



TEXAS HOSPITAL ASSOCIATION

TEXAS HOSPITAL ASSOCIATION

2009 Legislative Agenda

Uninsured Population, Nursing Shortage Top Priorities for Texas Hospitals

Good health, both physical and mental, is the foundation for a positive, productive life.

Good health. It's something many take for granted. While most people believe that a good education is essential, health care often is viewed as optional, or an expensive "luxury." The reality is that good health, both physical and mental, is the foundation for a positive, productive life. Investing in preventive care – such as immunizations and regular check-ups – and having ready access to primary care – where small problems can be treated quickly to avoid complications and a more advanced disease process – pay long-term dividends. Not only is an individual's health status improved but also the ability to learn in school or on the job is enhanced, ultimately leading to a person becoming a productive, contributing member of society.

While most people see health care as important, the ability to afford it is beyond the means of more than 5 million Texans. Today's economic crisis only compounds the problem. And governments frequently view health care spending as a liability – a cost that must be contained.

Texas hospitals often help families deal with the consequences of not making good health a priority. As the Texas Legislature meets in 2009, the Texas Hospital Association and its members are working to achieve changes that will make health insurance more affordable and accessible. Reducing the number of uninsured Texans positively impacts *all* of the other challenges facing Texas hospitals.

Taking personal responsibility for your health, preventing illness and injuries, managing chronic conditions and using health care services appropriately are things you can do. And, you can ask your legislators to make health care a priority and pass bills that address key challenges facing hospitals today.

This brochure provides an overview of the Texas Hospital Association's state legislative agenda for 2009. THA's Web site, www.tha.org, provides more information as well as progress reports throughout the legislative session.



The Texas Legislature can take steps to make health insurance more affordable and accessible with minimal state expenditures.

Make Health Insurance More Affordable, Accessible

With the Texas Department of Insurance under sunset review in 2009, the Legislature has the opportunity to remove regulatory barriers that contribute to making health insurance coverage unaffordable or inaccessible. This in turn can reduce the number of uninsured Texans through the private market. Specifically, THA urges the Legislature to:

- Remove the age limitations in the Insurance Code to allow a parent or grandparent to buy coverage for an adult child/grandchild on his/her group policy, regardless of the child's age or student status;
- Require college students to be covered by insurance or allow them to "buy-in" to coverage provided by the institution;
- Require health insurers to report annually to TDI on what they are doing to expand coverage to the uninsured, such as how they market policies to small employers, benefits packages offered, pricing, etc.;
- Provide consumers with greater transparency about health plans by requiring health insurers to report and TDI to publish more robust information about insurers' business practices, such as administrative costs, calculation of premium quotes and amount of premium dollars paid in medical claims;

- Establish licensure requirements for preferred provider organizations and require the TDI to oversee and regulate these health plans' activities; and
- Supplement current insurance companies' funding of the state's High Risk Pool to make premiums more affordable for individuals who cannot obtain coverage elsewhere, often due to "pre-existing" conditions.

The state also can take action to encourage more employers to offer and help pay the cost of private health insurance coverage. Texas hospitals encourage the Legislature to:

- Establish a business tax credit for companies that provide health insurance for their employees. Employers should be allowed to deduct the amount of the health insurance premiums paid to reduce their gross taxable receipts and their corresponding tax liability;
- Create a reinsurance system to help small businesses and their employees access lower-cost health insurance. For example, the state-funded reinsurance program could cover a portion of claims above a certain threshold, reducing premiums for all participants. The program potentially could be funded through a modification of the state's High Risk Pool or through a new public/private health insurance program;
- Restrict Texas Enterprise Fund monies to companies that provide their employees with meaningful health insurance coverage. Otherwise, these new businesses could increase the volume of uninsured Texans; and
- Require local and state entities – including city/county governments, public hospitals, universities and local school districts – to give preference to contractors/subcontractors who provide/offer health insurance coverage to their employees. Businesses should not be penalized in the competitive bidding process for helping pay for their employees' health insurance premiums, which increases their overhead.

Bottom line:

Enact health insurance reforms and get more Texans covered.

Graduate More Registered Nurses

According to the latest projections from the Texas Center for Nursing Workforce Studies, Texas hospitals are short 22,000 full-time registered nurses. Without a major increase in the number of nursing graduates, this gap will widen to 70,000 by 2020 as the state's rapidly growing population ages and requires more acute care, and as older nurses retire or reduce the hours they work. At the same time, Texas nursing schools have turned away thousands of qualified applicants – some 8,000 in 2008 alone. The problem is a shortage of qualified faculty.

The Texas Legislature and nursing schools have responded. In 2007, Texas nursing schools graduated 7,000 new registered nurses – a 55 percent increase over the 4,500 produced in 2001. While impressive, this increase is far below the numbers needed to close the supply/demand gap. Texas must act now to graduate more nurses – and that requires more funding.

Texas hospitals are part of a broad-based coalition that is requesting an additional \$60 million for nursing education to almost double the number of registered nursing graduates by 2013.

Bottom line:

Increase the number of nursing graduates.

