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What Happened and What Work Remains?

Health Care and the 2011 Legislature

FEBRUARY 2012

A Look Inside

- The 2012-13 Texas budget cuts deep into programs for children, seniors, pregnant women, and Texans with disabilities.
- Texans have gained coverage and hundreds of millions in savings from the ACA's health reforms, but we lag behind on insurance reforms and health workforce.
- The ACA's 2014 coverage expansions will bring billions of federal dollars plus affordable health care for millions of uninsured Texans, but our state must also play a role.

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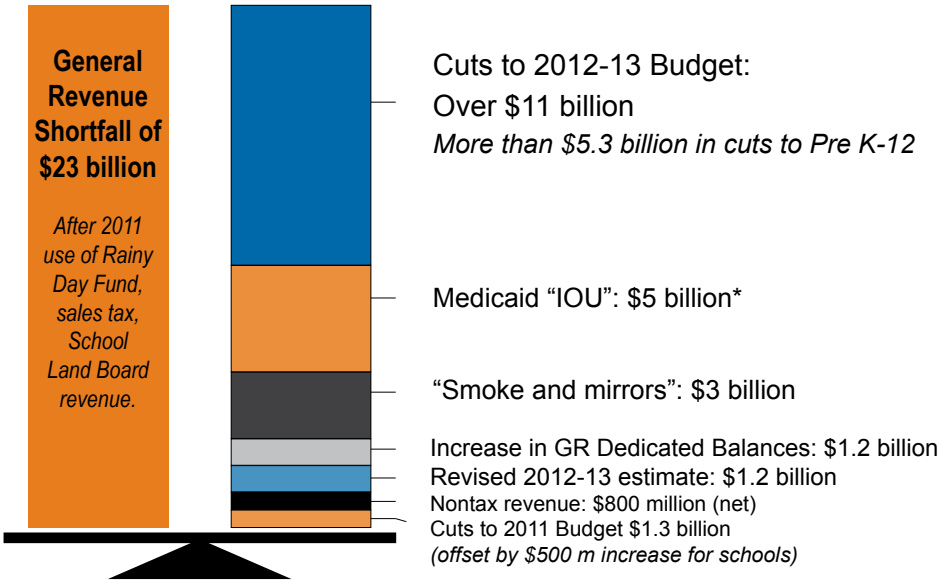
Providing affordable, quality health care for all is a tough challenge for our state and nation. Health care costs have grown far faster than inflation, and despite spending more than all other industrialized nations, nearly 50 million Americans—one in four Texans—lacks health coverage. Slowing health care cost growth depends on reforms to private insurance, Medicare, and Medicaid. This year, Texas' health challenges were worsened by a deep revenue shortfall from the global recession and an outdated state tax system. Still, we are in a time of great possibility, with market reforms underway and expanded coverage in 2014 under the Affordable Care Act (ACA) health reform law. This paper summarizes key developments in health care budget and policy arising from and related to the 2011 Legislative sessions, and where Texas stands with national health reform.

A 10,000-Foot Budget View

Health and Human Services Overall

The 2011 Legislature's budget for 2012-2013 makes deep cuts. "All funds" (total of federal and state dollars) health and human services spending is reduced to $55.4 billion, which is $10 billion less than budgeted for 2010-2011. The 2011 legislature used $3.2 billion from the Rainy Day Fund to cover the shortage in the Texas' 2010-2011 budget, leaving a $23 billion gap between revenues expected and state dollars needed to keep services and schools running in 2012-2013. Medicaid cuts and a $5 billion Medicaid "IOU" offset 30% of the $23 billion hole.

"Balancing" the 2012-13 State Budget



*Note: Medicaid IOU currently estimated at $4 billion GR, after certification estimate contingent appropriations and other budget revisions.

Medicaid's Share of Texas Spending

Medicaid is the foundation of Texas' health care safety net, providing health care for 3.6 million children, adults with disabilities, low-income seniors, pregnant women, and a limited number of parents in poverty.

