



The American College of
Obstetricians and Gynecologists
WOMEN'S HEALTH CARE PHYSICIANS



TO: House Bill 1 Conferees

House

**The Honorable John Zerwas, MD, Chair
The Honorable Greg Bonnen, MD
The Honorable Sarah Davis
The Honorable Oscar Longoria
The Honorable Armando Walle**

Senate

**The Honorable Jane Nelson, Chair
The Honorable Joan Huffman
The Honorable Lois Kolkhorst
The Honorable Robert Nichols
The Honorable Larry Taylor**

FROM:

**Texas Medical Association
Texas Pediatric Society
Texas Academy of Family Physicians
American College of Obstetricians and Gynecologists-District XI (Texas)
Texas Association of Obstetricians and Gynecologists
American College of Physicians Services - Texas Chapter
Federation of Texas Psychiatry**

SUBJECT: Medicine's Recommendations on House Bill 1

DATE: April 26, 2019

On behalf of the above medical societies, the more than 52,000 physicians and medical students we collectively represent, and the millions of Texans we serve, we present medicine's recommendations to refine the budget for the 2020-21 biennium to better promote the health of all Texans.

We start by applauding both chambers' investment in Texas' public education system. A growing body of research clearly documents the strong interconnection between health and educationⁱ ⁱⁱ. Healthier children are more likely to succeed in school, a prerequisite to becoming successful adults. Likewise, educated adults tend to have lower rates of chronic health conditions and better compliance with treatment regimens, contributing to their economic productivity, prosperity, and longevity. Moreover, without well-educated students, Texas will struggle to increase its physician and health care workforce. After all, students seeking a career in medicine or an allied health profession must be prepared to take the rigorous math and science courses necessary for admission to medical school or other health professional programs.

As much as we value investing in the state's public education system, we also keenly support boosting the health and well-being of Texans. Education and health care are different sides of the same coin. One without the other will not lead to lasting prosperity for our patients and communities, or for the state.

Both House Bill 1 and Senate-CSHB 1 fund many budget priorities championed by our respective members, including initiatives to modernize the state's public health laboratory, to implement new maternal safety initiatives, and to increase capacity to serve women enrolled in either Healthy Texas Women or the Family Planning Program. Both bills also continue vital funding to maintain the 1.1 to 1 ratio of first-year residency positions for each Texas medical school graduate.

Yet, as the budget conferees begin their negotiations in earnest, we write to urge you to make the budget better – much better. At present, the respective House and Senate budget bills largely shortchange the millions of Texans, young and old, who lack access to affordable health care coverage. Uninsured Texans have poorer health outcomes and greater economic insecurity. And as Texas' own data clearly show, the lack of health care coverage among postpartum women all too frequently results in the loss of a mother's lifeⁱⁱⁱ.

Moreover, rising rates of uninsured adults and children jeopardize Texas' fragile health care safety net. High levels of uncompensated care have resulted in rural hospitals limiting the services they provide, such as maternity or trauma care, or closing their doors altogether. Fewer and fewer physicians can afford to practice in underserved communities. These trends are the canaries in the coal mine, clearly showing the perils Texas' broader health care safety net faces if the state doesn't find a way to increase coverage for low-income, working Texans and their families.

As you start the budget reconciliation process, we ask that you keep the following top of mind:

- **Texas remains the uninsured capital of the nation.** Despite a thriving economy, the number of Texans who lack coverage is increasing, up from 16% in 2016 to 19% today.
- **One in five uninsured children in the country lives in Texas.** Red tape and bureaucracy result in eligible children losing Medicaid coverage.
- Too many mothers die from preventable conditions or suffer post pregnancy complications that may interfere with a new mother's ability to care for her baby. **Lack of access to comprehensive postpartum care is the single largest contributing factor to Texas' rate of maternal death and severe illness^{iv}.**
- **Texas Medicaid's physician fee-for-service payment rates – which are what most Medicaid managed care organizations pay physicians – have not received a meaningful, enduring increase in more than two decades.**

