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Funding Strategic Health & Human Services Priorities for Texas Kids

Testimony to the House Appropriations Article II Subcommittee Recommendations Relating to the HHSC Budget - Medicaid, CHIP, Women's Health Programs

We appreciate the hard work that the House and Legislative Budget Board have put into crafting House Bill 1 to provide a starting place for budget deliberations. As the House Appropriations Article II Subcommittee considers the FY 2020-2021 budget, we respectfully offer the following recommendations: fund Exceptional Items #1 and #2 to cover anticipated cost trends in Medicaid and CHIP and maintain health services for children, pregnant women, and Texans with disabilities; include a budget rider and funding for kids to stay in Medicaid for a year to improve continuity of care and reduce costs to the state; fund initiatives to ensure women have comprehensive coverage before, during, and after pregnancy to support healthy mothers and babies; fund Exceptional Item #8 to maintain current funding for women's preventive care in Texas' women's health programs; and include a budget rider to auto-enroll young adults into Healthy Texas Women when they exit CHIP or Children's Medicaid.

Medicaid and CHIP

Strong investment in Medicaid and CHIP is vital for Texas' efforts to improve maternal and child health. Three out of four enrollees in Texas Medicaid are children. Medicaid and CHIP insurance help children get check-ups, eyeglasses they need for school, dental care, speech and physical therapies, and other health services to make sure they stay healthy and are ready to learn in school. Costs are reduced in the health care system and other programs like special education if children get needed services and interventions early on.

Likewise, Medicaid and CHIP Perinatal is a cost-effective tool that helps avoid bad outcomes for pregnant women and infants, such as preterm birth and maternal mortality, by identifying and managing potential complications early. For instance, smoking cessation interventions and diabetes and hypertension treatment during pregnancy help prevent pregnancy complications, premature births, infant death, and birth defects.[1] While progress has been made, still 1 in 10 babies is born too early in our state and 1 in 12 Texas babies is born

too small.[2] About 70 percent of Medicaid costs for hospitalized newborns are related to prematurity.[3] The average cost to Medicaid for premature infants is 200 times higher than the cost of healthy, full-term births.[4] Investing in prenatal and postpartum care leads to substantial cost savings and ensures healthier moms and children.

Medicaid and CHIP are a lifeline for many Texans – programs that deserve to be protected, adequately funded, and effectively managed.

Recommendations

1) **Fund Exceptional Item #1 to account for anticipated cost trends in Medicaid and Exceptional Item #2 to account for anticipated cost trends in CHIP and CHIP Perinatal.** We appreciate that HB 1 accounts for projected growth in the number of children, pregnant women, and Texans with disabilities eligible for Medicaid and CHIP in 2020-2021. However, approval of EI-1 and EI-2 is vital to maintain adequate Medicaid and CHIP funding for client services and to account for anticipated cost trends, such as increased costs due to medical inflation, utilization, and increased medical acuity in 2020-2021. This action is crucial to ensure a sufficient number of health providers continue to participate in Medicaid and serve pregnant women, infants, and children across the state.

2) **Account for additional funds needed to implement twelve-month continuous eligibility for children in Medicaid as proposed in the children's health coverage bill (HB 342).** Texas has the highest rate and number of uninsured children in the country – and the problem is getting worse.[5] Allowing children to stay in Medicaid insurance for a year reduces workload and administrative costs for the state, improves continuity of care, and prevents eligible children from cycling on and off of insurance during the year. Twelve-month eligibility is Texas' policy for CHIP and the single most effective step state leaders can take to keep kids connected to care. **Currently, with extra paperwork and income checks at months 5, 6, 7, and 8, the combined effect of this excess red tape can cause eligible children to lose their Medicaid coverage.** Children who go without coverage, even for a brief period, may end up seeking more expensive health services, like an emergency department visit for a preventable asthma attack. The majority of these children are re-enrolled, and thus Medicaid retroactively pays for this more expensive avoidable care anyway.

3) **Improve maternal and child health by funding initiatives to ensure women of reproductive age receive twelve months of continuous coverage for preventive, primary, and specialty care before, during, and after pregnancy.** Texas has the nation's highest uninsured rate for children and for adults – and the problem is getting worse. About 1 in 4 (24.3 percent) adults in Texas did not have health insurance in 2017. The challenge is worse in the state's rural communities and small towns, where the uninsured rate among low-income Texas adults is 36 percent.[6] The high uninsured rate contributes to many challenges our state faces, including maternal mortality and infant health, mental health, substance use disorders – including the opioid epidemic – and subsequent child removals by CPS, rural hospital closures, property taxes, and families' financial security. In particular, after implementing an enhanced method to confirm maternal deaths, the Texas Maternal Mortality and Morbidity Task Force found that the majority of maternal deaths between 2012 and 2015 occurred *more than 60 days postpartum* – after Medicaid

coverage cuts off for low-income Texas women. The Task Force also found that the vast majority (80 percent) of maternal deaths were potentially preventable.[7] **The Task Force's number one recommendation for combating maternal mortality is to ensure women have access to health care before, during, and after pregnancy to stay healthy and identify issues before they lead to tragedy.** Moreover, Texas' federal Delivery System Reform Incentive Payment Program (DSRIP) funding for innovative local health programs is already declining and will expire in October 2021. Additionally, 2022 is the last year that the federal government has committed to provide Texas with Uncompensated Care funding to help make up for the unpaid hospital bills resulting from our high uninsured rate. This funding cliff is an urgent reason why Texas leaders must take action to address the state's sky-high uninsured rate.

