

TEXAS LEGISLATIVE STUDY GROUP

An Official Caucus of the Texas House of Representatives

LSG Policy Report: Texas Still Ranks Last in Healthcare Access Partisan Political Agendas Threaten Public Health and our Economy

June 28, 2022

LSG Colleagues and Supporters,

Texans are proud that our great state leads the country in many ways. Unfortunately, when it comes to healthcare access, considered a right in much of the developed world, Texas has nothing to brag about. <u>Texas has the most uninsured residents and the highest percentage of uninsured residents in the country</u>. And now with the U.S. Supreme Court's <u>opinion overturning Roe v. Wade</u>, despite 50 years of precedent, abortion will be effectively outlawed in Texas. Taking away the right to an abortion upends decades of progress, puts lives at risk, and will <u>disproportionately impact low income people of color</u>. For too many Texans, health care is a privilege available only to those who have the ability to pay for the care they need.

On July 30, 1965, our fellow Texan, President Lyndon B. Johnson, signed the Medicare and Medicaid Act. LBJ knew that a healthy America, with access to healthcare, is a stronger and more productive America, and that is still true today. Unfortunately, Texans are being denied healthcare coverage because statewide elected officials' partisan ambitions are blocking the path to a stronger, healthier Texas.

A <u>solid majority</u> of Texans want to expand and improve access to high quality healthcare. We have been working and will keep working to expand health care access to every Texan, in every community across our great state. We believe politics has a purpose: to enact policy that improves the lives of our fellow Texans.

Thank you,

/ C. Walle

Rep. Armando L. Walle Chair, Texas Legislative Study Group

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Uninsured Texans: The Facts

In 2019, the Census Bureau reported that <u>18.4% of Texans were uninsured</u> – more than five million individuals and twice the national average of 9.2%. Texas is the worst state in the country for healthcare coverage. The graph below shows the percentage of individuals without health insurance coverage by state in 2019.



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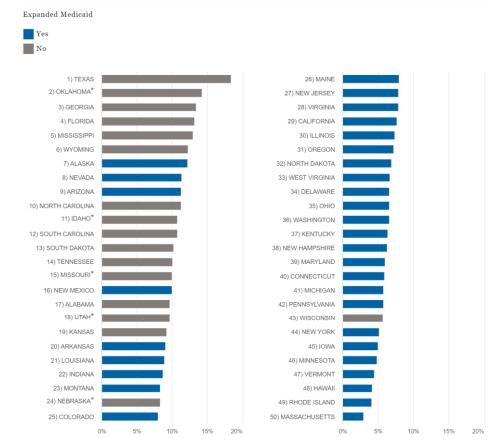


EXHIBIT 3: SHARE OF INDIVIDUALS WITHOUT HEALTH INSURANCE COVERAGE BY STATE, 2019

- 24.8% of Texas adults (age 19-64) are uninsured and are much more likely to be uninsured than children, whose uninsured rate is just 11.2%. This is due in large part to the lack of Medicaid coverage for adults.
- In 2019, Medicaid covered slightly more than 4 million Texans, and almost 3 million of them were children.
- <u>Texas has the lowest state income limit for parents to get Medicaid</u> so most children on Medicaid have parents who do not qualify themselves.
- When Children's Health Insurance Program (CHIP) coverage of roughly 360,000 children is included, children make up 3.2 million of 4.3 million Texans on Medicaid and CHIP health coverage.
- Texas children of every race and ethnicity are much more likely to be uninsured than most U.S. children, and that is particularly true for Hispanic children, who face a greater risk of experiencing harmful medical outcomes based on <u>2018</u> <u>uninsured rates by race and ethnicity</u>.
 - White, non-Hispanic: 14.8%

^{*} States that have opted to expand their Medicaid programs since 2019. Note: Data are for the civilian, noninstitutionalized population. Source: U.S. Census Bureau