Healthy Texans underpin Texas' economic health. To ensure Texas can sustain its economic momentum, it must invest in its greatest asset – its people. **As you reconcile differences between the Senate and House budgets, we respectfully call upon you to adopt a bold, patient-centered legislative agenda that will:**

- Increase access to care for four million Texans who benefit from Medicaid as well as low-income children and postpartum women;
- Fortify Texas' critical public health infrastructure and disease surveillance and detection systems;
- Promote innovative strategies that integrate behavioral and physical health care as well as improve early intervention and treatment for patients with substance use disorders;
- Build a robust physician workforce to meet the needs of Texas' diverse, growing population; and
- Foster the healthy development of our youngest Texans by supporting Early Childhood Intervention (ECI) services.

Organized Medicine's 2020-21 Budget Priorities

➤ **Strengthen, don't weaken, physicians' ability to provide cost-effective care in the Medicaid program.**

- Revitalize the Medicaid and CHIP physician network by investing \$500 million (GR) towards Medicaid physician payment increases. Our organizations acknowledge that this is a significant request. At the same time, physicians – who are key partners in the state's efforts to constrain Medicaid costs – are at a breaking point. Medicaid payments are the least competitive among all insurers, ranging from 40% to 87% of Medicare and 41% to 73% of commercial insurance payments. As noted above, most Medicaid physician payments have not received a meaningful, enduring increase in more than 20 years. Yet, according to the Medicare Physician Payment Advisory Committee, physician practice costs increase an average of 3% annually.

In lieu of across-the-board rate increases, **we advocate adoption of the House rider (Art XI, Medicaid and CHIP Physician Payment Increase) instructing the Texas Health and Human Services Commission (HHSC) to convene a Medicaid/CHIP Physician-Payment Advisory Committee (PPAC) to advise the agency on how best to distribute the funds.** Specifically, funds should be directed in such a way as to:

- ✓ Reward innovative, value-based health care delivery models;
- ✓ Maximize the state's efforts to improve Medicaid patient health outcomes;
- ✓ Constrain cost growth and address key health care challenges, including initiatives to improve maternal and child health;
- ✓ Increase the availability of mental health and substance use disorder treatment; and
- ✓ Strengthen rural, border, and underserved physician networks.

➤ **Increase health care coverage and access to care for Texans of all ages.**

- Boost funding for Healthy Texas Women and the Family Planning Program to \$366.93 million (House) to ensure all eligible women can obtain necessary preventive health services. Provide 12-months comprehensive coverage to postpartum women who lose pregnancy-related Medicaid.
- Ensure children on Medicaid receive 12-months continuous coverage, the same benefit given to children enrolled in CHIP.
- Support funding to stabilize rural hospitals.
- Establish a reasonable cost-containment goal for Health and Human Services. Physicians support judicious use of taxpayer dollars. **But after nearly a decade of Medicaid cost-containment riders, we do not believe it is possible to wring another \$350 million General Revenue (GR) – \$900 million all funds – from the program without undermining patient care.** According to the Texas Comptroller and HHSC, caseload growth, not per-person expenditures, are driving Medicaid costs. In lieu of setting a hard target, we urge conferees to adopt cost-containment goals predicated on initiatives that can simultaneously improve patient health outcomes while lowering per-patient costs. **We respectfully ask that conferees reject Rider 19 in S-CSHB1.**

➤ **Enhance Texas' ability to detect and prevent disease and to improve population health.**

While the House and Senate budgets provide similar funding amounts for the Department of State Health Services (DSHS), we respectfully ask that you continue to prioritize these critical funding issues:

