



BUSINESS LEADERS SUPPORT CHILD HEALTH

A FISCALLY RESPONSIBLE INVESTMENT FOR TEXAS

No group knows better about how to respect a bottom line than our state's business community. During times of economic hardship, difficult decisions must be made. But, balancing the budget by endangering children's lives is neither a fiscally responsible nor viable solution.

Children's Medicaid and CHIP not only provide affordable health coverage to the children of Texas, they help to ensure a healthy business climate by protecting our future workforce. In this report, the Children's Defense Fund-Texas, with the generous support of Methodist Healthcare Ministries, provides an overview of what leading businesses, medical providers and other community leaders are saying about Medicaid and CHIP coverage and maintaining a strong business climate in Texas.

"If I had a magic wand, I'd get them all enrolled...Why? I think that at the end of the day, it's the moral thing to do and over the long term, it's the most economic thing to do."

Texas Lt. Governor David Dewhurst, on 900,000 uninsured children eligible for Medicaid and CHIP coverage

Children can't wait. The time is now.
You can help. Get involved.
www.cdf-texas.org

"We, the business community of Texas, want the state to maximize our federal matching funds – and quit subsidizing our competitors in other states with our federal match dollars. Those are our dollars and we want them back here investing in our future workforce."

**George DeMontrond III, President and CEO,
DeMontrond Automotive Group, Inc.,
Houston, Texas**

"There is no better return on investment than placing our dollars where they will insure the health of future generations. It just makes sense."

**Mike Moncrief, Mayor, Fort Worth
and former Texas State Senator**

"In my estimation as both a former local elected official and now as Chamber President, investments in healthcare have some of the highest return on investment you can make. This is true because these investments translate into healthier babies, who are able to grow-up to be better students, who then can succeed in our schools and ultimately have better career opportunities. Everything starts with good health - and good healthcare."

**Richard Perez, President and CEO,
The Greater San Antonio Chamber of Commerce**

“The need for Texas’ children to have unimpeded access to healthcare is absolute. They are our future and the true measure of Texas’ success. If we don’t protect their welfare, Texas will be the worse for it. We strongly urge the Legislature to protect our children and the future of Texas.”

Richard E. Dayoub, President and CEO, Greater El Paso Chamber of Commerce

“Our economic development and the health of our Texans is threatened by imprudent cuts that do not have to be made.”

Scott Chase, Executive Committee Member, Oak Cliff Chamber of Commerce
(*Save Our State Rally, 4/6/2011*)

“Jared Wolfe, head of the Texas Association of Health Plans, which represents health insurers, said further Medicaid fee cuts could set off a doctor stampede.”

Dallas Morning News Editorial Board

“Anything that reduces payments to rural hospitals because of their narrow margins could jeopardize their ability to stay open. People are going to die because they are not going to get care.”

Don McBeath, Director of Advocacy, Texas Organization of Rural & Community Hospitals
(*Austin American-Statesman, 2/27/2011*)

Cutting Medicaid reimbursement rates to providers and reducing services is penny-wise and pound foolish. If the proposed provider rate cuts to Medicaid and CHIP are implemented, ALL Texans will be negatively affected.

Hospitals receive a large part of their funding from Medicaid reimbursements. With the estimated 10-30% cuts in reimbursement rates, hospitals, especially in rural communities, will be at risk of closing their doors. Hospitals in urban centers will be on divert status more frequently due to overcrowded emergency rooms.

“Ask any business owner if they can run a business where one of their biggest customers is paying only 60 percent of the actual cost of providing a service. Where are you going to make up the loss?” says James A. Summersett III, President and CEO, Knapp Medical Center, Weslaco, Texas (*The McAllen Monitor, 3/13/2011*)

When parents have no other option but to seek treatment for their child’s ear infection or a toothache in the emergency room, all Texans are at risk that trauma beds will be unavailable for true emergencies.

In a 2004 study, the death rate for severely injured patients was shown to increase by 50% when Harris County Level 1 trauma hospitals were on divert status.

The **Metro 8 Chambers of Commerce** represent the business sectors of the eight largest metropolitan cities in Texas and more than 60 percent of the state’s population.

Among their many legislative priorities, including economic development and education, the Metro 8 Chambers oppose reducing the already low rate of medical provider reimbursements. They believe such a reduction will have its greatest impact on urban areas and will not only affect the availability of care for our patients now; it will also reduce the number of providers that will be available to Texas residents in the future.

