



CODE RED

THE CRITICAL CONDITION OF HEALTH IN TEXAS

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The report of the Task Force on Access to Health Care in Texas, *Code Red: The Critical Condition of Health in Texas* (Code Red Report), was issued April 17, 2006, at a news conference and public symposium at the James A. Baker III Institute for Public Policy at Rice University. The Task Force on Access to Health Care in Texas (Task Force) is a nonpartisan group sponsored by all 10 of the major academic health institutions in Texas, including Baylor College of Medicine, Texas Tech, Texas A&M, North Texas, and the six health institutions of The University of Texas System. Task Force membership includes representatives from large and small employers in Texas, health care providers, hospitals, medical schools, health policy experts, as well as community and business leaders. The Task Force collected data, identified and assessed the magnitude of the problem of the uninsured in Texas, and made recommendations for consideration by policymakers. The resulting report, summary, and appendices were evidence-based and peer-reviewed by independent experts.

After its release, the Code Red Report reached a wide variety of interested groups. During the 80th Texas legislative session, there was considerable attention to many of the issues raised in the report. A detailed summary of relevant legislation can be found at the Code Red Web site: www.coderedtexas.org. Among the important developments was the passage of Senate Bill 10, which authorized the State to submit an 1115 Waiver to the U.S. Department of Health and Human Services to increase federal Medicaid funds available to expand coverage and improve care delivery opportunities, which the Task Force recommended. These federal funds can be used to subsidize health insurance premiums and health benefit plans, including those consistent with a Task Force recommendation to adopt a “three-share” program for employees of small employers.

Other Task Force recommendations that received significant attention included the development of an electronic health record for Medicaid patients and the uninsured, changes in the State Children’s Health Insurance Program (SCHIP) which increased coverage for an additional 125,000 children, increased funding for graduate medical education and nursing education, and additional initiatives to improve the health of Texas schoolchildren.

As part of a judicial settlement of a longstanding lawsuit regarding the adequacy of Medicaid services for children (Frew Settlement), the Texas Legislature approved more than \$707 million, which, when matched with federal funds, will provide almost \$1.8 billion for the 2008–2009 biennium to improve medical and dental health care for children on Medicaid.

On October 22, 2007, a conference was held to receive additional comments from a wide variety of stakeholders regarding efforts to increase access to care for the uninsured in Texas. This report is an update to the Code Red Report issued April 17, 2006, to reemphasize certain initial recommendations and provide new findings and further recommendations in 2008.

FOR A COMPLETE DESCRIPTION OF THE BACKGROUND OF THE CODE RED REPORT AND 2008 RECOMMENDATIONS, SEE CODE RED: THE CRITICAL CONDITION OF HEALTH IN TEXAS AT WWW.CODEREDTEXAS.ORG

FINDINGS OF THE TASK FORCE

- The overall health condition of Texans is poor.
 - Texas continues to have the highest percentage of uninsured in the United States.
 - Texas cannot sustain the continued rise in Medicaid and state/county health care expenditures.
 - Current trends in the delivery of health care in Texas will inevitably exacerbate current problems — overdependence on emergency rooms to access primary care for the uninsured is the most expensive means of delivering care.
 - Expansion of ambulatory (outpatient) services remains an essential, more cost-effective means of health care delivery.
 - Strategies that control the cost of health insurance and ensure the most cost-effective delivery of health care access for all Texans are needed.
 - Significant changes in health outcomes and health care costs will require additional investment in preventative health.
- Texas has not taken full advantage of available federal matching funds to reduce the burden of providing health care for the uninsured.
- The current county-based approach to delivery of health care in Texas is inadequate and inequitable.
- There is a significant shortage of health care professionals in Texas — professionals that could reduce the cost of health care delivery to all Texans.
- Care for people with mental illnesses and access to dental care remain major problems for Texas.
- Providing health care to all Texans will require aggressively controlling health care costs through efforts such as disease management programs, the use of electronic health records, and experiments in cost-effective health care delivery.

OVERALL CONCLUSIONS

The **long-term economic vitality and security** of Texas depends critically upon the health of all of its people — so that they may learn and work successfully. This responsibility must be broadly shared by individuals, families, communities, and the public and private sectors.