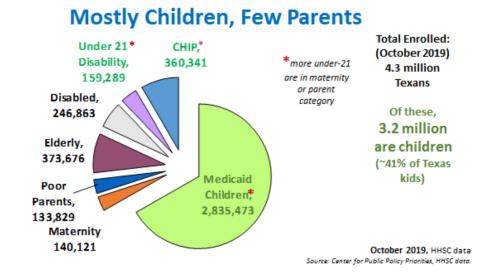


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- Black, non-Hispanic: 22.7%
- Asian, non-Hispanic: 13.6%
- Hispanic: 38%
- In the 87th regular session HB290 by Rep. Cortez passed as an amendment to <u>HB2658</u>. This bill aims to address the issue of uninsured children by reducing the number of Periodic Income Checks (PICs) for Children's Medicaid and will allow eligible children to stay enrolled and avoid unnecessary termination and lapses of care.
- A recent analysis by Mental Health America found that <u>Texas is the worst</u> of all 50 states and the District of Columbia in access to mental health care. <u>It is estimated</u> <u>that 400,000</u> Texans in the Medicaid gap have mental health diagnoses or substance use disorders.

Texans with Medicaid and CHIP Health Coverage:



Ending the Public Health Emergency (PHE) Requirements Could Deny Access to Eligible Texans

At the start of the pandemic, when family income earners lost their jobs and access to health care, the federal government relaxed Medicaid eligibility rules to keep states from removing people from the Medicaid rolls as they endured financial instability caused by COVID-19.

While under the PHE, <u>the number of Texans on Medicaid has grown by 20% to 5.1 million</u>, most of whom are children. When the PHE ends, likely by the end of the year, as many as 1.3 million Texans could start losing health coverage. Health care professionals and advocates are concerned that Texas' understaffed safety net system will be unable to notify everyone who will lose health coverage.

That concern is amplified by the state's decision to review eligibility status and applications in <u>six months</u> instead of the recommended one year transition. Texas is only one of a handful of states that intends to do this. Mistakes and errors resulting in eligible



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people losing health coverage prematurely means the state's most vulnerable residents, children, older and disabled adults and those who are pregnant, will pay the price.

1115 Waiver

The 1115 waiver was originally utilized by the Obama administration to help states like Texas that did not expand Medicaid under the Affordable Care Act transition to a fully expanded Medicaid population. However, Attorney General Paxton and Governor Greg Abbott have prevented Texas from expanding Medicaid. The failure to expand Medicaid in Texas has led to billions in uncompensated care being provided by hospitals and clinics in Texas. In fact, the cost of the uncompensated care pool in Texas has risen and is projected to reach \$3.87 billion for FY 2022. The 1115 waiver, though vital to Texas' current healthcare system, is not enough and is barely keeping our public health system afloat. While the state's population grows quickly, state leaders continue to neglect making the investments and forward-thinking policy changes needed for substantial improvements in healthcare access.

The Centers for Medicare & Medicaid Services (CMS) announced their decision to withdraw their April 16, 2021 letter rescinding the previously approved ten-year 1115 Medicaid waiver extension. This ten-year extension is the longest extension the state has ever received. *The waiver will provide funds to cover uncompensated care for hospitals and community health centers, but these funds will not be used to increase access to care or provide insurance for the uninsured.*

Moving Forward: Poll Finds Supermajority Supports Medicaid Expansion

A new statewide <u>Episcopal Health Foundation survey</u> found that nearly 7 in 10 Texans (69%) say the state should expand Medicaid to provide health insurance to more lowincome Texans who are uninsured. The poll indicates support has grown from just a year earlier when Episcopal Health Foundation's 2019 poll showed 64% of Texans supported Medicaid expansion. Researchers found large support for expansion despite the fact that the survey shows that less than half (43%) knew that Texas was one of only 12 states not to expand Medicaid under the Affordable Care Act.

Moving Forward: A Texas House Majority Recently Supported Medicaid Expansion

During the 87th regular session, a bipartisan majority of House members signed on to a unique Texas version of Medicaid expansion <u>HB3871 by Rep. Julie Johnson</u>. Nine Republican members provided support for the bill that was secured by providing incentives to encourage adults to work and manage their health care responsibly. Unfortunately, House and Senate committee chairs refused to even give the bill a hearing, as partisan politics doomed an opportunity to enact a bill supported by a majority of Texans.