- Improve Texas' vital records and state public health data. Physicians depend on public health data to identify actionable trends with chronic diseases, behavioral health issues, injuries, and environmental risks. Without accurate and timely data, we are incapable of navigating a path towards realizing better health and wellness.
- Strengthen DSHS's public health laboratory by allocating sufficient funds to renovate the facility, retain skilled laboratory staff, and close the lab's funding shortfall. Texas' public health laboratory is critically important to the state's ability to respond swiftly and accurately to outbreaks of highly contagious diseases, like measles, detect environmental and foodborne pathogens, and provide timely, critical newborn genetic screening, which physicians need quickly to identify, treat, and manage genetic disorders that otherwise could result in a child's intellectual and physical disabilities.
- Invest \$7.7 million to fully fund newborn screening related to X-linked Adrenoleukodystrophy.
- Prevent spread of tuberculosis by bolstering DSHS surveillance, investigation, and response efforts; and by funding staffing and testing capabilities at both the state and local levels.
- Support Rider 30 (House) directing DSHS to study the economic costs to the agency and local public health departments when they must respond to vaccine-preventable disease outbreaks.

In Article III:

- Support Rider 80 (House) requiring the Texas Education Agency to evaluate processes related to the enrollment of students with a delinquent or provisional immunization status. Lack of access to vaccines may be a barrier causing parents to be late in getting their children up to date^v. The rider requires DSHS to identify best practices and challenges related to the enrollment of students with delinquent or provisional immunization status with the goal of increasing immunization rates, improving student health, and reducing absenteeism.

➤ **Boost Texas' public mental health system to promote early detection and treatment of mental illness and substance abuse disorders.**

- Support \$100 million (Senate) to establish the Texas Mental Health Consortium and Child Psychiatry Access Program as envisioned by SB 10.
- Invest \$300 million to continue the state's progress towards modernizing its state hospital system and to expand psychiatric bed capacity (funding contained within SB 500).
- Support \$59 million (Senate) to enhance community mental health treatment capacity.
- Allocate \$37 million (House) to support school-based mental health services.
- Implement \$50 million (House) to sustain initiatives that reduce recidivism, arrest, and incarceration of people with mental illness.
- Provide \$50 million (House) to fund HHSC Exceptional Item Request to provide substance abuse treatment.

We applaud both chambers' steadfast work to improve early detection, intervention, and treatment of mental illness and substance abuse disorders. About one in four adults is affected by mental illness each year, and almost half are affected by mental illness during their lifetime. Texas' population is growing rapidly, which increases the demand for mental health and substance abuse services. Investing in mental health services ultimately pays for itself through reduced incarceration and emergency department costs.

Substance abuse is a significant contributor to maternal mortality, and the nationwide opioid epidemic fuels the crisis. As such, we also thank lawmakers for their continued investment in programs to identify and treat substance use disorders among pregnant women and women with dependent children.

➤ **Sustain investments in women’s preventive health care programs.**

- Support House allocation of \$366.93 million towards the state’s three women’s health programs – Healthy Texas Women (HTW), the Family Planning Program (FPP), and the Breast and Cervical Cancer Program.
- Provide \$7 million (GR) to fully fund the DSHS exceptional item to combat maternal mortality and morbidity.
- Support Rider 141 (House) to evaluate opportunities to improve the transition of postpartum women from Medicaid or Children’s Health Insurance Program (CHIP)-Perinatal program to HTW or FPP.
- Support Rider 143 (House) and Rider 144 (House), both of which seek to increase utilization of Long-Acting Reversible Contraceptives (LARCs). LARCs, the most effective form of contraception, can help women to better plan and space their pregnancies, a key factor in decreasing maternal mortality and morbidity rates. Rider 143 directs HHSC to collaborate with the State Board of Pharmacy to determine the feasibility of allowing physicians/providers to transfer unused LARCs to different eligible patients rather than undergo the hassle of returning them. Rider 144 directs HHSC to test LARC bulk purchasing among rural and underserved community physician practices (among others) to make the devices not only more affordable to stock, but also to increase same day access for women who choose them, a best practice for women’s health care.

We commend the legislature’s enduring commitment to strengthening our women’s preventive health programs. These three programs enable thousands of women to obtain important preventive health and wellness services. HTW and FPP provide not only traditional well-woman services, including annual exams and contraceptive services, but also screenings for breast and cervical cancers, diabetes, hypertension, and postpartum depression. All three programs experienced high need and growth during the interim, necessitating additional dollars to ensure Texas can meet the needs of all eligible women.