- Ensure appropriate confidentiality provisions to foster the continued sharing of information and to encourage the reporting of mistakes and potential errors; and
- Ensure that the state's efforts do not duplicate existing federal programs and requirements.

The recent proliferation of specialty hospitals and independent emergency care medical facilities has caused confusion among the public regarding expectations about the quality and level of medical care available at such facilities. State oversight of these facilities is critical to ensure public safety. To further protect the public, Texas hospitals support the:

- Licensure of independent emergency medical care facilities; and
- Establishment of a minimum emergency department bed requirement for all general hospitals.

Bottom line:

Fund state data collection efforts so that meaningful information is available to the public. Protect the safety of Texans by licensing and regulating independent emergency medical care facilities.

Support Quality and Patient Safety Activities

Hospitals routinely collect and use data to improve patient care. Hospitals also constantly strive to acquire innovative technology, share data about the effectiveness of treatment methods and consistently use proven interventions to reduce adverse outcomes.

While many quality initiatives are national in scope, Texas has adopted a number of hospital data reporting requirements in recent years; however, not all of these initiatives have been funded. Analyzing and publishing data are why collection occurs; these activities should be funded.

Consumers expect and deserve information to help them evaluate the quality of care they receive in hospitals. Texas hospitals ask the Legislature to:

- Invest in the personnel and technology to analyze and make state data available to the public in a meaningful, user-friendly format;

Preserve Liability Reforms

The medical liability reforms passed in 2003 have produced the desired result: more doctors are willing to practice medicine in Texas. To preserve the improved access Texans have to medical services, the Legislature should:

- Maintain the cap on non-economic damages for pain and suffering; and
- Limit liability in disaster and emergency situations to those who exhibit gross negligence.

Bottom line:

Liability reform has worked; don't change it.

Texas must act now to graduate more nurses – and that requires more funding.





Medicaid and CHIP provide opportunities for Texas to garner federal dollars, and using them wisely can improve the health – and productivity – of low-income Texans.

Invest in Health Care for Low-Income Texans

State funding of health care programs, including Medicaid and the Children’s Health Insurance Program, affects all Texans. Both programs provide opportunities for the state to draw down matching funds from the federal government and maximize local and state tax dollars spent on health care for low-income individuals. Providing timely and appropriate health care to those who qualify for these programs improves school attendance and performance as well as reduces absenteeism of working parents.

The *shortfall* in what Texas Medicaid pays hospitals for services compared to their *costs* has increased from \$464 million in 2003 to more than \$1.2 billion in 2009. Even with supplemental federal funds that help compensate for high volumes of Medicaid and charity care patients, hospitals’ unpaid costs from Medicaid shortfalls and caring for the uninsured have risen from \$1.7 billion in 2003 to nearly \$2.2 billion in 2009. Additionally, the state has not appropriated all funds accruing to help offset the cost of uncompensated trauma care.

Today’s economic turmoil puts more strain on hospitals statewide, and the state should not continue to underfund Medicaid, shifting these costs to local taxpayers and insured patients.

The continuing physician shortage in Texas also negatively impacts access to care. Texas needs more graduate medical education (GME) slots to reverse the trend of forcing graduates to leave the state for residency training. Restoration of state appropriations for Medicaid GME also allows Texas to obtain additional federal matching dollars.

Texas hospitals urge lawmakers to:

- Ensure that reimbursement under Medicaid and CHIP reflect the actual cost of services;
- Restore funding for Medicaid GME;

- Fully appropriate all funds for uncompensated trauma care accruing under the state’s Driver Responsibility Program;
- Increase outreach and improve enrollment efforts for Medicaid and CHIP so that all eligible individuals are covered;
- Emphasize preventive and primary care benefits – including establishment of a “medical home” for enrollees in the Medicaid and CHIP programs; and
- Create incentives for Medicaid/CHIP beneficiaries to practice healthy lifestyles and take advantage of preventive services.

Bottom line:

Maximize federal funds for Medicaid and CHIP, ensure that rates reflect costs, restore Medicaid GME and fully appropriate trauma funds.

Summary

The Texas Legislature has just 140 days to pass legislation that can improve the health and well-being of Texans, and pass a balanced budget for the 2010-2011 biennium. Decision-making about health care spending is daunting, but it should not be just a numbers game.

The Texas Legislature *can* take steps to make health insurance more affordable and accessible with minimal state expenditures. Texas needs more nurses, and higher education should be held accountable to produce more nurse graduates. It’s an investment that will pay great dividends for the state’s economy. Medicaid and CHIP provide opportunities for Texas to garner federal dollars, and using them wisely can improve the health – and productivity – of low-income Texans.

Good health. It’s the foundation for Texas to grow and prosper now and for decades to come. The Texas Legislature can take actions in 2009 that will make a difference. The people of Texas are counting on it!

For more information about Texas hospitals and their issues, contact: Texas Hospital Association, 512/465-1050, or visit www.tha.org.

According to Texas Government Code 305.027, portions of this material may be considered “legislative advertising.” Authorization for its publication is made by John Hawkins, Texas Hospital Association, P.O. Box 679010, Austin, TX 78768-9010.