TO:	**<u>Senate Conferees</u>**	**<u>House Conferees</u>**
	The Honorable Jane Nelson, Chair	**The Honorable Greg Bonnen, MD**
	The Honorable Joan Huffman	**The Honorable Giovanni Capriglione**
	The Honorable Lois Kolkhorst	**The Honorable Mary Gonzalez**
	The Honorable Robert Nichols	**The Honorable Armando Walle**
	The Honorable Larry Taylor	**The Honorable Terry Wilson**

FROM: **Texas Medical Association**
Texas Pediatric Society
Texas Academy of Family Physicians
Texas Chapter of the American College of Physicians Services
American Congress of Obstetricians and Gynecologists, Texas Chapter
Texas Association of Obstetricians and Gynecologists
Federation of Texas Psychiatry

SUBJECT: **Organized Medicine's Recommendations on Senate Bill 1**

DATE: **May 1, 2021**

On behalf of the above-named organizations and the more than 55,000 physician and medical students they collectively represent, thank you for your service. Our organizations appreciate that writing a budget in a state as large, diverse, and rapidly growing as Texas is never easy, requiring tough choices. Over the next few weeks, we know you will face even more difficult decisions as you reconcile the proposed differences in each chamber's 2022-23 spending recommendations. As organizations representing the state's physicians, we urge you to make health care funding a priority amidst a continuing global COVID-19 pandemic and the ongoing uncertainty of its impact on patients' health.

Both Senate Bill 1 and House-CSSB 1 fund many budget priorities championed by our respective members, including boosting funding for women's health programs, sustaining maternal safety initiatives, continuing investments that strengthen Texas' behavioral health system, and preparing the next generation of physicians. For these investments, we thank you.

Yet, as you work to resolve differences between the two budget bills, we write to respectfully ask for your support to boost investments in programs and services that will improve the health of all Texans. Throughout the pandemic, Texans of all stripes have collectively and painfully been reminded that access to world-class physicians, nurses, and hospitals is not sufficient to ensure Texans can get the health care they need when and where they need it. Patients also need timely access to local and trusted medical and behavioral health care professionals; a robust, modern, coordinated public health system; supportive social support services, such as access to safe, secure housing; and comprehensive, affordable health care coverage.

By turns, both chambers address many of these needs, though by no means all. Glaringly absent is funding to address the most pressing health care issue of our time: the state's large and rapidly ballooning uninsured population. By official estimates,[1] 5.2 million Texans lack health care coverage,

the vast majority of whom are essential workers – the janitors, bus drivers, oil rig workers, and ranch hands – who have kept Texas' economy humming throughout the pandemic, often risking their own lives in the process.

Uninsured Texans have poorer health outcomes and greater economic insecurity. And as Texas' own data clearly show, the lack of health care coverage among postpartum women all too frequently results in the loss of a mother's life.[2] As our organizations and countless others have articulated over the past 120 days, increasing the number of insured Texans is of paramount importance to the state's physicians, health care providers, employers, faith leaders, and consumer advocates.

While we do not expect conferees to solve the health care coverage Rubik's cube this session, we do strongly believe Texas cannot afford to be silent on the issue. Thus, we recommend inclusion of a rider establishing an interim Blue Ribbon Task Force to:

1. Develop potential health care coverage solutions for consideration by the governor and lawmakers either as part of any renegotiated Medicaid waiver extension/renewal or as a separate waiver request.
2. Examine mechanisms to increase Medicaid physician payment rates via value-based payment or alternative payment models. Both chambers provide significant dollars for hospitals, many of which also have means to increase their Medicaid payment rates using local intergovernmental transfer dollars. Texas physicians have no such source of funding, resulting in some two decades without a meaningful, enduring payment increase.

If Texas' rate of uninsured continues to grow at its current pace, by 2023 some 6 million Texans will lack coverage, a number that exceeds the total populations of Oklahoma and New Mexico combined. Our patients – your constituents – are counting on their local and statewide elected leaders to chart a pragmatic, patient-centered, budget-neutral path forward. Our members stand ready to help you get there.

Increasing access to health care coverage must be paired with other investments in Texas' safety-net, public, and mental health systems to promote a healthier, more prosperous Texas. To that end, we ask that you adopt a compassionate, patient-centered budget that will:

- Improve women's health and birth outcomes by ensuring robust funding for Texas' women's health programs and establishing a full year of Medicaid postpartum coverage (contingent on enactment of House Bill 133, the companion legislation to provide one-year postpartum coverage).
- Enhance access to and continuity of care for children enrolled in Medicaid.
- Promote a robust physician workforce to meet the health care needs of Texas' diverse and growing population.
- Foster early intervention and treatment of mental illness and sustain investments to modernize state psychiatric hospitals.
- Reject reductions to Medicaid and the Children's Health Insurance Program (CHIP) eligibility service funding to ensure Texas can timely renew and process applications for Texans eligible for these programs.
- Strengthen Texas' public health system by supporting initiatives that promote early detection and prevention of potential disease outbreaks; better manage costly chronic diseases, such as HIV, asthma and diabetes; and modernize the state's immunization registry to ensure timely notifications.
- Foster better health outcomes among Medicaid enrollees by enacting innovative strategies to address the economic, social, and environmental factors that contribute to healthier people and communities.
- Ensure adequate funding for life-sustaining drugs for patients living with HIV or chronic hepatitis C.