Medicaid is the largest source of federal funds in every state budget; in 2011 Texas got $1.47 from the federal government for every $1 state funds we spent on care. Texas Medicaid is budgeted 21% fewer total dollars for 2012-2013 than in 2010-2011. State dollars budgeted for Texas Medicaid in 2012-2013 totaled just under 19% of the entire Texas state-dollar budget, compared to 42% for K-12 public education.

What Happened to Medicaid & CHIP in 2011?

The Legislature approved a long list of program cut-backs totaling roughly $2 billion of state dollars (General Revenue or GR) in three broad categories:

- Provider rate/fee cuts (approximately $805 million GR);
- Other benefit and spending cuts (approximately $843 million GR); and
- Medicaid Managed Care expansion spending reductions (approximately $385.7 million).

Rate Cuts for Medicaid and CHIP Service Providers

Fees for most health care providers were cut in 2010 and 2011, and more cuts were added for many providers in the 2012-2013 budget. The table shows the cuts for both periods.

➲ WHY THIS MATTERS

Texas Medicaid fees for doctors are well below commercial insurance or Medicare, discouraging providers from taking Medicaid patients. New cuts could cause even more providers to refuse or limit Medicaid patients.

Even before the latest cuts, Texas Medicaid professional fees averaged about 73% of what Medicare pays. The Texas Medical Association's biennial poll of doctors shows the percentage of doctors taking on new Medicaid patients has dropped steeply over the last decade from 67% to 42%.

➲ CONCERNS AND CHALLENGES

- Medicaid and CHIP "other" professionals—e.g., mental health providers, physical, speech and occupational therapists—fees are cut by an additional 5-8% (added to 2% cuts in 2010-2011).
- Texas hospitals' Medicaid fees were cut by a total of 10% from 2010-2013.
- Labs and medical supplies (e.g., diabetic supplies; hospital beds; wheelchairs) have had their rates cut by 12.5%.
- These cuts may create new barriers for children, seniors, pregnant women, and Texans with disabilities.

Medicaid and CHIP Rate Cuts in Texas 2012-13 Budget

Rate Cuts	2010-11	2012-13
Nursing Homes	3%	0%
ICF-MR (not SSLC)	3%	2%
HCS Waiver	2%	1%
NF-Related Hospice	2%	1%
Other Community Waivers	0%	$12.5 million GR cut in admin for agencies
Medicaid & CHIP physician, dentist, orthodontist	2%	0%
Medicaid Hospital	2%	8%
Medicaid DME & Labs	2%	10.5%
Other Medicaid Providers	2%	5%
Other CHIP Providers	2%	8%
Medicaid Pediatric private duty nursing & home health	2%	0%
Medicaid Managed Care premiums reduced to "average acuity"	n/a	$169.3 million GR cut

Other Medicaid Benefit and Spending Cuts

Beyond rate cuts, the Legislature approved a long list of other possible Medicaid benefit reductions and spending cuts. Some are only generally described in the law, so it is not yet known what will happen.

- **Reduce service levels** (e.g., provide fewer hours of care per week) for Medicaid community care programs at the Department of Aging and Disability Services ($31 million GR);
- **Lower fees to pharmacies** for dispensing prescription medications ($34.7 million GR);
- **Reduce payments** to agencies that manage attendant services by $15 million GR (not cutting attendants' wage), and pay same rates for similar community care services provided to different populations ($12.5 million GR);
- **Reduce quantity of "optional" Medicaid medical benefits allowed for adults** ($45 million GR);
- **"Medicare Equalization:"** reduce payments for services to seniors and adults with disabilities covered by both Medicaid and Medicare to the lower Texas Medicaid rates. ($475 million GR).

