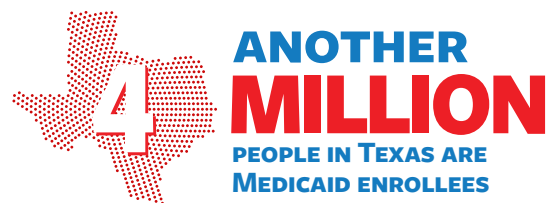
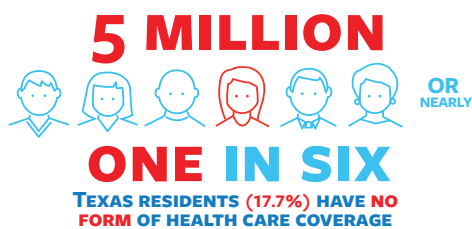



The stability of Texas' health care safety net is in jeopardy as a proposed federal rule – the Medicaid Fiscal Accountability Rule – seeks to **severely limit states' ability to draw down critical federal Medicaid payments** that hospitals nationwide use to ensure access to essential care for Medicaid enrollees and the uninsured.

The rule, proposed by the Centers for Medicare & Medicaid Services in November 2019, **erodes states' flexibility and imposes new conditions on the methods states can use to finance the non-federal share of Medicaid payments**, which are required to draw down federal matching funds.

CMS should withdraw the rule and continue to work with states to identify acceptable methods of financing the non-federal share of Medicaid payments.

**In a state that leads the nation in the number and percentage of uninsured individuals, the stakes for Texas are high.**



STATE AND FEDERAL LAW REQUIRE HOSPITALS TO  
**PROVIDE CARE**  
FOR ANYONE WHO SEEKS IT,  
  
REGARDLESS OF THEIR  
**ABILITY TO PAY**

TEXAS HOSPITALS' BASE MEDICAID PAYMENTS  
**DO NOT COVER**  
THE COSTS OF PROVIDING CARE



## Supplemental Medicaid payments, which make up two-thirds of Texas hospitals' total Medicaid payments, are at risk.

These payments, totaling **\$11 billion in federal fiscal year 2020**, help Texas hospitals offset some of the costs of providing unreimbursed care for the uninsured and lower-than-cost Medicaid reimbursement.

**The proposed rule, however, would restrict the ability to finance this contribution through intergovernmental transfers, health care-related assessments, such as local provider participation funds, and provider-based donations.**

Texas, like other states, has worked closely with CMS over the years to identify acceptable methods of financing the non-federal share of Medicaid payments. Shifting rules at this stage **undermines the stability and flexibility states need** to sustain their Medicaid programs and ensure access to care for the growing number of Texans who depend on it.

### Without existing supplemental Medicaid payments:

- The Texas Legislature would have to address a larger financial burden for Medicaid.
- Local taxes would increase.
- Fragile rural hospitals would shutter at an even higher rate.
- Essential service lines, including already hard-hit labor and delivery services, would be reduced.
- Access to specialized and lifesaving care for all Texans would suffer.

### BIG PICTURE:

**States need the flexibility to finance the non-federal share of supplemental Medicaid payments.**