

TEXAS COMMISSION ON HEALTH CARE REIMBURSEMENT ALTERNATIVES

Citation: Created by House Concurrent Resolution 98

The commission has been charged to design a basic health care plan for certain uninsured and underinsured Texans who cannot afford or acquire adequate health insurance. The membership shall identify target populations, develop benefit plans, and recommend an administrative plan for implementation that makes maximum use of existing public and private resources to provide health care accessibility to as many citizens as possible.

The Texas Commission on Health Care Reimbursement Alternatives may establish technical advisory committees to assist in its work and is required to complete its final report by December 1, 1988.

Membership:

William P. Daves, Jr., chairman
Suite 1375, Federal Savings Tower
8333 Douglas
Dallas, Texas 75230
214/750-7977

Sen. Chet Brooks
Sen. O. H. "Ike" Harris
Sen. Eddie Bernice Johnson
Sen. Kenneth Armbrister
Rep. Jack Harris
Rep. John Gavin
Rep. Ciro Rodriguez
Rep. Alan Schoolcraft

Helen Farabee
M. T. Philpot
Dr. Warren Tingley
Joel Allison
Lynda Calcote
Carol Carlson Dean
James E. Dalton, Jr.
Ed Jackson
Garland Lasater

Staff Contact:

George Mead, staff director
Room 202, Reagan Building
512/463-1153

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*Final Report will be issued
about the end of the year*

STATUS REPORT: The Texas Commission on Health Care
Reimbursement Alternatives

1. The Commission has established objectives for 1988 including public hearings, collation of agency and private sector health care and financial data, and monitoring of developments in other states and in Congress in order to report to the Legislature on:

- the scope and impact of uncompensated health care costs in Texas
- the causes and impact of the decline in the insured population of Texas
- problems with access to appropriate health care for un- and under-insured families, and
- actions in Congress and in sister states that mandate or encourage a Legislative response in forthcoming Sessions.

2. In the course of its studies, the Commission has determined the following:

- Almost ten per cent of the nation's uninsured population resides in Texas. Some 2.8 million people are entirely without third-party coverage from public or private sources. Our uninsured population has grown by more than 50 per cent since 1980. Although some of that growth is attributable to the deep, prolonged recession of 1984-1987, the uninsured population in Texas may continue to grow as we continue our conversion from a natural resources economy to a contemporary services economy.
- Approximately ten per cent of the uncompensated care delivered in American hospitals is delivered in Texas. Some \$1.4 billion in unpaid hospital bills is shifted each year to patients with third-party coverage, forcing up the price of insurance and self-insurance. Many small employers have elected to "go bare", leaving their workers the choice between costly individual premiums and no coverage. Larger employers and self-insured entities have fought health care inflation by shaving employee benefits, sometimes below prudent limits. The decline of the insured population leaves fewer paying patients to whom providers can cost-shift, reducing cross-subsidization to the medically needy.

---Congress has made preparations to address the needs of the uninsured, and their impact on health care providers, on a nationwide, mandated basis. Although the precise nature of Congressional action will not be clear for several years, Texas may soon face Federal requirements to intervene in the insurance marketplace or to guarantee health care access to low-income families.

---More than two dozen other states have already acted to slow the decline of the insured population by a variety of responses, ranging from small-scale pilot programs in Colorado to a comprehensive state health insurance mandate for small employers implemented in Massachusetts. State response to uncompensated care issues will figure prominently in the calculation of employee benefit costs by corporate relocation consultants. Access to care, quality and cost may soon rank with education and transportation as key factors in the recruitment of jobs and capital to Texas.

3. In its 1988 report to the Legislature, the Commission will emphasize the following elements:

---the structural factors behind the growth of the uninsured population that virtually guarantee continued inflation in the health care sector

---the need for more current, more precise demographic and financial information to assure wise and timely response from employers and policymakers

---the problems of balancing competing public goods, such as the financial needs of Texas health care providers, the chronic revenue problems afflicting state and local government, and the growing national consensus of support for access to health care.

4. In concluding its efforts for 1988, the Commission will evaluate the short- and long-term implications of the following policy options and report its conclusions to the Legislature:

---Medicaid expansion: consistent with revenues available, Texas should capitalize on all permissible optional expansions of eligibility for the Texas Medical Assistance program. Some 40 per cent of the uncompensated care delivered in Texas is attributable to maternity-related health needs. Texas should therefore make Medicaid available to women and their children up to age eight at incomes up to 185 per cent of the Federal poverty guidelines.

- Support for primary care providers and outlying facilities. Many rural providers and hospitals have surrendered to financial stress in 1988 and discontinued their services. Texas must maintain access to an appropriate range of health care services, even outside our major cities. Inside the cities and the hospital districts, we must coordinate and if necessary subsidize efforts to sustain large public hospitals, expand local clinics to deliver primary care services, and encourage growth in key medical specialties--notably obstetrical and geriatric practices and allied health care professions.
- Before other states have stolen a march on Texas, we must survey alternatives for sponsorship or creation of prepaid health care systems for small businesses and low-income families. Tennessee, Washington and Arizona have already implemented pilot projects based on HMO-style marketing and service delivery principles. We should design and test our own strategies before uncompensated care problems create a competitive disadvantage for Texas business.
- Assigned risk pools for the medically uninsurable will relieve providers of some of the cost of caring for the growing number of people who are unable to obtain health insurance in the private sector. Congress continues to consider mandating the creation of pools for the uninsurable, and the national insurance and provider associations support their establishment. It may prove in the best interests of Texas to establish our own, before we confront mandates in excess of our needs or ability to comply.
- Our uncompensated care burden is large and growing fast, and the combined effects of poverty, competition in the health care sector, and our support for access to care will virtually insure that it continues to grow in the future to unacceptable levels. The Legislature should direct the creation of interagency working groups to involve all state players in the process of identifying means to relieve private sector financial distress, and to insure the survival of the public sector "safety net" for health care. The Legislature should also act to involve providers, third-party payors, employers' groups and health care access activists in an ongoing dialogue to pursue an affordable solution to the potentially crippling problems of health care finance.