➲ CONCERNS AND CHALLENGES

- Texans using community care services can be medically fragile or need certain levels of service to remain independent in the community. Careful attention must be paid to protecting minimum service levels for these citizens.
- Because Texas Medicaid rates are much lower than Medicare's for most services, Texas' poorest seniors could find it harder than ever to find a doctor because their care is now reimbursed at the lower Texas Medicaid rate.
- The 2012-2013 budget lists more than 30 different options for Medicaid cut-backs, without saying which will actually be adopted. Advocates must watch for changes carefully, and monitor access to care for our fellow Texans.

The Medicaid IOU

Legislative officials say the 2012-2013 budget included a Medicaid funding shortfall—above the cuts detailed above—of at least $5 billion GR (nearly $12 billion when federal matching funds are added in). This gap between expected Medicaid costs and dollars actually budgeted created a multi-billion-dollar, five-month "hole" in Medicaid.

As of January 2012, increased revenue estimates have reduced the Legislative Budget Board's (LBB) shortfall projection to $3.9 billion. State officials say the Medicaid "IOU" will be covered through a supplemental appropriation in 2013 to allow Texas to keep paying Medicaid bills, most likely from the Rainy Day Fund.

➲ WHY THIS MATTERS

If the Legislature had cut this $5 billion GR out of Medicaid benefits or payments—on top off the $2 billion GR in actual cuts adopted—it would have had to slash Medicaid and CHIP by about one third, which would be devastating to communities and the health care safety net.

➲ CONCERNS AND CHALLENGES

While state officials have said they will use the Rainy Day Fund in 2013 to cover the Medicaid IOU, health care supporters need to be alert to the danger that come 2013, some will ask for Medicaid cuts to cover that deficit instead.

Medicaid Managed Care Expansion Spending Reductions

Big spending reductions—over $385 million state dollars—assumed in the 2012-2013 state budget come from extending the reach of Medicaid Managed Care in Texas.

- The current expansion plan takes these major steps:
- Ends the Primary Care Case Management (PCCM) model of Medicaid Managed Care in Texas, and replaces it with HMO-style care in all the remaining rural counties.
- Expands "STAR" (HMO-based Medicaid) managed care to new counties in September 2011 and March 2012.
- Adds more counties to the STAR+PLUS HMO model for aged, disabled, and chronically ill Medicaid recipients.
- Has HMOs take over ("carve in") the prescription medication benefit in Medicaid and CHIP starting March 2012.
- Has children's Medicaid dental HMOs take over that benefit in March 2012.

➲ WHY THIS MATTERS

- Managed Care may improve access to medical or dental "home" and yield better-coordinated health care.
- Managing long-term care services and supports may make it easier for seniors and people with disabilities to get help they need to live independently in the community.
- Moving Medicaid enrollees into HMOs generates about $238 million in new state insurance taxes in 2012-2013.

➲ CONCERNS AND CHALLENGES

- If Medicaid Managed Care health plans lack adequate numbers of doctors, or if they restrict access to specialists, therapies, community services, or medications too harshly, quality of care can suffer.
- The STAR+PLUS managed long-term care approach is not fully proven to improve access for seniors and Texans with disabilities, especially in the area of long-term services and supports.
- Children's health care supporters must watch the Dental HMO roll-out in children's Medicaid, to make sure this major change does not further limit access to dental care for children in Texas Medicaid.

Children's Care in Texas Medicaid: The *Frew* Lawsuit

Texas Medicaid settled a federal lawsuit on the "Texas Health Steps" program in 1996, and agreed in 2007 to new court-approved "corrective action plans" that included improved payments for medical and dental providers, special "Strategic Initiatives," and other targeted service improvements for children.

No specific funds were budgeted to continue the "*Frew*" lawsuit projects in 2012-2013, even though HHSC reports that $45 million of the 2007 allocation was never spent. Several *Frew* initiatives are now "built in" to the Medicaid program and will continue; four others ended early (8/31/2011), including Loan Repayment for nearly 600 doctors and dentists receiving help with educational loan repayment in return for service to children and youth in Texas Medicaid.

