

# With Phase-Out of DSRIP Funding Texas Should Maximize Federal Funds To Insure More Texans

## Response to Formal Request for Information by the House Human Services Committee

These comments are in response to Interim Charge 2.2 that calls on the committee to review how Texas is preparing for state and federal budgetary changes that impact the state's health programs, including the next phase of the 1115 Healthcare Transformation and Quality Improvement Program Waiver.

The phase-out of Delivery System Reform and Incentive Payment (DSRIP) funding from the 1115 Healthcare Transformation and Quality Improvement Program Waiver will be a loss for communities across Texas that have benefitted from many improved services for people who are uninsured. Texas could more than replace these funds by maximizing federal funding by implementing Medicaid expansion to provide health coverage to child care educators, grocery store clerks, and other workers. Medicaid expansion would also provide health care to improve women's health before, during, and after pregnancy, including contraception, mental health, and chronic care.

### **Texans want kids and families to be healthy.**

We want our fellow Texans to get the health care they need to address concerns like depression, a lump that could be cancer, a second grader's ear infection, or a toddler's speech delay. And we want them to get that help early – when care is often cheaper and more effective – instead of waiting until things get worse.

Amid the current pandemic and economic meltdown, we also want our neighbors to be able to quickly seek medical attention for COVID if they need it. And we want some financial stability for the waiters and small business owners who have lost jobs, work hours, or sales.

## **But we know that these goals will remain out of reach for many Texans if they don't have access to health insurance.**

Unfortunately, before COVID struck, Texas already had the highest [uninsured rates](#) in the nation for children, adults, and women of childbearing age, with those rates headed in the wrong direction over the last two years. The problem continues to grow during the pandemic and recession, with an estimated 1.6 million Texans [losing job-based health insurance](#) by May 1. According to one [recent estimate](#), the Texas uninsured rate has climbed to 29 percent for nonelderly adults during the pandemic, the worst rate in the nation, with an additional 659,000 uninsured Texans.

## **Additionally, we know that reducing the state's uninsured rate will help Texans of all backgrounds while also taking an essential step to combat racial injustice.**

Because of state policy decisions, there is a high uninsured rate in [every Texas community](#) – from [Longview to McAllen to Amarillo](#) and beyond – and among Texas children of every [racial/ethnic background](#). At the same time, there are significant [racial disparities in Texas](#) when it comes to access to health insurance, infant mortality, coronavirus, and more.

Black Texans face [higher risks](#) of infant mortality, low birth weight, maternal mortality, and other tragic health outcomes compared to other Texans. The coronavirus pandemic has also placed Texans of color at [greater risk](#) than other Texans. One of the [reasons for these health disparities](#) is the lack of access to health insurance. In Texas, there are big gaps between the [uninsured rates](#) for White adults (15%), Black adults (23%), and Hispanic adults (38%) under age 64.

## **With the phase-out of DSRIP funding and the impact of COVID, this is a critical time to bring federal health care dollars to Texas.**

The federal government is offering Texas an estimated \$8 billion to \$10 billion per year to cover 90 percent of the cost of providing Medicaid health insurance to adults with low-wages. Recent Medicaid expansion discussions in Texas have assumed that the funding for the remaining “non-federal” 10 percent share of the cost would be financed by local governments and health care provider taxes, similar to the way Texas covers the state's share in the current 1115 Medicaid Waiver. Not only can Medicaid expansion avoid costing general revenue, it is likely to SAVE the state general revenue. Other states [reduced state spending](#) in particular areas – such as mental health and corrections – by using federal Medicaid expansion dollars. The funding will help the state economy through the recession and help Texas leaders fully fund – not cut back – the many services in the state budget that Texans need now more than ever.

**Now is the time for Texas to reduce the uninsured rate by expanding Medicaid to cover essential workers – such as grocery store workers and child care teachers – and other low-wage Texas adults, including those who have lost jobs or work hours due to COVID.**

[Voters in Oklahoma](#) and [Missouri](#) have chosen to accept federal Medicaid expansion funding. Texas is one of only 12 remaining states where there is [essentially no health insurance option](#) for working age adults below the poverty line who do not receive insurance from their employers. Below are just some of the many reasons Texas should expand Medicaid.

- **Medicaid expansion would provide an insurance option to 2.2 million uninsured low-wage Texas adults, according to pre-pandemic estimates.** Over half of the [2.2 million](#) Texans are in the Coverage Gap, meaning they are below the poverty level with no insurance options. The other nearly 1 million people are between the poverty level and 138% of the line.
- **Most people who would benefit from Medicaid expansion are working – or would be able to work thanks to Medicaid expansion.** Over [three-quarters](#) of uninsured Texans who would be covered by Medicaid expansion are in a family with at least one worker. Many are employed in construction, food preparation, sales, and [other fields](#). Medicaid expansion also [helps more people](#) start working or go back to school.
- In addition to covering adults, **Medicaid expansion has been shown to indirectly [decrease the children's uninsured rate](#)** by connecting more families with health coverage.
- **Reducing the uninsured rate is critical for [detecting and stopping cancer](#), [supporting healthy moms and babies](#), [managing mental health challenges](#), [treating substance use disorders](#), and addressing other health needs.** [Research](#) shows that when people have insurance, they are healthier and less likely to die prematurely. Uninsured individuals typically [wait longer](#) to seek medical care, leading to worse health outcomes and higher costs for families and taxpayers, and they are [less likely](#) to see a health care professional.
- **Pumping billions of Medicaid expansion dollars into Texas would help reboot our struggling state economy, help rural hospitals stay open, create jobs, and take pressure off of property taxes.** By implementing Medicaid expansion, Texas would draw down [\\$10 billion or more per year](#) in federal health funding. The funding would help the economy recover from the current recession. It would create – [and save](#) – health care jobs. (A [2013 study](#) estimated it would generate 231,000 new Texas jobs by 2016.) It [could prevent](#) more [closures of rural hospitals](#). It would reduce the need for local governments to [use property tax revenue](#) to provide health care services to uninsured residents. It would also cut down the amount of uncompensated care that hospitals provide. These are some of the reasons that [so many](#) Texas leaders from the business community, local government, and other sectors have endorsed Medicaid expansion.

- **Medicaid expansion has been a big success in other states.** This recent [Kaiser Family Foundation report](#) summarized over 400 studies of Medicaid expansion, concluding that expansion has been a success – in many ways – in the states that have implemented it. For example, residents of those states have seen better overall health outcomes, more financial security, and less medical debt.
- **Texans support Medicaid expansion.** Last year, a poll commissioned by the Episcopal Health Foundation [found](#) that 64 percent of Texans support Medicaid expansion. A 2016 poll by the Texas Medical Center Health Policy Institute [found](#) that 63 percent of Texans backed expansion. Other polls show similar results.