Funding the DSHS exceptional item will facilitate the statewide adoption of the TexasAIM program, a series of evidence-based inpatient maternal safety initiatives, establish a pilot to provide care coordination for high-risk pregnant women, and increase public awareness and prevention of factors contributing to poor maternal health outcomes. The state, along with physicians and public and private hospitals, have taken impressive steps in a short period of time to improve maternal health and safety. It is imperative that we maintain this momentum.

➤ **Invest in Texas’ physician workforce to improve availability of physician services.**

- Preserve funding to ensure the 1.1 to 1 ratio of first-year residency positions for each Texas medical school graduate.
- Maintain the full \$3 million for the Primary Care Preceptorship Program.
- Support \$1 million to fund rural physician training as envisioned by HB 1065.
- Allocate \$4.9 million (House) to increase the Physician Education Loan Repayment Program as envisioned by HB 2261.
- Provide \$2 million to partially restore funding to the Family Medicine Residency Program.

We applaud lawmakers’ continuing support for increasing Texas’ graduate medical education (GME) positions. But the need continues to grow along with our population. Without sufficient GME positions, more Texas medical school graduates will be forced to leave the state for training. Texas thus loses its investment in those future physicians, undercutting our ability to care for a burgeoning population. If we do not grow GME, we are guaranteeing that more Texas graduates will leave the state for training elsewhere.

Given the strong relationship between where physicians train and where they enter practice, we can expect that most who leave will be lost to the state at a time when Texas needs more doctors of all specialties.

Texas' Physician Education Loan Repayment Program is one of our most important tools to correct the geographic maldistribution of physicians in the state. Today, rural Texas has too few physicians to support the needs of rural Texans, many of whom are older and sicker and struggle to travel to urban areas for care. Rural Texas has an average of 84 physicians per 100,000 people, compared to 190 for urban areas. Restoring funding for this program will have a direct impact on the health of Texans in underserved areas.

Furthermore, family physicians provide primary care services to all ages and are needed in all areas of the state. They play an even greater role in meeting the medical needs of rural Texas; family physicians are the backbone of rural medicine. The Family Medicine Residency Program helps offset the disadvantage these programs face in obtaining Medicare GME funding.

➤ **Invest in Early Childhood Intervention (ECI)**

- Support House recommendation to provide \$72.6 million GR to fully fund HHSC's ECI exceptional item.

ECI is a statewide program for families with children, birth to three, with disabilities and developmental delays. For more than 30 years, ECI has provided developmental services to help children in more than 800,000 families reach their potential. Family-centered, coordinated services that support parent-child relationships are the core of intervention. By intervening early, when a baby's cognitive and physical health are still forming, we can bend the cost curve for other interventions such as school age special education services, and improve a child's functional trajectory for life. The state has not fully funded ECI since 2011. Since then, 18 nonprofit ECI contractors have dropped out of the program, resulting in thousands of babies and toddlers missing out on critical supports when they are most effective. Families already contribute to their child's ECI costs.

➤ **Promote Prevention and Early Intervention (PEI) Initiatives at the Department of Family and Protective Services.**

- Support DFPS' request for \$30.8 million (GR) to expand PEI programs – voluntary, community-based prevention programs to help families at risk develop parenting and life skills aimed at reducing abuse and neglect.

PEI can reduce CPS-related costs by helping to avoid the need for CPS interventions in the first place.

Thank you very much for your consideration of our recommendations. We are available at any time to answer your questions.

ⁱ Understanding the Relationship between Education and Health: A Review of the Evidence and an Examination of Community Perspectives. Content last reviewed September 2015. Agency for Healthcare Research and Quality, Rockville, MD. <http://www.ahrq.gov/professionals/education/curriculum-tools/population-health/zimmerman>.

ⁱⁱ [The Effects of Education on Health](#), The National Bureau of Economic Research

ⁱⁱⁱ [Maternal Mortality and Morbidity Task Force and DSHS Biennial Report September 2018](#)

^{iv} *ibid*

^v Annual Report of Immunization Status of Students, Texas Education Agency 2017-18 Report