Moving Forward: Medicaid Expansion Good for Texas Business and State Revenue

Currently, Medicaid funding in Texas is a combination of state, local, and federal revenue. The federal government's share of Medicaid expenditures is called the federal medical



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assistance percentage (FMAP). In 2022, for every \$100 spent on providing health coverage, the federal government provides <u>\$60.80 (not including the 6.2 percentage point increase tied to the PHE)</u>. Medicaid expansion would increase the federal contribution to \$90 of every \$100 spent for newly covered adults, as well as increasing coverage to Texans who <u>currently are ineligible for Medicaid coverage</u>.

Texas' partisan statewide leadership's refusal to expand Medicaid had devastating affects throughout the pandemic. Texas has ranked <u>48 out of 51 in COVID response</u>. With <u>71</u> <u>Texas counties without a hospital</u> and 24 hospital closures since 2005, it is no surprise that our hospitals were pushed to their breaking point. Texas ranked last in ICU stress with 566 days at or above 80% ICU capacity. A <u>comprehensive study</u> released just weeks ago by the Perryman Group, makes a powerful case that Medicaid expansion would be good for Texas businesses, the Texas economy, Texas state revenue outlook, as well as public health.

Benefits per \$1 of State Spending to Expand Medicaid Coverage*

Expenditures	\$69.11
Gross Product	\$34.49
Personal Income	\$22.69
Retail Sales	\$7.73
Dynamic State Revenue	\$1.78
Dynamic Local Revenue	\$1.53
Reduction in Taxes Required to Pay for Uncompensated Care	(\$2.15)
Reduction in Private Insurance Premiums	(\$0.53)
Income for Uninsured Persons	\$2.46

Source: The Perryman Group

Cumulative Net Benefits to Texas of Expanding Health Insurance Coverage: First Ten Years



Note: Values expressed in billions of 2019 dollars to remove the effects of inflation. A job-year is the equivalent of one person working for one year.

Source: US Multi-Regional Impact Assessment System, The Perryman Group

<u>Another study</u>, by the Texas Alliance for Health Care, which includes the Texas Association of Business (TAB) and health care providers, found the following: *"If Texas does not address the issue of uninsurance in a proactive way, it is estimated that by 2040, over*



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6.1 million Texans will be uninsured. By then, Texas could see the loss of \$178.5 billion dollars due to both lost earnings and the value of poor health attributable to the lack of insurance."

In terms of business...

"Without access to preventative health care, our workforce is compromised by absenteeism that limits Texas employers' access to a reliable and consistent workforce. Texas employers should not struggle to find the skilled workers they need, nor lose employees falling out of the workforce altogether due to unmanaged illness," - Jeff Mosley, Chief Executive Officer, TAB

Access to Abortion

On June 24th, the U.S. Supreme Court issued an opinion overturning Roe v. Wade. Due to the passage of HB1280 during the 87th regular session, abortion will become illegal in Texas, with the only exception being to end a pregnancy that would kill or severely injure the pregnant person. HB1280 will take effect 30 days after the judgement is issued, which could take about a month to be published. After some abortion providers temporarily paused abortion care, they are now resuming after a temporary restraining order was issued blocking the pre- Roe ban. Outlawing a person's right to choose and forcing people to be pregnant is unconscionable, especially given Texas' lack of access to contraceptives and inadequate resources to assist parents with raising a child.

In a state that provides minimal resources to those who are pregnant, their families, and children after they are born, these extreme measures come with extreme consequences that will affect all Texans. Texas has a large need for affordable family planning services and our current system is inadequate. <u>About 2 million Texans</u> need publicly funded family planning, but only 291,000 Texans received these services through state family programs in 2019. Texas is already above the national average in teenage birth rates and <u>consistently</u> <u>ranks in the top 10</u>. This can be partially attributed to the optional and sub-par sex education Texas students receive as well as the lack of access to contraceptives. Absent significant additional state resources and policy changes, Texans will pay a steep price for such callous neglect.