There are currently 3 million Texas children that rely on Medicaid and CHIP for health coverage. If the currently-proposed cuts are implemented, more doctors and dentists will stop seeing CHIP and Medicaid children because it will no longer be financially viable, and some will have to close their practices. Pregnant women will also have a harder time finding doctors and receiving prenatal care. As a result, more children will be born premature and have associated lifelong complications.

Medicaid cuts will deeply impact elderly and disabled Texans too.

Nursing homes will close and elderly Texans will be left searching for care. Disabled Texans will see cuts in essential services. Elderly adults on Medicaid and Texans with disabilities could lose coverage for their eyeglasses, hearing aids, medical supplies, prescriptions and mental healthcare. Hundreds of thousands of seniors and Texans with disabilities will face cuts in services that keep them in their communities and out of institutions.

Cuts to Medicaid will result in job loss, increased tax burdens on Texans, and a less viable business community.

“For Medicaid and CHIP, we found that cuts to the programs were a very inefficient way to achieve fiscal balance. Such reductions lead to loss of federal funds, higher costs to those who purchase insurance, more uncompensated care for hospitals and clinics, and reduced business activity.”

Dr. M. Ray Perryman, President, The Perryman Group

(Waco Tribune, 2/7/2011)

“It has been estimated that the federally funded share of our state’s Medicaid program impacts almost 300,000 permanent jobs and yields close to \$1 billion in annual state revenue.”

Dr. Richard Cole, Professor, Urban and Public Affairs, UT Arlington

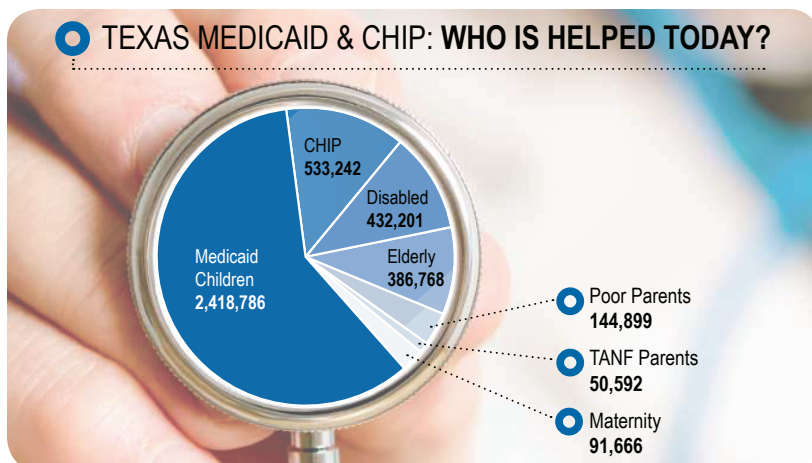
(Fort Worth Star-Telegram, 11/15/2010)

“Affordable access to healthcare is an essential component in developing and sustaining economic viability in the city of Fort Worth. The health of Fort Worth’s economy depends on the physical and mental health of our communities, which is why the chamber supports efforts to reduce the number uninsured and underinsured.”

Fort Worth Chamber of Commerce, 2011 Legislative Agenda

“Affordable high quality healthcare is an important factor in recruiting businesses and talent to the DFW area. To ensure our region remains competitive, we support programs that (1) decrease the cost of healthcare to business and consumers, (2) increase the access of healthcare to all, and (3) enhance the quality of healthcare.”

Dallas Regional Chamber, 2011 Legislative Position Statement



Center for Public Policy Priorities, analysis of Texas Health and Human Services Commission data for March 2011.

When we cut CHIP and Medicaid funding, whether the cuts happen through provider rates or block grants at the federal level, Texas federal tax dollars are lost and the FULL COST (state + federal funds) of healthcare is passed on to local communities and taxpayers. By bypassing the 60% federal subsidies, local communities pick up 100% of the tab through increased hospital district taxes and rising health insurance premiums.

The Metro 8 Chambers “oppose any cuts to CHIP and Medicaid. The State of Texas should not cut state expenditures for these programs, which, in reality, shift the burden of those costs to local businesses, taxpayers, and providers.”