➲ WHY THIS MATTERS

The *Frew* initiatives represent exciting best practices—custom-designed by some of Texas' top Dentists, Pediatricians, and other experts in children's health care—which should be examples for other states to follow.

➲ CONCERNS AND CHALLENGES

The *Frew* initiatives cut off in August 2011 were testing important improvements for children in Texas Medicaid. Their loss as part of state budget cuts is a big step backward for Texas Health Steps and Texas children.

The Children's Medicaid Loan Repayment Program August 2011 shut-down deepens total cuts to medical workforce training, when Texas badly needs to build that workforce (more on p. 7 under "Health Care Workforce").

Eligibility and Enrollment System Modernization

Texas' eligibility and enrollment systems for public benefits (including Medicaid and CHIP) performed far better in 2010 and 2011 than in the troubled period from 2005-2009. HHSC eligibility staff were not cut in the 2012-2013 budget, but no staff increases to deal with increased enrollment were approved either.

HHSC is implementing greatly expanded online systems for applications, renewals, and updates. New 2011 laws can help shape the effort to modernize, improve performance, and minimize staffing needs. All hope these efforts and the new web capacity will reduce workloads and help keep up with the growing demand for services.

➲ WHY THIS MATTERS

Medicaid, CHIP, and SNAP (food stamp) rolls continue to grow in Texas, so it is critical to plan ways to keep enrollment speedy and accurate despite the limited ability to add staff in the current budget situation.

➲ CONCERNS AND CHALLENGES

Texas' eligibility system must be ready for major insurance coverage reforms under the Affordable Care Act in 2014. Medicaid enrollment systems must interact smoothly with new private health insurance exchanges, and be capable of enrolling new low-income adults (e.g., the parents of children on Texas Medicaid today).

"Texas Health Care Transformation and Quality Improvement" Medicaid 1115 Waiver

Federal approval was given in December 2011 for Texas HHSC's Medicaid "1115 waiver," designed to protect federal funds for Texas hospitals, reward care for the uninsured, and at the same time to promote service delivery and payment reforms like health homes, clinical integration, and payment systems tied to improved outcomes.

➲ WHY THIS MATTERS

- This waiver will allow Medicaid Managed Care without large losses in federal payments to hospitals.
- The waiver program will help support the Texas hospitals that care for large numbers of uninsured Texans, and may also encourage other Texas hospitals to provide more care to the uninsured.
- The waiver could help prepare Texas for health reforms that move away from paying health care providers for volume and toward payment that depends on better health outcomes and more cost-effective care.
- HHSC can also seek Medicaid waivers coordinating locally funded care for chronic health conditions like mental health conditions, HIV, and diabetes.
- HHSC's proposed limiting adults to three (3) medications per month under the waiver, but Texas stakeholders argued that improved outcome goals could not be achieved under the limit, and state officials removed the limit.

➲ CONCERNS AND CHALLENGES

- Stakeholders must have meaningful input—not merely comments—into waiver policy development at the state and local level, and throughout the life of the waiver.
- Texas needs a waiver policy that sets the bar high for uncompensated care and delivery system reform incentive payments. Real progress toward well-coordinated care in a medical home should come as fast as is possible, while allowing reasonable time for systems to make reforms.

New Texas laws: The End of Medicaid, Medicare, and CHIP as We Know Them?

The 2011 legislature adopted several changes in law that direct multiple major Medicaid changes. One provision directs HHSC to seek consolidated Medicaid funding and exemption from federal minimum Medicaid standards under an 1115 waiver. A second directs Texas to seek federal permission to roll Medicare, Medicaid, CHIP, and all the rest of Texas' federal health care funds into a single "compact" block grant, in which Texas would not have to meet federal program standards (only veterans and Indian health care could not be changed). Under either, Texas could give up guaranteed federal funds that grow along with need, in return for the "flexibility" to cut who is covered and the health services provided.

