



TO: **House Conferees**
The Honorable John Otto, Chair
The Honorable Trent Ashby
The Honorable Sarah Davis
The Honorable Larry Gonzales
The Honorable Sylvester Turner

Senate Conferees
The Honorable Jane Nelson, Chair
The Honorable Juan Hinojosa
The Honorable Joan Huffman
The Honorable Lois Kolkhorst
The Honorable Charles Schwertner, MD

FROM: **Texas Medical Association**
Texas Pediatric Society
Texas Academy of Family Physicians
Texas Chapter of the American College of Physicians Services
American Congress of Obstetricians and Gynecologists, Texas Chapter
Texas Association of Obstetricians and Gynecologists
Federation of Texas Psychiatry

SUBJECT: **Medicine’s Recommendations on House Bill 1**

DATE: **April 28, 2015**

On behalf of our organizations and the more than 48,000 physician and medical students we represent, outlined below are medicine’s recommendations for crafting a 2016-17 state budget that will promote a healthier Texas. Our organizations understand that in the coming weeks you will be faced with myriad and often competing requests to approve one budget item over another. Tough choices will be required to fashion a budget that meets the health, educational, and safety needs of our diverse and burgeoning state.

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

- Ensuring low-income Texans have timely, reliable access to primary care physicians within their communities;
- Promoting a robust physician workforce to meet Texas’ diverse and growing population;
- Strengthening the state’s public health system to ensure early detection of potential disease outbreaks and to better manage costly chronic diseases, such as asthma and diabetes;

- Fostering early intervention and treatment of mental illness; and
- Providing preventive health and wellness services to low-income women.

As you reconcile differences between the Senate and House budgets, we respectfully urge you to set the following as highest priorities.

1) **Improve Medicaid patients’ access to care by increasing Medicaid primary care physician payments to Medicare parity.**

- **Support the House proposal to allocate \$460 million General Revenue (GR) to restore primary care physicians’ Medicaid payments to Medicare parity.**

Medicaid serves 4 million Texans, the vast majority of whom are children. Medicaid patients are people we all know or encounter every day, including hard working, low-income parents, people with disabilities, and seniors. **But a Medicaid card does not access make. Inadequate physician payment rates have forced many physician practices to limit their Medicaid and CHIP participation or cease it altogether. The good news is that primary care physician participation increased 5 percentage points between 2012 to 2014, a jump attributable to the temporary, two-year primary care physician rate increase paid for with federal funds. plainly, increasing Medicaid payments has a measurable, positive impact on physician participation.** Unfortunately, the federal funding expired Dec. 31, 2014. Without the higher payments, our organizations fear that physician Medicaid participation will again enter free fall. Physicians support Medicaid and want to participate. Yet, as owners of small businesses, facing ever more costly and demanding federal and state regulatory burdens, many just cannot afford to stay in a program that pays less than half their costs. **We agree that Medicaid needs a facelift. We want to work with you to continue to identify common sense changes that will benefit patients and the physician and provider network while also improving patient outcomes and lowering costs.** But we are calling upon you to establish competitive Medicaid payments now to ensure our most vulnerable Texans have access to services they need to stay healthy and productive.

2) **Invest in Texas’ physician workforce to improve availability of physician services**

- **Support the Senate funding package to improve Graduate Medical Education:**
 - \$62.9 million additional funds towards Graduate Medical Education;**
 - \$75,000 per resident funding for 125 new GME positions per year;**
 - 22-percent increase in GME formula funding;**
 - \$42 million in additional funding for medical student education; and**
 - \$3 million to restore the statewide Primary Care Preceptorship program.**

Texas continues to have a serious physician shortage across most physician specialties, with some of the most severe shortages among pediatric and adult psychiatrists. Having too few physicians hampers Texans’ ability to access needed care.

In 2013, the legislature provided funding to increase Graduate Medical Education (GME) capacity. These GME expansion grants were a big step towards growing the state’s physician workforce. But more must be done. It costs Texas more than \$167,000 to educate each medical student – a considerable investment, particularly when you consider that more than half of these students leave Texas to train in other states because their own state has too few GME positions. **With a burgeoning population, and growing incidence of chronic diseases,**

Texas' needs a 21st century workforce to keep pace with 21st century health care demands. Our organizations urge you to build on the momentum created in 2013 by funding the Senate's GME package, which will help Texas achieve its goal of a ratio of 1.1 entry training positions per medical school graduate.

3) **Enhance Texas' ability to detect and prevent disease by strengthening Texas' public health defense system.**

- **Support the House recommendation to allocate \$20 million to improve disease surveillance, training, and preparedness;**
- **Support the House proposal to maintain tobacco cessation dollars at \$14.2 million annually, the funding level currently allocated for state fiscal year 2015; and**
- **Adopt the \$26 million in both the Senate and House Article XI to help communities reduce the burden of chronic disease and reduce tobacco usage among adolescents.**

The arrival of Ebola in Texas served as a wake-up call to state and community leaders regarding the importance of public health preparedness and rapid response system. Thanks to the quick actions of the Department of State Health Services, the Dallas-public health system, and community physicians, Texas contained the outbreak. But the scare provided insight as to where and how the state can improve. **A vigilant public health system will be necessary to detect and prevent the next infectious disease outbreak, which is one plane trip away from Texas' borders. Disease surveillance occurs thanks to the strong leadership and cooperation between medicine and public health.** This, along with clinical and community-based interventions, has reduced annual communicable disease deaths in Texas from the thousands to zero or few.