**Metro 8 Chambers of Commerce
2011 Legislative Agenda**

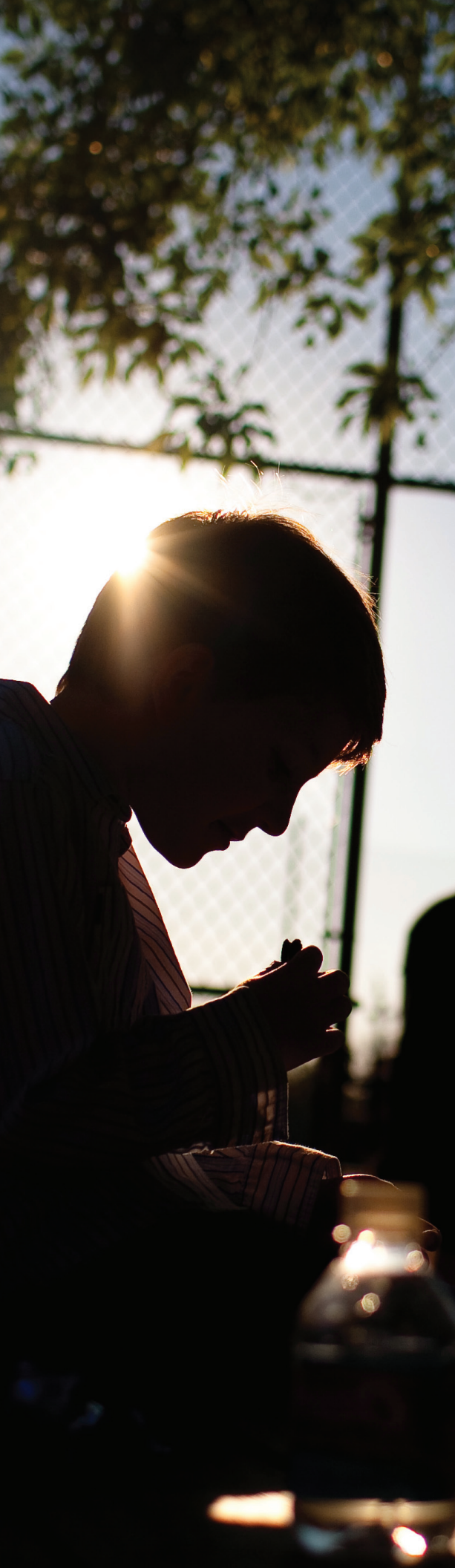
Businesses care about much more than just low taxes.

“Studies, though, frequently show that the crucial factors influencing firms to relocate are those associated with quality-of-life measures for their employees and their families: quality education, cultural opportunities, ample parks and recreation facilities, good healthcare and the like. Low personal taxes frequently fall pretty far down the list of reasons cited for business relocation.”

Dr. Richard Cole

**Professor, Urban and Public Affairs,
University of Texas – Arlington**

(Fort Worth Star-Telegram, 11/15/2010)



WHAT OTHERS ARE SAYING:

Lan Bentsen, Texas-based international investor: “To ‘save’ \$7 billion at the state level, Texas taxpayers must forfeit \$10 billion of their own federal taxes rerouted to other states, and incur an additional \$10 billion in new cost burdens at the local level. At a 3:1 loss for Texas taxpayers – this is not a fiscally responsible option. From a business perspective, these cuts call into question our collective judgment.”

Larry Kellner, Chairman of the Board of the Greater Houston Partnership: “On behalf of the GHP Board of Directors, I encourage the Texas Legislature to support initiatives that preserve, protect and promote the life-saving medical research and care that are provided in the Texas Medical Center, including full funding of Medicaid and CHIP to care for the 3 million Texans who have medical needs with limited resources.”

Dr. Dan Stultz, President/CEO, Texas Hospital Association: “First, the reality: Businesses and families want good schools and healthcare. Cutting too deep will damage efforts to attract employers to Texas ... Texas’ track record as an economic powerhouse and our reputation as the envy of other states is in jeopardy.” (*Fort Worth Star-Telegram*, 3/30/2011)

Dr. Steve Murdock, Rice University professor, former Texas Demographer: “If we don’t change the socioeconomic factors that go with the demographic factors, it is hard to see anything but a Texas that is poorer and less competitive in the future than it is today.” If current trends continue data shows that by 2040 one out of every three Texans will not have a high school diploma and the average household income will be at least \$6,000 less than it was in 2000.

Dr. Vivian Ho, James A. Baker III Institute Chair in Health Economics, Rice University: “Providing health insurance to all children in America will yield substantial economic benefits.”
(*The Economic Impact of Uninsured Children on America*)

Join the many thousands of Texans urging the Texas Legislature to adequately fund Texas’ healthcare infrastructure and protect children’s health coverage. Texas leaders agree, children are our future.

This publication produced by the Children’s Defense Fund–Texas with the generous support of Methodist Healthcare Ministries.