How these overlapping directives will be handled and the impact on Texans cannot be fully understood at this time.

➲ WHY THIS MATTERS

The passage of these bills indicates the strong influence of those who oppose public health insurance programs and so are willing to risk having a lower Texas standard for Medicare coverage and benefits.

Neither of the two proposals for major health care coverage re-structuring represented by these bills could gain approval by the current U.S. Congress or president. This means that for now, their impact is symbolic.

➲ CONCERNS AND CHALLENGES

Still, Texans must be aware that a block-grant-type substitute for Medicaid, CHIP, Medicare, and most other federal health care funding streams is now allowed under state law. Under different federal leadership, these changes could in the future be requested from and approved by the federal government.

Other Key Health Care Services

Non-Medicaid programs, using a combination of federal and state funds provide a number of critical Texas health needs.

Early Childhood Intervention (ECI)

ECI supports families with children (ages birth to three) with disabilities and developmental delays with services to help their children reach their potential. With federal and state funds, ECI provides free evaluations, and asks families who can afford to do so to share in the cost of services using a sliding fee scale.

ECI's appropriation for 2012-2013 is $47 million (over 14 per-

cent) below the actual spending in 2010-2011. As a result, the Department of Assistive and Rehabilitative Services (DARS) is increasing family co-payments, and requiring a slightly longer measured delay to qualify. DARS expects to serve nearly 28,000 children per month, compared to 30,000 in 2009.

WHY THIS MATTERS

With early intervention during the critical zero-to-three period, many children can fully eliminate a developmental delay, and all children have their best chance at achieving their maximum potential.

CONCERNS AND CHALLENGES

Clearly, more Texas babies need ECI services than the state has currently funded. Full ECI funding should rank with prenatal care and immunization as a top priority for investment, as it will save many more public dollars down the line.

Women's Health Services through the Family Planning Program Cut Deeply

Texas funds family planning through both federal grants and through Medicaid. The programs provide birth control, preventive care and check-ups to low-income and uninsured women (1/3 of Texas' working age adults are uninsured).

The Numbers

- The Department of State Health Services (DSHS) Family Planning programs will serve 61,135 Texas women in each year of the budget; this is down from 211,980 served in 2010—a reduction of 150,845, or a 71% drop in clients.
- Only $37.9 million is budgeted for DSHS Family Planning the 2012-2013 of biennium, compared to LBB-estimated 2010-2011 spending of over $111 million. That's a cut of $73.2 million from 2010-2011, or 66% (two-thirds) less.
- Texas' Women's Health Program (WHP) offers family planning services to US citizen women (18-44) at the Medicaid maternity income levels, is projected to serve about 120,000 women, and to save Texas over $83 million in 2012-13.
- However, budget language excluding Planned Parenthood affiliates from WHP could create an access shortage because those clinics serve about 40% (48,000) of the program's clients. Federal Medicaid authorities may not allow Texas to exclude Planned Parenthood from the WHP.
- Combined, the DSHS and Medicaid Family Planning programs without cuts would have been projected to serve at least 332,000 Texans every year. A reduction of over 150,000 served (i.e., even if WHP levels do not drop) will be more than a 45% cutback.

WHY THIS MATTERS

Access to family planning is critical to reducing several Texas challenges: high and growing rates of pre-term births, births too close together causing medical risks for the newborn, and births to unmarried teen moms.

Access to the tools to plan the timing and size of our families is a critical piece of the puzzle in building equal economic opportunity for Texans who aspire to overcome poverty, join the middle class, and realize prosperity.

CONCERNS AND CHALLENGES

The DSHS family planning cuts reduce access for Texas teens and immigrant women who cannot get that care through Medicaid. Texas already has one of the highest teen birth rates in the U.S., ranking 48th among the states.

LBB projects reduced family planning will result in over 20,000 additional low-income pregnancies, costing Texas Medicaid over $98 million GR in 2012-13 (average Medicaid delivery and newborn care $11,000, Texas' share is about $4,400).

