



# Texas Hospitals' 2021-2022 Federal Policy Priorities



**Texas hospitals are essential to the health and wellbeing of the communities they serve.** With the COVID-19 pandemic, hospitals were tested and strained unlike ever before. Financial stability and a fair regulatory environment are crucial for hospitals, and federal aid ensured Texas hospitals' ability to keep their doors open and continue saving lives. **The Texas Hospital Association greatly appreciates the ongoing engagement and steadfast leadership of the congressional delegation and is committed to working alongside our elected officials to ensure hospitals are supported through the pandemic and beyond.**

## THA has the following priorities for the 117th Congress:

### 1. Continue funding and regulatory flexibilities to support Texas hospitals' COVID-19 response.



Congress' engagement and advocacy is invaluable to hospitals' COVID-19 response effort. Texas hospitals support additional Provider Relief Funds that account for the state's surges of COVID-19 hospitalizations in 2020 and 2021; enhanced federal funding through the Federal Medical Assistance Percentages and Disproportionate Share Hospital program to ensure the Medicaid program has necessary resources during the public health emergency; loan forgiveness for advanced Medicare payments; extension of the moratorium on Medicare sequester cuts; targeted liability protection; and continuation of pandemic-induced telehealth and telemedicine policies that ensure access to care.

### 2. Protect Texas hospitals from harmful payment or reimbursement reductions in the Medicaid and Medicare programs.



Congress should preserve federally approved financing structures that hospitals and local entities use to make Medicaid payments. Hospitals need adequate funding to invest in workforce, equipment, operations and infrastructure to ensure high quality care, but Texas hospitals' base Medicaid payments do not cover the actual cost of providing care. Congress should not cut any hospital payments—Medicare or Medicaid—to pay for other policy goals.

### 3. Support Texas' Medicaid 1115 Waiver extension and its associated uncompensated care pool and opportunity for directed payment programs.



The Centers for Medicare & Medicaid Services extended Texas' Medicaid 1115 Waiver for 10 years. The waiver extension continues uncompensated care pool funding and provides a path for directed payment programs to help stabilize the health care safety net and transition the Delivery System Reform Incentive Payment program, which ends October 2021. Medicaid underfunding and providing care to the uninsured caused Texas hospitals to incur more than \$4.6 billion in uncompensated care costs in 2020. Texas has more uninsured residents than any state in the nation, and pandemic-related loss of employer-sponsored coverage exacerbates the problem. Maintaining funding in the waiver is essential to a stable health care safety net that can meet the growing needs of vulnerable Texans.

### 4. Protect the fragile health care safety net while preserving and improving the current health care system to make private health insurance more affordable and accessible for all Texans.



Texas hospitals oppose one-size-fits-all government health insurance proposals—Medicare for All, Medicare buy-in or the public option—that would strain Texas' fragile health care safety net and force Texans to pay more and wait longer for lower quality care. Medicare is not designed for or capable of providing health care for every American. Texas hospitals support free market competition to incentivize innovation, reduce costs and increase consumer choice. Texas should explore options under the Affordable Care Act or through other means to increase the number of Texans with comprehensive health care coverage.

## 5. Protect Texas' rural hospitals.



Texas has seen more rural hospital closures than any other state, and many are reducing critical service delivery lines. Texas hospitals support policies that ensure adequate and stable reimbursement for rural hospitals, including Medicare reimbursement for critical access hospitals at 101% of costs. Texas hospitals appreciate and support the development of new delivery and payment models, such as the newly created rural emergency hospital designation, that will allow rural hospitals to meet the needs of their community and ensure access to care.

## 6. Protect the 340B Drug Savings Program.



Through the 340B program, outpatient settings of safety net hospitals purchase drugs at discounted rates and reinvest those savings to provide low-cost or free prescriptions for uninsured and low-income communities, expand services offered to patients and provide services to more patients. Congress should reverse harmful policies and hold pharmaceutical companies accountable to the rules of the program, especially as it relates to community pharmacy arrangements.

## 7. Repeal the Medicaid Institutions for Mental Disease exclusion.



Congress should eliminate the IMD exclusion policy that prohibits use of federal Medicaid funding to reimburse certain psychiatric facilities for inpatient mental health services provided to patients aged 21-64. Adequate reimbursement improves access to care, continuity of care and health outcomes.

## 8. Streamline prior authorization requirements and limit administrative barriers for hospitals.



Administrative burdens on clinicians take time away from patients and impede access to care. Congress should provide solutions to reduce insurance barriers to care, such as overly burdensome prior authorization and utilization review requirements.

## 9. Align policies for and reimbursement from Medicare Advantage plans with that of traditional Medicare.



Medicare Advantage plans reimburse hospitals at a slower, lower rate and offer benefits and cost-sharing arrangements for beneficiaries that differ from traditional Medicare. MA plans delay and limit beneficiaries' access to necessary medical care through more frequent prior authorizations, inappropriate claims denials and recertifications than traditional Medicare. Rural hospitals, especially critical access hospitals, are disadvantaged in a MA system. Congress should support policies to ensure adequate MA reimbursement, especially for CAHs, by allowing hospitals to consider MA patient days as traditional Medicare days on the Medicare cost report. Consistency across MA plans and traditional Medicare will protect patients' access to medically necessary care and reduce financial instability and administrative burdens for Texas hospitals.

## 10. Ensure the unified post-acute care payment model reflects the current environment.



Update the Improving Medicare Post-Acute Care Transformation Act of 2014 to ensure post-acute care payment accounts for new insights from the COVID-19 pandemic and major payment reforms underway for the existing post-acute care payment system.



Founded in 1930, the Texas Hospital Association is the leadership organization and principal advocate for the state's hospitals and health care systems. Based in Austin, THA enhances its members' abilities to improve accessibility, quality and cost-effectiveness of health care for all Texans. One of the largest hospital associations in the country, THA represents more than 85% of the state's acute-care hospitals and health care systems, which employ some 400,000 health care professionals statewide.