The long-term economic vitality and security of Texas depends on the **health of its children and their parents**, who must learn and be prepared to join the workforce.

The health of children and their parents requires systems of health care built around **patient-centered health homes**, which provide medical, dental, mental health, substance abuse, and preventative services.

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RECOMMENDATIONS—2008

RECOMMENDATION 1: ACCESS TO HEALTH CARE

Texas should adopt the principle that all individuals living in Texas should have access to adequate levels of health care.

Texas has a large and diverse population of uninsured and underinsured individuals, 80 percent of whom work or have a working family member. Approximately 25 percent of Texans are uninsured, the highest percentage in the nation. The strength and productivity of the Texas workforce and student population depends on the good health of all of its residents.

RECOMMENDATION 2: PATIENT-CENTERED HEALTH HOMES

All Texans, including the uninsured, should have access to individualized patient-centered health homes.

- A patient-centered health home offers patients access to coordinated, comprehensive care including medical, dental, mental health, substance abuse, and preventative services.
- A patient-centered health home may be structured around a trusted professional (e.g., a physician or nurse), a physical facility (e.g., a clinic, school, or community center), or a set of information tools (e.g., an electronic health record with virtual care coordination).
- Such homes should coordinate health services based on individual needs and community resources.

RECOMMENDATION 3: INVESTMENT IN POPULATION HEALTH

Texas must increase its investment in the health of various populations — including the medically vulnerable and underserved — in disease prevention and in public health programs at the state and local level.

- In the face of rapidly rising costs for medical care, disease management based health homes must include preventative measures. School-based educational programs in health and local public health programs must also be strengthened.
- The Texas Department of State Health Services should undertake a formal assessment of public health capacity in communities across the state.
- Funds provided under Proposition 15, the constitutional amendment creating and funding the Cancer Prevention and Research Institute of Texas, should be dedicated to conducting research to improve cancer prevention and the early detection of cancer, and to reinforcing current successful prevention strategies.

RECOMMENDATION 4: OBTAIN ADDITIONAL FEDERAL FUNDS

Texas should continue its efforts to obtain additional federal funds in support of health care and prevention.

The Task Force supports efforts to optimize federal funding through an 1115 Waiver to ensure health coverage for individuals with incomes up to 200 percent of the federal poverty level, to subsidize health insurance premiums and other health benefit plans, such as “three-share”, and to enhance comprehensive health delivery systems using interdisciplinary health care teams and electronic health records. The medically needy program for patients who spend down to eligibility for Medicaid should be reinstated. Insurance coverage must provide a meaningful basic benefits package for Medicaid recipients.

This waiver effort should not diminish the capacity of safety-net hospitals to fulfill their mission.

- The executive and legislative branches of the State of Texas, and community leaders, should work with the Texas congressional delegation to continue federal support of inter-governmental transfers, disproportionate share hospital funding and upper payment limit funding for Texas.
- Texas leadership should strongly support and expand the SCHIP to provide insurance coverage for children and their mothers with incomes up to 200 percent of the federal poverty level, and maintain the policy of twelve-month eligibility for SCHIP recipients.
- The State should consider subsidizing health insurance premiums and offering health benefit plans to small businesses that participate in a health purchasing cooperative.
- The Task Force recommends the exploration and implementation of a quality assurance fee of one percent, assessed on revenues of all hospitals and freestanding surgery centers in Texas to obtain a substantial and enhanced federal match. Such a fee should be implemented for a two-year period with renewal contingent upon evidence that the funds received from the federal government directly improved access to health care. This would include increased hospital and physician reimbursement for services provided.

RECOMMENDATION 5: INCREASE AMBULATORY CARE/DISEASE MANAGEMENT

Hospitals, other health care institutions, health science centers, and health professionals should expand their commitment to increasing community-based ambulatory care, and to implementing recent advancements in disease management and forms of health care delivery that improve the quality of patient care while decreasing its cost.