Mental Health and Substance Abuse Services

Funding for community mental health services escaped deep cuts and was held near the 2010-2011 amount. Without funding to allow for inflation or population growth, service levels per person will likely be reduced in some programs.

- Children receiving community mental health services in 2012-2013 are projected at the same number as in 2011, which is 6% more than in 2003, but not enough to keep up with population growth over those years.
- Adults receiving community mental health services remain at about the same number served in 2003, though the state population has grown by 3.3 million (15%) and the number of uninsured Texans by nearly 1 million.

Other DSHS Health Care Programs: Some Fall Behind

The combined impact of 2003 and 2011 Legislative cuts to non-Medicaid-funded health care programs at the Department of State Health Services (DSHS) has left some serving fewer Texans today than in 2003.

WHY THIS MATTERS

Population and inflation grow (nearly) every year, so when the legislature fails to increase funding, either the number of people served or the level of service must drop.

CONCERNS AND CHALLENGES

As of August 31, 2011, there were 933 children on the waiting list for the Title V-funded Children with Special Health Care Needs services.

Click here for an extended version of this report. See p. 16 for a detailed table of DSHS Client Service levels from 2003 to 2013.

Health Reform Implementation

With 24.6 percent of Texans of all ages uninsured in 2010, Texas stands to gain more than any other state in terms of newly covered citizens and federal financial support for new coverage under the federal Affordable Care Act of 2010 (ACA, the federal health reform law).

Where Texas Stands

- In 2010, Texas remained the state with the highest uninsured rate in the nation at 24.6 percent. The total number of uninsured Texans is 6.2 million people, roughly 250,000 fewer than in 2009.
- Texas' working-age adults are nearly twice as likely as children to be uninsured.
- Uninsured Texas children dropped in the last two years, even though children lost coverage through their parents' jobs. Medicaid and CHIP more than made up for the loss in job-based coverage.

Early Texas Health Reform Gains

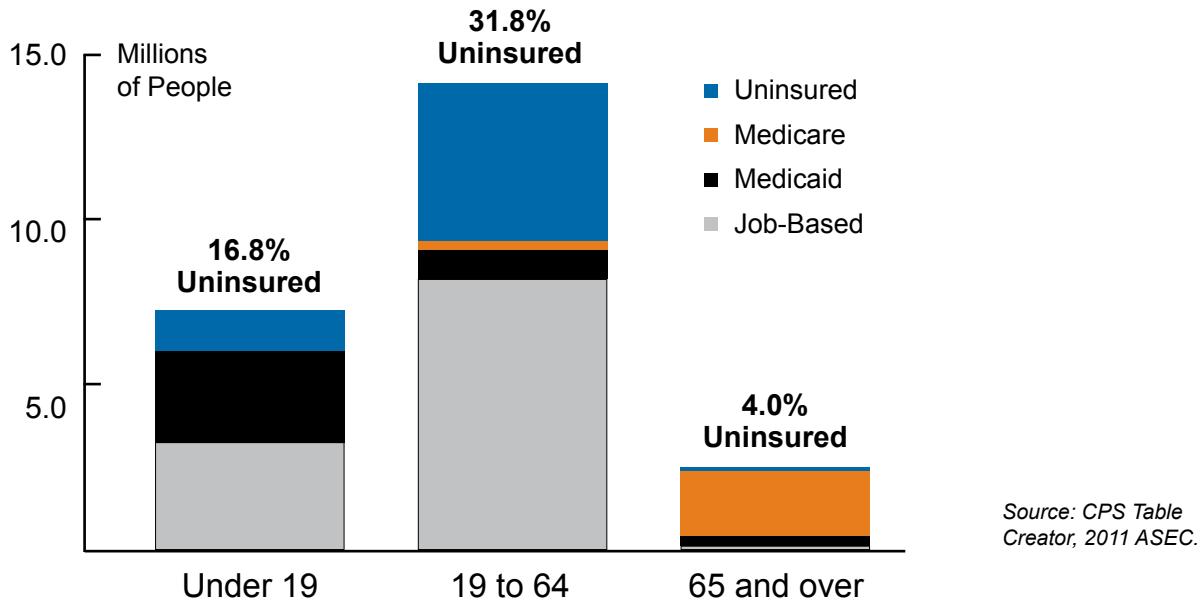
- Several ACA provisions are already in effect and helping Texans access and maintain their health care:
- The Pre-existing Condition Insurance Plan provides good coverage for people with pre-existing conditions who have been uninsured for six months or longer.
- Young adults can stay on their parent's policy until their 26th birthday, already covering 2.5 million Americans 19-25.
- More than 120 of Texas' largest employers—e.g., AT&T, American Airlines, Southwest Airlines, and Texas Instruments—have received over $425 million in federal support to make early retiree health coverage more affordable.
- Insurers cannot deny coverage to a child based on the child's pre-existing condition.
- The Consumer Health Assistance Program (CHAP) at the Texas Department of Insurance has helped thousands of Texans looking for health coverage or needing help with health plan denials.
- Small Employer tax credits of up to 35 percent of a small employer's cost of coverage are available.
- Year-to-year health premium hikes now are subject to state and federal review to make sure they are reasonable.
- Health Plans must spend 80 to 85 cents of every premium dollar on health care. Employers and individuals will get rebates starting in summer of 2012.
- Over 1.4 million Texans in Medicare got a check-up or preventive services with no deductible or co-pay.
- Over 103,000 Texans in Medicare got discounts worth $58.6 million on brand-name drugs in the Medicare Part D coverage gap (the "donut hole") from January to August 2011, an average savings of $565 per person.
- Medicare Advantage and Part D drug plans' prices dropped for the second year in a row.

