



June 10, 2020

Phil Wilson
HHSC Executive Commissioner
P.O. Box 13247
Austin, Texas 78711-3247

Dear Commissioner Wilson:

On behalf of our more than 450 member hospitals and health systems, the Texas Hospital Association thanks you for your continued support of health care providers and your tireless work to ensure access to essential services for Texans through the COVID-19 pandemic and beyond.

Texas hospitals are proud to serve on the frontlines, protecting the health and safety of our communities. Like the state and other employers, Texas hospitals are facing significant financial challenges and are working to recover from unparalleled expenses and losses as a result of COVID-19. We understand that state leadership has asked the Texas Health and Human Services Commission and other state agencies to identify cost savings to reduce state appropriations by 5% for the 2020-2021 biennium. We write to ask that you preserve hospitals' base Medicaid payment rates and the enhanced rates for trauma, rural and safety net hospitals.

When the outbreak reached Texas, our facilities quickly adjusted their operations, including postponing non-essential surgeries and procedures and building out alternative care sites, to meet the state's growing need for COVID-19 care. The American Hospital Association estimates that from March through June 2020, hospitals and health systems across the country will have suffered more than \$200 billion in losses related to the pandemic. At a time when access to specialized, critical care is needed most, hospitals have been forced to furlough and lay off staff, including direct care providers.

The Medicaid program is critical to the stability of the health care safety net, on which millions of Texans rely. Cutting hospital rates—which currently do not cover the full cost of providing care—would jeopardize Medicaid clients' access to timely, medically necessary care. We are grateful that Medicaid and CHIP benefits and eligibility levels, public health services, behavioral health care and other services for vulnerable Texans are not subject to the cuts.

As employers and businesses, we understand the economic challenge the pandemic presents for both the state and HHSC. Reducing the budget of an agency the size of HHSC is no small task, and tough decisions must be made. However, we are hopeful that, in these critical times, you will prioritize Texans' access to needed care and payments to support hospitals' economic stabilization and recovery. In addition, we encourage you to consider using the enhanced federal medical assistance percentage

savings and the anticipated increase in Medicaid managed care organizations' experience rebates toward the 5% target. Fewer people are accessing non-COVID-19-related health care services during the pandemic, resulting in fewer claims being paid by the Medicaid MCOs and higher profit margins, which ultimately are turned over to the state through the experience rebate.

The strength of our hospitals is fundamental to combatting COVID-19 and supporting the state's economic revival. We look forward to continuing to work with you to achieve that strength. Thank you for your commitment to health and wellness of all Texans and for considering this request. Please do not hesitate to reach out with any questions or for further information.

Sincerely,



Ted Shaw
President/CEO
Texas Hospital Association



John Henderson
President/CEO
Texas Organization of Rural & Community
Hospitals



W. Stephen Love
President/CEO
Dallas-Fort Worth Hospital Council



Maureen Milligan
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Stacy Wilson
President
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Larry L. Tonn
Principal
Texas Association of Voluntary Hospitals



Donald Lee
President
Texas Essential Healthcare Partnerships

Cc: Trey Wood, chief financial officer, HHSC