Women's Health Programs

We are disappointed that HB 1 funds Strategy D.1.1 Women's Health Programs at a lower amount than the last biennium. Investment in Texas' women's health programs is crucial to maintaining the progress made in reconstructing our state's family planning network. These programs provide vital services like health screenings, contraception, and well-woman exams to Texas women in need. And the need in Texas remains great, with nearly 1.8 million women in need of state-supported care.[8]

Continued investment in Texas' women's health programs is critical for the state's fiscal health and for ensuring more Texas mothers and babies are healthy. Every $1 spent to offer contraceptive care to a woman saves over $7 in public costs.[9] When women and couples are able to plan and space their pregnancies, babies have less risk of prematurity and low birth weight, and mothers experience healthier outcomes too.[10] Preventive and preconception care, including contraception, saves money by helping women avoid unplanned pregnancy and reducing Medicaid costs associated with unintended pregnancy, birth, and infant complications. In fact, Medicaid pays for 53 percent of births in Texas, resulting in the state spending $3.5 billion per year for birth and delivery-related services for mothers and infants in the first year of life.[11] In FY 2017 alone, the Family Planning Program saved $44.2 million in state General Revenue and $8.5 million in net savings to the state.[12]

With the Legislature's continued funding over the last few years, the women's health programs have been able to serve more low-income Texas women. In fiscal year 2017, Healthy Texas Women and the Family Planning Program provided preventive care to 219,400 Texas women.[13] This is an increase of 29 percent from FY 2016.

While progress has been made, more work is needed. Texas still has a large unmet need for women's preventive care: about 1.8 million Texas women need publicly funded family planning,[14] yet HTW and FPP served 219,400 women in FY 2017. Increased funding for HTW and FPP will help the state realize even more cost savings and ensure a stronger provider network in both rural and urban areas of Texas.

Recommendations

1) **Fund the Family Planning Program at $103 million, the level requested in HHSC's LAR, to account for anticipated growth in the number of women served; and fund Exceptional Item #8 to increase access**

to women's preventive care in Healthy Texas Women, Family Planning Program, and Breast and Cervical Cancer Services. We are disappointed that HB 1 funds the women's health programs at a lower amount than last biennium, and that the budget does not include the $103 million HHSC requested for the Family Planning Program to meet the anticipated 20 percent growth in average monthly number of women served in 2020 and 2021**.** The Family Planning Program is a cornerstone of our women's health safety net. Because of the Family Planning Program's success, more women are able to receive preventive care and contraception. Funding family planning to account for this anticipated growth will lead to cost savings for the state, ensure more Texas mothers and babies are healthy, and ensure the program continues to be successful in future years.

2) **Include a budget rider and account for additional funds needed to auto-enroll young adult women into Healthy Texas Women as they age-out of Children's Medicaid or CHIP. Funding for a rider would be included in HHSC D.1.1. budget strategy for Women's Health Programs, with associated cost savings projected in the Medicaid Client Services A.1.3 or A.1.5 strategies.** State leaders have an opportunity this biennium to maximize Texas' women's health programs to reach more women and save taxpayer dollars. Auto-enrolling young adult women into Healthy Texas Women as they age-out of Children's Medicaid or CHIP would improve continuity of care, reduce teen and unplanned pregnancies, improve maternal and child health, and save Texas money. Currently, Texas has the fourth highest teen birth rate in the nation and 70 percent of teen births are to older teens (age 18 and 19).[15] Pursuant to HHSC Rider 106, 85th Legislative Session, HHSC analyzed feasibility and costs associated with auto-enrollment. **HHSC projected that the state would save $58.7 million in General Revenue ($102.6 million All Funds) between Fiscal Years 2020 – 2025 due to averting an estimated 11,275 unintended pregnancies.** Despite significant savings in the next five years, there may be a cost in this biennium because auto-enrolling women would increase caseloads in the HTW program. We ask state leaders that, in the event that auto-enrollment policy change is pursued, funding for the HHSC D.1.1. budget strategy (Women's Health Programs) should include the full cost associated with projected caseload increase to avoid reduction in the provision of services within the program. Associated cost savings could be projected in the Medicaid Client Services A.1.3 or A.1.5 strategies.

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