What Health Reform Will Bring Texas in 2014

Large-scale coverage solutions under the ACA are set to launch in January 2014:

- Uninsured US citizens with incomes less than 4 times the poverty level ($88,400 for family of four) will be able to buy private insurance through a new health insurance exchange, with sliding-scale help with premiums and out-of-pocket costs, and with no state budget dollars required.

Working-Age Texans Twice as Likely as Children to be Uninsured



Source: CPS Table Creator, 2011 ASEC.

- Insurers will not be able to deny coverage to any individual or small business—nor charge them more based on health history, pre-existing conditions, group size, or kind of work they do. Small employers with 50 or fewer full-time workers will not have to provide coverage, and will not be subject to any penalties.
- Medicaid will cover U.S.-citizen adults up to 133 percent of the federal poverty level ($29,726/year for a family of four). Parents of kids on Texas Medicaid and other poor adults will qualify for coverage for the first time in 2014.

Preparing Texas for Health Reform: How are We Doing?

Prepping for health reform has not been a priority for state leaders who oppose ACA. Here is how the Texas Legislature performed in the 2011 session on the top five legislative goals key to preparing Texas for 2014.

Build Good Health Insurance Exchange

The ACA creates new health insurance "Exchanges" in every state in 2014: competitive marketplaces for health coverage—like Travelocity for health plans—to give consumers more control, quality choices, and better protection.

Though several bills were filed during the 2011 session to create a Texas-based Health Insurance Exchange, a Governor's veto threat ultimately halted those efforts.

The Texas Department of Insurance and the Texas Health and Human Services Commission did apply for and receive about $4 million in federal ACA planning funds.

➲ HOW ARE WE DOING?

- Federal rules indicate states too far behind in Exchange development will have a federal Exchange at first.
- TDI lacks the legal authority to enforce either already-enacted ACA provisions or those that take effect in 2014 .
- TDI will need more funding to operate the Consumer Health Assistance Program (CHAP) after April 2012.
- Gains in 2011 included: improved consumer provisions added to failed exchange bill; support for "child-only" plans; notice to consumers of rate increases; Office of Public Insurance Counsel (OPIC) maintained, and continued funding for Healthy Texas Program and Texas Health Insurance Pool enrollees.

