Texas Report for NCSL Health Reform Task Force

The following link illustrates the facts associated with health care reform and the delivery of health care to persons through the exchange subsidy, Medicaid expansion, and the Texas 1115 Waiver:
http://www.youtube.com/watch?v=PJasuGN4M2M

The video illustrating health care facts can also be found here:
http://governor.state.tx.us/initiatives/natl_health_care/

Texas was one of the states that challenged the constitutionality of the ACA. After the Supreme Court’s decision in the summer of 2012, Governor Perry announced that he would not seek to expand Medicaid in Texas. Likewise, we had not set up a state exchange, opting to use the federally operated exchange.

Upon the 83rd Legislature convening in January, 2013, there was much discussion whether the House and State would weigh-in on the issue. Hospitals aggressively marketed Texas’ pursuing of Medicaid expansion as well as some progressive think tanks. Three major studies were commissioned by these groups projecting that Texas would be foregoing $100 billion in federal dollars from 2014-2023. Meanwhile, the Texas’ Legislative Budget Board (LBB) and Texas’ Health and Human Service Commission (HHSC), both state agencies, took more modest approaches to take-up rates, estimating about half of that federal revenue or $50 billion from 2014-2023.

After much discussion, the Texas Legislature did not in statute or through a budget rider direct the Governor or HHSC to pursue a state exchange or to expand Medicaid. Each time such a measure was discussed on the House floor, it was defeated mostly on partisan lines.

Texas Health and Human Services Commission (HHSC) estimates:

- Without Medicaid expansion, Texas’ 24% uninsured will drop to 15%. Medicaid expansion would drop that rate to 12%. Conclusively, Medicaid expansion represents 3% of the uninsured while those that will qualify for the Exchange represent 9%.
- Less than 1 million would be covered by Medicaid expansion. Over 2.4 million would receive coverage through the Exchange.
- Without Medicaid expansion, to cover the 2.4 million persons, in the years 2014/2015, Texas will receive $9.7 Billion (an estimate of 20% take up in 2014 and 35% take up in 2015); in the years 2016/2017, Texas will receive $25.9 Billion (an estimated 64% take up rate).
- Medicaid expansion, by 2015, would cover 513,000 uninsured persons are between 0% and 100% of FPL (Federal Poverty Level) therefore not covered through the exchange or a subsidy. This is the population media stories have focused on that Texas would receive $4 Billion to be covered by Medicaid expansion.
- Through the 1115 Waiver, Texas will receive, for the next three years, $29 Billion to cover the uninsured and to "innovate" and restructure the delivery system. This money replaces Texas' former UPL hospital payment system and expands it by over $8 to $10 billion.

The recent decision to allow ACA subsidies and penalties to be on the “honor system” could change cost estimates, budgeting, and restraints within the ACA. Without a qualifying salary, in theory, all could enter the exchange including the 0% to 100% FPL that is supposedly excluded in the law.

Submitted by State Representative Lois Kolkhorst, Texas