RECOMMENDATION 6: AVAILABILITY OF HEALTH INSURANCE/HEALTH BENEFIT PLANS

The Task Force strongly encourages vigorous efforts by the public and private sectors to improve the availability and affordability of health coverage through small employers using health insurance or health benefit plans.

This includes:

- Authorizing the Texas Department of Insurance to conduct innovative pilot projects to expand access to health insurance or health benefit plans. Such projects should be approved by the Commissioner of Insurance and include appropriate methods of evaluation. The Commissioner's approval is required, in part, so the pilot projects are appropriately focused and limited in scope.
- Advancing such pilot projects to include programs which encourage employers offering publicly subsidized health insurance or health benefit plans to join purchasing cooperatives or coalitions. Proposed health benefit plans and multi-share plans should be eligible for public financial support. The programs should also assure appropriate benefit design and encourage the portability of health coverage for employees.
- Examining whether restructuring of rate bands for health insurance premiums offered to small employers might increase the number of insured Texans, enhance continuity of coverage during job transitions, reduce premiums, and minimize adverse effects on older workers.
- Examining the option of mandatory participation in a restructured state reinsurance pool for insurers providing coverage to small employers.
- Designing insurance coverage which travels with the enrolled individual or family (e.g., make premium subsidies and public multi-share contributions portable).
- Exploring incentives or methods to encourage health insurance carriers to issue coverage to cooperatives or purchasing coalitions with more than 50 employees.
- Expanding the state high-risk insurance pool to include small lower-risk groups such as older healthy individuals, and add maternity benefits as an option.
- Examining the option of reducing the minimum required participation rate for small employer's coverage from 75 percent of eligible employees to 60 percent.

Texas is a state with a high proportion of small businesses. Eighty percent or more of the uninsured are in families in which one or more members work. Approximately one-third of firms employing 50 employees or less offer health insurance. Only one-third of the employees purchase the coverage. Modifications in insurance practices to further enhance small business coverage is essential to improving access to care and the overall health of the population. The State should conduct well-designed experiments and pilot projects to evaluate the effectiveness of changes in the regulatory environment on the accessibility and affordability of health insurance coverage for Texans.

RECOMMENDATION 7: EDUCATE HEALTH PROFESSIONALS

Texas must continue to increase its investment in the education of health professionals who will provide a significant amount of care to the uninsured and underinsured, including:

- 600 more medical residents per biennium over a 10-year period.
- 2,000 more nursing students annually and 200 additional nursing faculty.
- Additional general revenue for formula funding to increase nursing students and faculty.
- Increase the number of physicians annually graduating from its medical schools by 25 percent over the next decade.
- Increase the number of dentists annually graduating in Texas by 20 percent over the next 10 years.
- Expand medical school loan repayment programs to cover up to 500 physicians per year for graduates serving in a public hospital or in practices treating 50 percent or more Medicaid and uninsured patients, to forgive up to \$100,000 in debt.
- Expand educational opportunities for pediatric and/or primary care providers to recognize and manage behavioral health issues.
- Ensure that each physician practicing in Texas provides a fair and reasonable amount of care for Medicaid, Medicare, and uninsured patients, and shares in emergency room on-call responsibilities with reasonable reimbursement rates from Medicaid and Medicare.
- Continue to provide and increase state resources to assist community health centers to qualify for federal designation as federally qualified health centers.
- Expand educational opportunities for all health care providers to offer effective preventative services.
- Provide opportunities for the recruitment and education of a diverse population of health care providers through successful programs such as the Joint Admission Medical Program.

RECOMMENDATION 8: FREW SETTLEMENT

Aggressively support improving the health of children enrolled in Medicaid through the Frew Settlement.

- Implement sustainable strategic initiatives associated with the Frew Settlement to develop integrated systems of care for children covered by Medicaid. A program should include the creation of patient-centered integrated and comprehensive health homes for children including medical, dental, behavioral health, substance abuse, and preventative services, with initiatives in mental health, subspecialty consultation, and education loan repayment for primary care providers.
- Utilize methods for evaluating the health of children which can be used to measure the impact of interventions.
- Coordinate efforts to efficiently implement and develop health information technology for Medicaid and uninsured patients across the state to effectively care for children.
- Implement expanded roles for various health care providers who can deliver high-quality, cost-effective programs for children (e.g., dental hygienist conducting dental screening in the public schools).
- Support community-based education programs impacting health behaviors that address abuse, neglect, and other adverse childhood experiences.

