SB 1**

DATE: **May 5, 2009**

House Conferees
The Honorable Jim Pitts, Chair
The Honorable Richard Raymond
The Honorable Ruth Jones McClendon
The Honorable John Otto
The Honorable John Zerwas

On behalf of our organizations and the more than 44,000 combined physician and medical students we represent, outlined below are our recommendations for ensuring a 2010-11 state budget that will promote a healthier Texas. Our organizations understand the tough choices you will have to make in the coming days to craft a budget that meets the health, educational, and safety needs of a diverse and burgeoning state while facing a slowing and uncertain economy.

Of primary importance to physicians is that our patients have access to effective, timely, and affordable health care — the same goals we know you share. Adoption of the recommendations below will help Texas achieve these mutual goals. They also will ensure Texas remains an economically prosperous and competitive place to do business by:

- Promoting a robust physician workforce available to meet Texans’ diverse health care needs,
- Strengthening the state’s public and mental health care delivery systems, and
- Reducing the hidden tax all Texans and businesses pay as a result of Texas’ high rates of uninsured.

As you reconcile differences between the Senate and House budgets, we respectfully urge you to make the following your high-priority items:

1) Reducing the number of uninsured Texans

- **Endow the “Healthy Texas” premium stabilization fund to support implementation of Senate Bill 6** by Sen. Robert Duncan. SB6 will create the new Healthy Texas program, which is designed to increase the availability of affordable, private health insurance for small employers. Today, only 32 percent of Texas’ small employers offer health insurance to their employees.
- **Support Rider 52 in House, Article IX special provisions, to extend 12-months’ continuous coverage for children on Medicaid.** Twenty-one percent of Texas children lack health insurance. Extending 12-months’ coverage in children’s Medicaid would make the single biggest dent in reducing this figure by covering nearly 260,000 additional children. Rider 52 allows implementation of 12-months, coverage in children’s Medicaid only if general revenue is freed up. Of course, this depends on Texas receiving additional federal stimulus funds during the biennium.

- **Provide funding to support Senate Bill 841 by Sen. Kip Averitt and House Bill 2962 by Rep. Garnet Coleman to enact a Children’s Health Insurance Program (CHIP) buy-in program for families with incomes above 200 percent of poverty.** The Legislative Budget Board (LBB) estimates that a CHIP buy-in will increase the number of insured children by nearly 80,000 children by the end of the next biennium.
- **Fund Senate Bill 187 by Sen. Bob Deuell, MD, and Rep. Eddie Lucio III to create a Medicaid buy-in program for children with disabilities.** When fully implemented, the LBB estimates coverage for about 6,000 children.
- **Restore funding for the Medically Needy program.**
- **Providing grant funding to support local “Three-Share” Programs to help businesses and individuals obtain affordable, private health insurance.**

2) **Improving the availability of physician services**

- **Support the Senate recommendation to allocate \$180 million General Revenue to increase Medicaid and CHIP physician payment rates by 3 percent over the biennium.** In 2007, the legislature enacted long-overdue rate increases in Medicaid, resulting in a small, but significant, rise in physician Medicaid participation. To maintain the positive trend, payment rates must be further improved. Physician Medicaid/CHIP fees only average about 73 percent of Medicare, despite the 2007 updates. Inflation at a rate of about 3 percent per year only serves to erode the value of the 2007 rate increases, and thus gains in physician Medicaid participation, unless rates are further improved in 2010-11.
- **Remove Rider 60 in the Senate budget.** We strongly oppose adoption of Rider 60, which directs the Texas Health and Human Service Commission (HHSC) to implement several cost-saving measures in Medicaid. We believe the savings are illusory. The savings are based on extracting savings from Texas’ most economically fragile regions of the state while penalizing the physicians and hospitals that strive to serve the patients that live there.

Specifically, Rider 60 recommends:

1. Expanding an “Exclusive Provider Organization (EPO) to rural and border regions of the state. An EPO plan is essentially an HMO by another name. The model will limit patient choice of health plans. At the same time, the EPO takes already-scarce health care dollars and redirects them from hospitals and physicians to HMO profit and overhead. This language also may violate the intent of the statutory prohibition against expanding the Medicaid HMO model to Cameron, Hidalgo, and Maverick counties.
 2. Discounting out-of-network physicians’ already-inadequate Medicaid rates by up to 10 percent.
 3. Implementing ultrasound “practice guidelines.” Although the rider does not specify who will develop the guidelines or how they will be used.
 4. Establishing market rates for community-based Medicaid health plans, although “market rate” is not defined. It is understood to mean that these plans are required to reduce the payments they make to in-network hospitals and physicians.
- **Maintain funding for current *Frew vs. Hawkins* strategic initiatives** and providing \$150 million in additional dollars to support innovative new initiatives as well as targeted rate increases. Using *Frew* dollars, the state, with input from physicians and other stakeholders, is making significant headway toward improving care for children on Medicaid as well as attracting more physicians and dentists to participate.

- **Expand graduate medical education (GME) opportunities** by supporting \$16 million in GME formula funding in Article III of the House budget.
 - **Support \$1.9 million in the House to support Texas' Statewide Primary Care Preceptorship Programs.**
- 3) **Fixing the state's eligibility system**
- **Support House recommendation to allocate \$55 million toward improving the timeliness and effectiveness of the state's eligibility system** as well as House Rider 59, Article II, authorizing HHSC to hire up to 823 additional eligibility workers if needed.
- 4) **Continue the state's commitment to improving mental health services**
- **Support the House recommendation to increase funding for community mental health services by \$36 million.**
- 5) **Implement routine newborn screening for Cystic Fibrosis**
- **Support \$2.9 million in GR to add cystic fibrosis screening to the current genetic screening panel.** Early detection and treatment of cystic fibrosis leads to improved growth and cognitive development in children, increased life expectancy, and reduced medication, hospitalization, and mortality.