State of the Healthcare Industry - Legislative Update

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Securing Funding for Hospital Payments
Coverage Expansion the Texas Way
Preserving Trauma Care Funding
Funding for GME and Health Care Workforce Education and Training
Investing in Behavioral Health Care Services
Securing Funding for Hospital Payments

- CHALLENGE: Limited legislative appetite for appropriating funds for hospitals

- THA initiated requests to maximize DSH payments through $555 million annual from state general revenue.
  - HOUSE BUDGET: $250 million for DSH
  - SENATE BUDGET: $0 for DSH
Securing Funding for Hospital Payments

- Pivoted to request to $500 million for improvement in Medicaid rates.

**BACKGROUND**

- Texas currently has lowest Medicaid reimbursement in U.S.
  - 51% inpatient
  - 72% outpatient
- Florida waiver negotiations forecasts potential difficulty with CMS on Texas’ Medicaid rates.
  - CMS considers Medicaid rate adequacy a guiding principle in evaluating waiver renewals.
Securing Funding for Hospital Payments

- Pivoted to request to $500 million for improvement in Medicaid rates over 2016-2017 biennium.

RESULTS

- $129 million in state funding for a Medicaid rate add-on for safety net hospitals.
  - 10% of these funds are set aside to reward high-performing hospitals, which may then exceed its hospital-specific limit.

- $67 million for trauma add-on over 2016-2017 biennium.
  - In addition to the $44 million already appropriated add-on payment for trauma care.

- $25 million for rural outpatient services at 100% of costs.
Securing Funding for Hospital Payments

- Pivoted to request to $500 million for improvement in Medicaid rates over 2016-2017 biennium.

RESULTS
- All funds (except $5 million for rural hospital outpatient rate enhancement) comes from trauma funds.

NEXT STEPS
- Work with HHSC on fair and equitable methodology reimburse hospitals that provide trauma care and those that serve a disproportionate number of Medicaid and uninsured patients.
Coverage Expansion the Texas Way

**GOAL:** Secure federal funding to reduce rate of uninsured using an alternative to Medicaid expansion.
Coverage Expansion the Texas Way

NEXT STEPS

- Continue promoting the need to expand coverage and reduce uninsured.
Preserving Trauma Care Funding

- **GOAL:** Secure Driver Responsibility Program to help continue offsetting trauma care costs.

**BACKGROUND**

- Since its inception in 2003, the DRP has provided approximately $500 million to Texas trauma hospitals.

- DRP critics target the program, considering it a violation of double jeopardy and acting outside of the judiciary.
Preserving Trauma Care Funding

GOAL: Secure Driver Responsibility Program to help continue offsetting trauma care costs.

RESULTS

- Legislation authored to repeal and alter DRP
  - Sen. Rodney Ellis (D-Houston) authored SB 93 to repeal DRP without proposing an alternative source of trauma care funding.
  - Sen. Kirk Watson (D-Austin), Rep. Sylvester Turner (D-Houston), and Sen. Chuy Hinojosa (D-McAllen) proposed bills that would alter how DRP is administered while preserving some trauma funding.

NEXT STEPS

- Continue engaging lawmakers and others on importance of DRP to funding trauma care in Texas.
Funding for GME and Health Care Workforce Education and Training

- Physician Workforce

- GOAL: Stunting the continuing physician shortage in Texas amid rapid population growth.
  1. Increase total number of residency slots available at Texas medical schools.
  2. Establish funding for those programs.
Funding for GME and Health Care Workforce Education and Training

RESULTS

- Passed legislation to increase number of residency slots in Texas to one graduate to 1.1 slots.
- Appropriated $53 million for the 2016-2017 biennium to fund the slots.
- Established permanent GME account.
- Funds established for THECB to:
  - Award GME planning and partnership grants to hospitals and medical schools.
  - Allow new or existing GME programs to increase their number of first-year residency programs.
  - Enable first-year residency positions to be filled.
  - Fund GME programs that received a grant for the New and Expanded GME Program in 2015.
- Established $33 million for loan repayment program for practicing in health professional critical shortage areas and to Medicaid and CHIP enrollees.
Funding for GME and Health Care Workforce Education and Training

- **Nursing Workforce**

  - **GOALS:** Addressing the continued nursing shortage in Texas.
    - Increase number of nursing graduates in Texas.
    - Recruit and retain nursing students and faculty.
Funding for GME and Health Care Workforce Education and Training