Bolster Our Health Care Workforce

There is a shortage of most types of health professionals in Texas; nearly all fall below the national averages. Texas needs to build our health care workforce, both to reduce current shortages and to prepare for higher demand when more Texans get coverage in 2014. Many medical training programs were cut for 2012-2013.

➲ HOW ARE WE DOING? Over $250 million in new federal medical education training funds have been allocated since ACA passage in 2010, but the 2011 Texas legislature made cuts to key health care training.

Build Modern, Efficient Enrollment Systems

Texas must have systems in 2014 that can handle increased Medicaid enrollments and interact smoothly with a state or federally run Exchange.

➲ HOW ARE WE DOING?

The 2011 Legislature maintained eligibility staff, empowered modernization of the eligibility systems, and authorized more robust partnerships with community-based organizations to help connect Texans with health care.

Update Texas Revenue System

Our state leadership created a recurring $10 billion per biennium revenue hole ("structural deficit") in 2006, meaning every two-year Texas budget will be short at least that amount until taxes are re-structured.

➲ HOW ARE WE DOING?

According to agency estimates, ACA-related Medicaid costs from 2014-2019 could be as much as $5.8 billion in new state-dollar spending, but Texas will also gain $76.3 billion in new federal match. Even with big federal fund gains, we still need resources to fund state share, invest in health care workforce, and make other prudent public investments.

Without revenue reforms, Texas will be unable to provide basic state services—from education to parks and even prisons—let alone build a modern health care system.

Improve Quality and Slow Growth in Costs

Reducing the rate of growth in U.S. health care spending is critical to long-term debt reduction and national financial stability, and necessary to sustain a system of decent health care for all at a fair share of income. The ACA starts the process by making cost-containing, quality-promoting delivery and payment reforms to Medicare and Medicaid.

➲ HOW ARE WE DOING?

The 2011 Texas legislature created new laws that encourage care coordination and payment systems that reward hospitals for better outcomes. However, these new Texas proposals are only concepts so far, and Texans will need to stay informed and involved.

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Health Reform's Big Picture

WHY THE ACA IS WELL WORTH KEEPING

- First-ever system for making comprehensive care available to all (lawfully present) Americans at an affordable price
- Profits in health insurance marketplace will no longer be based on avoiding risk, leaving Texans uninsured.
- Lays a foundation for controlling costs and improving quality of care

Promise and Peril

The future of health care access in Texas and the U.S. is uncertain. Legal challenges to the ACA may be resolved by the U.S. Supreme Court by June 2012. Possible outcomes range from upholding the entire act to full repeal, with striking only the individual mandate or Medicaid expansion also possible. Even if the ACA is upheld in court, Congress can continue to make changes to the law. Federal deficit reduction adds uncertainty, as proposals relying on cuts alone without increasing revenues would force Medicaid and Medicare to be largely dismantled.

While imperfect, the ACA offers the best hope Texans have ever had for making a major leap in reducing our state's terrible uninsured rate. If the ACA is lost in the Supreme Court or repealed by a future Congress, progress on health care reform may be derailed for a generation. The ACA attempts for the very first time to create a health care funding structure where every American can access decent care, not for free, but at an affordable price. It would transform the commercial health insurance market into one where profits must be gained through good care and service, and not by avoiding risk by denying coverage. And, it pursues a long list of promising delivery, quality, and payment reforms in search of a system that will not financially reward either the over- or under-provision of care. Much more remains to be done, but the ACA is a good strong start.

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Acknowledgement

CPPP acknowledges Methodist Healthcare Ministries of South Texas, Inc., (MHM) for their support of this report. The findings and conclusions expressed in this report, however, are solely CPPP's, as are any errors or omissions. To learn more about MHM, visit www.mhm.org.

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