RECOMMENDATION 9: HEALTH INFORMATION TECHNOLOGY

Texas should become the national leader in health information technology, which includes the development and application of new technology to allow for standardization, connectivity, and improved health provider/patient communication.

- Support access to health information technology by health care providers in a full range of health care settings with careful attention to issues of confidentiality.
- Facilitate networks of health care that are linked through health information technology (e.g., telemedicine consultation and subspecialty referrals).
- Facilitate the development of the common language used in health information technology.
- Utilize electronic health records to reduce the costs of health care for uninsured patients and those covered by Medicaid, and to eliminate the provision of redundant services.
- Support initiatives that reduce or eliminate operational barriers to the use of health information technology in health care provider offices.

RECOMMENDATION 10: BEHAVIORAL HEALTH

Texas should ensure that high-quality behavioral health (mental health and substance abuse) services are affordable, accessible, and meet the individual needs of all children and adults with mental illness and substance abuse issues.

- Integrate behavioral health services into the delivery of primary health care through the co-location of services, inclusion in the patient-centered health home, and use of integrated patient health records.
- Provide the same health insurance coverage for mental illnesses and substance abuse disorders provided for other medical and surgical care.
- Focus public funding of behavioral health services on comprehensive, diagnostic, therapeutic, and recovery programs which are evidenced-based practices that create stability and reduce the utilization of crisis emergency room services and criminal justice involvement.
- Screen children and adults for behavioral health issues upon entry into the justice system, and direct them to appropriate mental health and substance abuse services.

RECOMMENDATION 11: COST-EFFECTIVE DELIVERY SYSTEMS

Academic institutions, state and local governments, communities, foundations, and the private sector should support the development of health science research programs to study cost-effective health care delivery systems and other characteristics of a high-quality and efficient health care system. The programs should include the study of:

- The availability and accessibility of public health services throughout the state.
- The availability and use of retail and faith-based clinics to assess the opportunity for increased care to the uninsured and the reduction of emergency room overcrowding.
- Tort reform in Texas to determine its impact on the role of defensive medicine in emergency settings, particularly related to care of the uninsured.
- The impact of patient-centered, integrated and comprehensive health homes on the health status of children and adults.
- The quality and cost effectiveness of expanding the use of non-physician providers to augment and extend care provided by physicians to uninsured populations.

RECOMMENDATION 12: SCHOOL HEALTH

Texas must continue to rapidly strengthen efforts to offer integrated approaches to school health, including emphasis on nutrition, exercise, dental health, and disease management (e.g., asthma, diabetes, preventative health education, and health screenings).

- Increase physical activity to 60 minutes a day in Texas schools.
- Develop and implement cost-effective, school-based disease management programs for children with chronic illnesses.
- Develop robust school health programs that include the identification of health and behavioral health issues, and coordinate with programs designed to prevent substance abuse, teenage pregnancy, and obesity.

CONCLUSION

The challenges addressed in the Code Red Report are not new. The lack of available and affordable health insurance, health provider shortages, the overuse of emergency rooms, and inefficient funding strategies continue to exist. Substantial progress will require the expansion of disease management programs, the use of electronic health records, investments in health education and prevention, and the implementation of new and innovative health care delivery models that can decrease health care costs.

The Task Force asserts that the economic vitality and security of Texas depends on the health of its population. The strength and productivity of its workforce and the capacity for educational attainment depends critically upon the health of workers and students. Long-term systems of quality health care are essential to provide for the health of Texas children and their parents. The development of patient-centered, integrated, comprehensive health homes, which feature important preventative services, will improve the health of all Texans.

TASK FORCE MEMBERS

ACCESS TO HEALTH CARE IN TEXAS: CHALLENGES OF THE UNINSURED AND UNDERINSURED

Neal F. Lane, Ph.D.