RESULTS

- State budget includes $34 million over 2016-2017 biennium for Professional Nursing Shortage Reduction Program.
- Allocated $10 million through 2019 for nursing school innovation grants from tobacco earnings.
Funding for GME and Health Care Workforce Education and Training

NEXT STEPS

- Work with Texas Higher Education Coordinating Board and physician community to co-host GME forum and promote opportunities for expanding GME first-year residency slots.
Investing in Behavioral Health Care Services

GOALS

- Build on 83rd Texas Legislature’s investment in behavioral health services.
- Maintain or increase in funding from previous session.
- Address behavioral health workforce shortage.
- Give hospitals the option to allow their physicians to initiate a temporary hold of a patient who may be a danger to self or others due to mental illness.
Investing in Behavioral Health Care Services

RESULTS

- Enhanced funding for inpatient capacity covers additional:
  - 100 beds in FY 2016
  - 150 beds in FY 2017

- Appropriated $2.1 million for Texas Higher Education Coordinating Board to fund education loan repayment for certain mental health professionals practicing in underserved areas.

- Sen. Royce West (D-Dallas) and Rep. Paul Workman (R-Austin) developed SB 359, which allows physicians to initiate a temporary hold on a patient if the governing body of a facility adopts a policy permitting the hold, which can last up to four hours.
  - VETO – Late night veto from Gov. Abbott killed the effort at the last minute.
Investing in Behavioral Health Care Services

NEXT STEPS
- Work with legislative staff to address possible solutions on physician detention issues.
Other Major Issues

Guns: Open Carry and Campus Carry

- Despite legislator focus on open legislation, THA maintained prohibition of open carry on Texas hospital campuses.

“I just feel that the time has come for us to protect the men and women of Texas who are carrying concealed on our campuses.”
- Rep. Allen Fletcher (R-Cypress)

“Texas has got to get past its obsession with guns and start placing its resources on our students and institutions. This should not be the banner headline from this legislative session.”
- Rep. Garnet Coleman (D-Houston)
Other Major Issues

Prompt Pay Penalties

- Legislation introduced by Rep. John Smithee (R-Amarillo) and Sen. Larry Taylor (R-Friendswood)

  - Established two-year statute of limitation on any claims by providers to collect prompt payment penalties (while also substantially lowering penalties) owed to providers on late claims.

    - Rep. Smithee’s legislation defeated in committee on 5-4 vote.
    - Rep. Taylor’s bill never received a hearing.
Accomplished: Reauthorizing funding for the Children’s Health Insurance Program.

President Obama signed H.R. 2, the Medicare Access and CHIP Reauthorization Act on April 16, 2015 reauthorizing funding for CHIP through 2017.

Accomplished: Eliminating the Medicare Sustainable Growth Rate for Physicians.

President Obama signed H.R. 2, the Medicare Access and CHIP Reauthorization Act of 2015 on April 16, replacing the SGR with a payment system that rewards quality instead of volume.

Reforming the Recovery Audit Contractor Program:
- The integrity of Medicare payments is essential, but the current RAC process is burdensome and in need of reform.
- House bill filed. HR 2156, Medicare Audit Improvement Act. Has bipartisan support. Needs more co-sponsors!
Federal Priorities

- **Fully Funding the Hospital Preparedness Program**
  - Hospitals need sufficient resources to be prepared, trained and equipped to handle public health emergencies.
  - Since its creation in 2001, the HPP has had its funding cut by about 50 percent. President Obama’s proposed FY 2016 Budget includes $255 million to support HPP, which is flat with FY 2015.

- **Improving the Medicare Hospital Readmissions Reduction Program**
  - Modifying the HRRP to reflect patients’ sociodemographic status is necessary to make the program more equitable and not punish hospitals that have a large number of low-income patients.
  - HR 1343/S 688 Establishing Beneficiary Equity in the Hospital Readmission Program Act of 2015
Federal Priorities

- Protecting Rural Hospitals
  - Rural hospitals have unique challenges and need specific solutions focused on protecting care for their Medicare patients.
  - HR 169/S 258 Critical Access Hospital Relief Act.
  - HR 1611/S 257 - Protecting Access to Rural Therapy Services
Federal Priorities

- Renewal of the 1115 Medicaid Transformation Waiver
  - Renewal application to be submitted September of this year.
Questions

Questions and comments, please