Maternal Mortality

The United States has the highest rate of maternal mortality that is <u>double the rate of</u> any other developed nation. The <u>Texas Medical Association</u> (TMA) is pointing to a <u>new study</u> that found Texas is the worst in access to prenatal and maternal health care. Dr. Rakhi Dimino, chair of the TMA Committee on Reproductive, Women's and Perinatal Health, said one of the main reasons for the ranking is "the difficulties women face in getting health care coverage both before and after their hospital stay to give birth."

The study concluded that "in addition to having the lowest percentage of women 18 to 44 with health care coverage and the lowest percentage of women with a primary care provider, Texas also has a high teen birth rate (22.4 births per 1,000 women ages 15 to 19) and a high infant mortality rate (5.5 per 1,000 live births). Finally, the state has the fifth-highest cesarean - C-section - delivery rate in the country."



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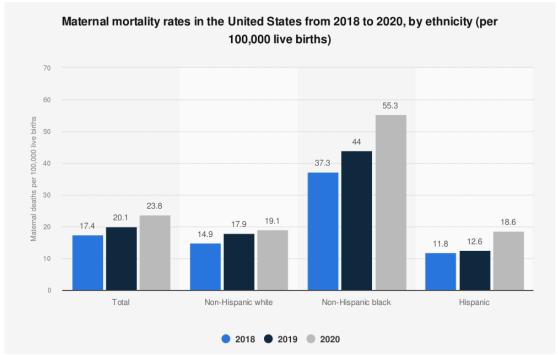
Deaths per 100,000 live births

Maternal Mortality Ratios in Selected Countries, 2018 or Latest Year

Notes: The maternal mortality ratio is defined by the World Health Organization as the death of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration and site of the pregnancy, from any cause related to or aggravated by the pregnancy or its management but not from accidental or incidental causes.

Data: OECD Health Data 2020, showing data for 2018 except 2017 for Switzerland and the UK; 2016 for New Zealand; 2012 for France.

In 2020, non-Hispanic Black people who give birth had the highest rates of maternal mortality in the United States at <u>55 deaths per 100,000 live births</u>. The total maternal mortality rate in the U.S. increased from 17.4% in 2018 to 23.8% in 2020. This data shows an alarming increase in the maternal mortality rates – by ethnicity and Hispanic origin - in the United States from 2018 to 2020.



During the 87th regular session, the Texas House passed <u>HB133 by Representative Toni</u> <u>Rose</u>. Originally, HB133 provided Texans who give birth with Medicaid coverage for 12



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months postpartum, as recommended by the <u>Texas Maternal Mortality & Morbidity</u> <u>Review Committee</u>, medical experts, and healthcare advocacy organizations. Currently, <u>there are eleven states</u> that have extended Medicaid coverage to 12 months postpartum. However, the Texas Senate only agreed to have a vote on HB133 with a reduction to six months of postpartum coverage.

HB133 has not yet been put into effect because Texas is waiting for approval on waiver amendments to finance the additional four months of coverage and transfer casemanagement services to the managed care model. The additional four months of coverage is expected to apply starting in November of 2022. Without immediate action from our state lawmakers, on a bill already passed, Texans who give birth will be left without the additional 4 months of coverage when the PHE declaration ends, putting low-income Texans at risk. This would be devastating as one-third of these deaths in Texas occur between <u>43 days and one year after pregnancy</u>.

Action Items

- Introduce and enact legislation to expand Medicaid eligibility to cover more lowincome Texans (for adults up to 64 with incomes up to 138% of federal poverty).
- Hold community events with healthcare advocates to inform Texans about the end of PHE-based Medicaid coverage and to assist them in enrolling.
- Call for a 12 month PHE transition period instead of 6 months to ensure all those who will no longer receive coverage are aware and have ample time to reapply.
- Introduce and enact legislation that will overturn the <u>affiliate ban</u> to allow all willing and eligible Medicaid providers to provide care.
- Fully fund our women's health programs to ensure every person has access to healthcare services before, during and after pregnancy.
- Introduce and enact legislation that will increase access to all FDA approved contraceptives.
- Use existing state funds to keep those who give birth on Medicaid for 6 months after the PHE ends until HB133 is fully implemented.
- Introduce and enact legislation that will increase the coverage found in HB133 from 6 months to 12 months.