



## **Texas Medicaid 1115 Waiver Resubmission: Important Issues for the Safety Net June 2021**

- 1. Budget Neutrality Determinations: The budget neutrality determinations in any future waiver extension must be the same as or better than what CMS approved in January 2021.**
  - a. Texas sought and received the necessary budget neutrality room to sustain needed programs in the January extension. An inadequate budget neutrality determination threatens to significantly reduce the overall available funding for Texas' new waiver extension period and hinder Texas' ability to maintain its current Medicaid program, services for the uninsured and payment programs to offset costs providers incur for treating underinsured and uninsured individuals.
  - b. Without adequate budget neutrality room, the state's ability to transition the Delivery System Reform Incentive Payment program and improve care quality with new directed payment programs would be significantly limited.
  - c. The Texas Health and Human Services Commission currently is working with CMS to approve and implement several new waiver-financed DPPs through Medicaid managed care. These new payments will provide safety net providers, particularly rural and behavioral health providers, with invaluable sources of supplemental funds to improve care quality and offset looming losses from the scheduled DSRIP transition. The state only has budget neutrality room under the current waiver to fund the programs for one year. A budget neutrality rebasing that cuts funds available for these new programs just as they are getting off the ground would result in the "fiscal cliff" that would have serious implications for providers and patients.
  - d. It is essential that Texas maximize every federal dollar available in the safety net. Providers' ability to plan beyond one year into the future is impaired without certainty that the amount of funding for rate increases previously assured under the waiver-financed DPPs is conserved. Texas needs a budget neutrality determination at least equal to the previously approved extension to ensure DPPs can operate long-term.
  
- 2. A Strong Hospital Uncompensated Care Pool: Texas needs continued funding for the existing hospital uncompensated care pool.**
  - a. Even if Texas were to expand Medicaid eligibility, Texas providers would continue to incur significant UC costs. Expansion would cover about 1.2 million more Texans, leaving the remaining 3.8 million still reliant on indigent care services that the UC funding helps offset the cost of.
  - b. Limiting or eliminating UC pools hurts patients' access to care and the safety net providers that are required by The Emergency Medical Treatment and Labor Act to provide emergency care for anyone who seeks it, regardless of their ability to pay. Even after funding from the waiver and other supplemental payment programs were applied, Texas hospitals incurred more than \$4.6 billion in UC costs in 2020 alone.



**3. Behavioral Health Safety Net: Urgent action is needed to preserve access to safety net mental health and substance use services.**

- a. Community behavioral health providers are facing an imminent, severe loss of funding. Texas’s behavioral health safety net stands to lose \$330 million per year in federal funds when DSRIP funds expire in less than five months on October 1, 2021.
- b. The waiver extension includes two financing strategies to ensure mental health and substance use services remain available following the DSRIP transition:
  - i. The Public Health Providers – Charity Care Pool (PHP-CCP), a separate \$500 million per year uncompensated care pool reimbursing community mental health centers and local health departments for free care delivered to people with serious mental illness and substance use disorders; and
  - ii. The Directed Payment Program for Behavioral Health Services (DPP-BHS) to reimburse community mental health centers for their costs of delivering care to Medicaid enrollees, estimated at \$166 million per year.
- c. If these funds are not immediately preserved, patients experiencing severe mental illness or substance use disorders may lose community-based options, with demand spilling over into emergency departments.

**4. Comprehensive Coverage: Enroll more Texans in a comprehensive health coverage option and reduce the number of uninsured.**

- a. Since the inception of the Affordable Care Act, Texas hospitals have supported and led efforts to address the high number of uninsured in Texas, either through Medicaid expansion or subsidies for enrollment in the private insurance marketplace.
- b. Comprehensive coverage ensures that hospital care is used in appropriate circumstances. Lower-income Texas workers and their families need access to a full complement of preventive, primary care, specialty, and chronic disease management services. Families with coverage stay physically and financially healthy, remain productive at work and school, and the state reaps economic gains.
- c. Texas needs both coverage expansion **and** a strong waiver to keep the safety net intact for all Texans. The waiver extension provided predictability and resources needed to sustain providers delivering care to lower income families, children, older adult, and disabled populations enrolled in Medicaid, as well as the millions of Texans who would remain uninsured even under a robust coverage expansion.