

Dynamics With a Little Change:  
the Effort to Expand Health  
Insurance Coverage in Texas

# The Texas Constitution

- County Responsibility;
- Limit on the Amount that can be paid in cash welfare payments;
- Limits the ability of the legislature to allocate local taxes.

# Time line of Events

- Task Force on Indigent Health Care-Final Report December 1984;
- Indigent Health Care and Treatment Act of 1985—County can meet responsibilities by creating a hospital district, running a public hospital, or by operating a county indigent care program.

- OBRA 1986 and OBRA 1987 allowed Texas to de-link Medicaid coverage for children and pregnant women from Welfare coverage and from the 133% of the state's maximum AFDC payment level.
- At the same time the state was trying to figure out how to use local funds to expand the Medicaid Program.

# Disproportionate Share Hospital Program

- Four part program developed full blown in 1991 and by FY 1992 made payments of more than \$1.4 billion to 155 hospitals.
- Although Dispro helped to cover some of the uncompensated care it did not serve to expand coverage per se.
- Built on Bob Bullock's Dollars We Deserve Initiative

- Ann Richard's Health Policy Task Force—  
Included Creation of a Small Group Pool  
by the 1993 Legislature;
- But, the Texas Insurance Purchasing  
Alliance did not last very long and  
probably was also impacted by HIPPA  
requirements with regard to small group  
insurance;

# Texas 1115 Medicaid Waiver

## State of Texas Access Reform

- Applied for an 1115 Waiver August 31, 1995. Governor Bush signed into law a series of bills that prescribed major reforms for the Texas Medicaid Program.
- Called for combining local and state dollars to serve more of the uninsured population, different arrangements in different parts of the state, introduced managed care, called for IGIs to design and administer the STAR program in their service area.

- The 1115 Waiver was rejected by HHS (in part because the IGIs did not guarantee beneficiary choice);
- The managed care portions of the application have been rolled out under 1915 authority;

# Impact of HIPAA-aka Kennedy-Kassenbaum 1996

- Required redefinition of small groups to as few as 2 and required insurers offering small group plans to offer them to all applicants within a rate band;
- Texas responded to the requirement for guaranteed coverage by arranging for the Health Insurance Risk Pool to make assessments on insurers to fund shortfalls.

# Personal Responsibility and Work Opportunity Reconciliation Act 1996

Act de-linked Medicaid and Welfare although those on TANF did have to receive Medicaid;

Gave states the option on whether to continue to provide Medicaid to most legal immigrants and erected a five year “bar”

# State Children's Health Insurance Program

- Created as part of the Balanced Budget Act of 1997. Allocated a total of \$48 billion over 10 year period;
- Texas Phase I extended Medicaid to children 15-18 under 100% of poverty as an action not requiring additional state funds;
- Phase II enacted in 1999 Legislature and implemented May 2000. Covered up to 200% of FPL, no asset test, 12 month eligibility, limited premiums and copays. Enrolled 500,000 in two years.

# 2001 Legislature

- Simplified Eligibility for Children's Medicaid in Texas—Included consolidated mail in SCHIP and Medicaid application, simplified self declared asset test, phased in continuous eligibility children < 19 with 6 mos. Implemented in March 2002;
- SB 1156 included women's health waiver for up to 185% of FPL with 90% federal match—vetoed by the Governor.
- AG Cornyn's 2001 Opinion on access to free or reduced care to undocumented immigrants

# 2003 Legislature

- Gave permission for state and local entities to provide services to undocumented immigrants;
- A number of cuts in eligibility and benefits for SCHIP and elimination of medically needy program for adults and some benefits for adults;
- SB 541 authorized “standard benefit plans” which do not include all state mandated benefits and can have lower lifetime limits and higher deductibles than normally approved.

# Current Situation

- Partial Reinstatement of some cuts; but the lion's share of the LBB adjustment in August was mandatory coverage of underestimated case load;
- TAB issues new report and initiatives and comes up with "fact" that 56% of the uninsured in Texas are from families > \$75,000 in annual income.
- Tarrant County Hospital District decides it will no longer provide non emergency care to undocumented immigrants (Sept 2004)

# Some Options for the Future

- HIFA waiver combined with a hypothetical 1931 expansion of coverage combined with a reduction in benefits to the 1931 expansion parents to “pay for” covering poor childless adults. This can be done with a variety of benefit packages, copays and premiums.

# How to Pay for an Expansion Other Sources Probably will go to Education

- Intergovernmental Transfers;
- State fund claiming and redirecting;
- Local entity claiming;
- Tax on soft drinks or cigarettes;
- New traffic taxes and other funds that are going unmatched into health system like the extra Lottery receipts;
- Provider Taxes (much of which would have to enhance provider reimbursement;