*Co-Chair
Malcolm Gillis University Professor
Department of Physics and Astronomy
Senior Fellow, James A. Baker III
Institute for Public Policy
Rice University
Houston, Texas*

John D. Stobo, M.D.

*Co-Chair
Executive Director for Academic Programs
U. T. System Office of Health Affairs
John P. McGovern Distinguished Chair in
Oslerian Medicine
U. T. Medical Branch - Galveston
Galveston, Texas*

Hector Balcazar, Ph.D.

*Regional Dean
School of Public Health,
El Paso Regional Campus
U. T. Health Science Center - Houston
Professor of Health Promotion and
Behavioral Science
El Paso, Texas*

Charles E. Begley, Ph.D.

*Professor, Management and Policy Sciences
School of Public Health
U. T. Health Science Center - Houston
Houston, Texas*

Kirk A. Calhoun, M.D.

*President
U. T. Health Science Center - Tyler
Tyler, Texas*

David F. Chappell, Esq.

*Counsel
Cantey Hanger L.L.P.
Fort Worth, Texas*

Patrick J. Crocker, M.S., D.O.

*Chief, Emergency Medicine
Dell Children's Medical Center of
Central Texas
Austin, Texas*

Charles Haley, M.D., M.S.

*Medical Director
TrailBlazer Health Enterprise
Dallas, Texas*

George B. Hernández, Jr., Esq.

*President-Chief Executive Officer
University Health System
San Antonio, Texas*

Winell Herron, M.B.A.

*Group Vice President of
Public Affairs and Diversity
H-E-B
Houston, Texas*

Jodie L. Jiles

*Managing Director
RBC Capital Markets
Houston, Texas*

Richard W. Johnson, Jr., M.A.

*Vice President, Medical Economics
Texas Medical Association
Austin, Texas*

Wm. Fred Lucas, M.D.

*Physician Consultant
Spring, Texas*

Michael McKinney, M.D.

*Chancellor
The Texas A&M University System
College Station, Texas*

Kathy Mechler, M.S., RN, CPHQ

*Co-Director and Chief Operating Officer
Texas A&M Health Science Center
College Station, Texas*

Elaine Mendoza

*President and Chief Executive Officer
Conceptual MindWorks, Inc.
San Antonio, Texas*

Patti Patterson, M.D., M.P.H.

*Professor of Community Pediatrics
Texas Tech University
Health Sciences Center
Lubbock, Texas*

William M. Sage, M.D., J.D.

*Vice Provost for Health Affairs and
James R. Dougherty Chair for
Faculty Excellence
U. T. Austin
Austin, Texas*

Betsy Schwartz, M.S.W.

*President and CEO
Mental Health Association
of Greater Houston
Houston, Texas*

David C. Warner, Ph.D.

*Wilbur J. Cohen Professor in
Health and Social Policy
Lyndon B. Johnson School of Public Affairs
U. T. Austin
Austin, Texas*

M. Roy Wilson, M.D.

*Chancellor
University of Colorado at Denver and
Health Sciences Center
Denver, Colorado*

SENIOR ADVISORS

Kenneth I. Shine, M.D.

*Executive Vice Chancellor
for Health Affairs
Office of Health Affairs
U. T. System
Austin, Texas*

Lynne Marcum Kirk, M.D., FACP

*Director, Office of Medical Education
U. T. Southwestern Medical Center - Dallas
Dallas, Texas*

STAFF

Kirstin Matthews, Ph.D.

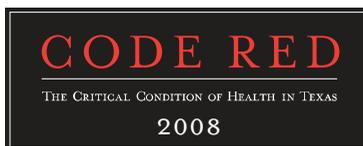
*Project Officer
Science and Technology Program Manager
James A. Baker III Institute for Public Policy
Rice University
Houston, Texas*

Maggie R. Floores

*Project Staff
Administrative Associate
Office of Health Affairs
U. T. System
Austin, Texas*

Amy Shaw Thomas, Esq.

*Project Staff
Associate Vice Chancellor and Counsel
for Health Affairs
Office of Health Affairs
U. T. System
Austin, Texas*



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