But infectious disease surveillance is just one aspect of a strong public health system. Texas also must improve its efforts to reduce the burden of chronic disease, as well as costly, but preventable hospitalizations. The Department of State Health Services requested \$26 million to help local communities better manage chronic diseases. According to the agency, "five of the six leading causes of death in Texas are related to chronic diseases, including heart disease and cancer. Risk of chronic disease is increased by factors such as poor nutrition, inactivity, and smoking. One in five Texans smoke, and one in three are obese. An estimated 7.1 million Texans are pre-diabetic".

The House funding will continue the state's important tobacco prevention and cessation efforts. This year alone, another 24,200 Texas kids under 18 will become new daily smokers, and an estimated 28,000 Texans will die from tobacco-related illnesses. **The Tobacco Prevention and Cessation Program is the only state program that addresses tobacco use among Texas youth,** with targeted campaigns for teens and services such as Quitline. Research shows Quitline helps 15-25 year olds better than it does any other age group. In addition to maintaining current funding levels for tobacco cessation, the House Article XI would increase tobacco control funding another \$11.25 million

The double whammy of an aging population and high birth rates in many counties will strain resources in Texas communities where basic public health concerns (e.g., monitoring and containing infectious diseases and improving maternal and child health) are yet to be addressed fully. **Reducing the burden of chronic disease while also promoting healthier lifestyles not only reduces health care costs but also increases school and work productivity.**

4) **Expand wellness and preventive care for low-income women**

- **Support the Senate’s \$260 million women’s health funding package, which includes \$50 million for the new integrated Texas Women’s Health Services.**

We appreciate the strong commitment of the House and Senate to improve women’s wellness services and access to primary care. Together, the state’s three women’s health programs – the Texas Women’s Health Program, Expanded Primary Health Care program, and family planning program, enable thousands of women to obtain important preventive health and wellness services, including screenings for certain cancers, high blood pressure, and diabetes as well as contraception and primary care services. The intent of these programs is to improve lives and lower costs by increasing prevention and early detection of breast and cervical cancers, reducing rates of premature births, and reducing the number of unintended Medicaid births.

Increasing the number of women who enroll in these programs, as well as increasing the number of physicians and clinics who care for them, will be essential to Texas’ efforts to improving maternal health and birth outcomes. For example, enrolling women immediately following birth of a child will improve access to contraception, which promotes better spacing between pregnancies. Women who have had a Medicaid delivery are at particularly high risk for subsequent pregnancy, often so soon that risks of prematurity and low birth weight are elevated. Babies born too soon or too small often have significant health problems, such as respiratory or developmental delays, contributing to higher medical costs at birth and as the child ages. Unplanned Medicaid births cost the state more than \$1.2 billion.

Today, the state serves only about one-third of the low-income women who need preventive and wellness care. And a troubling new report from the Health and Human Services Commission indicates there is much more work to be done – nearly 10 percent fewer women enrolled in the Texas Women’s Health Program in state fiscal years 2011 to 2013, while the number of services women utilized plummeted 26 percent.

5) **Boost Texas’ public mental health system to promote early detection and treatment of mental illness and substance abuse disorders.**

- **Support Senate allocation of \$12.8 million for mental health crisis services;**
- **Support Senate recommendation to use \$1.25 million in mental health crisis funding to prevent suicide among adults and seniors;**
- **Support funding in the House and Senate budgets to pilot mental health peer support services for inmates re-entering the community; and**
- **Fully fund DSHS’ \$45 million exceptional item to increase efforts to prevent substance abuse (Senate included \$12 million in Article II, the House included \$27.8 million in Article XI)**

We applaud both chambers’ commitment to improving early detection, intervention, and treatment of mental illness and substance abuse. Both budget maintain higher mental health funding allocated in 2013 while also investing in new programs, such as mental health peer support for inmates re-entering the community.

Texas’ population is rapidly growing, which only increases the demand for mental health and substance abuse services from a health system struggling to keep pace. More than 4.3 million

Texans, including 1.2 million children, live with some form of mental health disorder. Of these, 1.5 million cannot function at work, school, or in the community due to their illness. Mental illness and substance abuse hurt the Texas economy through lost earning potential, the cost of treating coexisting conditions, disability payments, homelessness, and incarceration. Investing in mental health services ultimately pays for itself through reduced incarceration and emergency department costs. In 2009, 23 percent of the adult offenders in Texas state prisons, on parole, or on probation were current or former clients of the Texas public mental health system. A Texan with a serious mental illness is eight times more likely to be in a jail than in a hospital or treatment program, at a cost of \$50,000 a year. A person in jail without a mental illness costs the state about \$22,000 annually.

Funding the DSHS substance abuse exceptional item will provide resources to increase awareness among young people about mental illness and substance abuse as well as provide interventions to reduce incidence and severity of newborn abstinence syndrome (NAS), which is on the rise as a result of prescription opioid misuse among pregnant women. DSHS reports that NAS increased by almost 300 percent in the United State between the years 2000 and 2009. Approximately 55-94 percent of exposed newborns will experience NAS.

Thank you very much for your consideration of our recommendations. We are available at any time to answer your questions and work with you to craft a cost-effective budget that addresses Texas significant health care needs.