In addition to the broad goals outlined above, we make the following specific recommendations.

Article II

HEALTH AND HUMAN SERVICES COMMISSION

Children's Health
Texas' future leaders – our children – rely on parents, teachers, and state policymakers to advocate on their behalf, including working to ensure they have opportunities to safely and successfully live, learn, and grow. Unfortunately, for far too many children, that is not happening. A recent study ranked Texas last when it comes to children's health. Texas is home to 20% of nation's uninsured children, a number that continues to grow. Indeed, nearly 600,000 uninsured children in Texas are eligible for Medicaid or CHIP but not enrolled, due in large part to administrative and eligibility processes that deter families from enrolling their children. At the same time, coverage alone does not guarantee access. Children need timely access to preventive, primary, and specialty care, including early interventions when problems are found. To help improve the health of all children, we ask that you:

- **Adopt House Rider 20: Improving Access to Pediatric Services.** Inadequate physician payment rates have forced many physician practices to limit their Medicaid and CHIP participation or cease it altogether. As owners of small businesses, facing ever more costly and demanding federal and state regulatory burdens, many practices cannot afford to stay in a program that pays less than half their costs. Making Medicaid pediatric payments more competitive not only helps ensure our littlest Texans grow up healthy and perform better in school but also reduces costs.

  We also recommend adding a new rider directing the Health and Human Services Commission (HHSC) to compare Medicaid physician fee-for-service and managed care payment rates with Medicare and commercial payer rates and to assess how low Medicaid physician payments impact patient access to care.

- **Adopt House Rider 131: Report on Periodic Income Checks**. In the event lawmakers fail to pass House Bill 290, a bill TMA strongly supports to provide children enrolled in Medicaid continuous eligibility for two consecutive six-month periods, the rider specifies that HHSC must evaluate the number of children whose Medicaid health coverage is impacted by periodic income checks, including the number of children whose Medicaid is terminated due to a procedural reason. Texas has the highest rate of uninsured children in the country. Keeping children eligible for Medicaid enrolled in the program prevents gaps in care and eliminates red tape for physicians and families alike.

- **Maintain level funding for the Early Childhood Intervention (ECI) program as recommended by the House**. Last session, lawmakers made significant investments to restore funds previously cut from ECI. Let's not lose ground now. Too many children eligible for ECI do not receive services because of inadequate funding. A 2020 survey of ECI program providers found that one in six "seriously considered NOT renewing their ECI contract with the state" due to financial challenges. Failure to provide crucial interventions during a child's critical brain development – ages 0-3 – means many children with developmental delays or disorders will go on to require more expensive special education services later.

We also urge adoption of **House Rider 141: Study Private Insurance Coverage of Early Childhood Intervention Services.** Requiring private insurers to cover these vital services will improve children's health while also reducing Texas' ECI expenditures.

Women's Health

We applaud lawmakers' continued commitment to ensuring low-income women have access to essential preventive health care services and basic primary and specialty care via the state's three women's health programs: Healthy Texas Women (HTW), the Family Planning Program, and Breast and Cervical Cancer. Healthy pregnancies do not begin at conception but in the months and years prior. While many factors contribute to healthy pregnancies, timely access to preventive, primary, and subspecialty care, including behavioral health services, throughout a woman's reproductive lifespan are among the most important.

Twenty-five percent of low-income women lack health insurance. Before and after pregnancy, the Family Planning Program and Healthy Texas Women fill important gaps in preventive and primary care. HTW Plus, launched in September 2020, builds on HTW, providing postpartum women the same benefits available via HTW in addition to one year of specialty care coverage for the three conditions and illnesses most likely to contribute to maternal mortality or morbidity.

In addition to robust funding for these programs, we recommend the following:

- **Adopt House Rider 37: Women's Health Programs: Savings and Performance Reporting.** For the past six sessions, the budget has included a rider directing HHSC to report to the legislature on key metrics pertaining to women's health program enrollment, utilization, and costs. Rider 37 includes additional data elements on which HHSC must report. The new requirements, including data on the impact of administrative renewals, will help lawmakers better evaluate the impact of forthcoming changes to Healthy Texas Women enrollment and eligibility processes. Moreover, the revised rider will provide greater insight as to whether the new HTW Plus program provider network is sufficient to meet women's needs.

- **Adopt House Rider 123: Funding for Healthy Texas Women.** In 2020, Texas received approval for its Medicaid 1115 Women's Health Waiver, providing Texas 90% federal matching funds for women's preventive health services. The rider specifies that in the event the waiver is rescinded, HHSC must seek approval to transfer funds from other sources before making cuts to HTW service levels.

- **Adopt House Rider 138: Report on Continuity of Care for Women Aging out of CHIP and Medicaid**. The rider will help policymakers and stakeholders better understand the impact of Texas' administrative renewal process on women's enrollment into women's health programs. In principle, we support electronic verification because it will minimize the need for women to complete more paperwork. However, in practice the data sources Texas uses for administrative renewals have proven unreliable. In fact, the Kaiser Family Foundation reported Texas ranks low for successful administrative renewals, renewing less than 25%.

- **House Rider 140: Feasibility of Postpartum Medicaid Expansion**. According to the state's own panel of maternal health experts,[3] for Texas to significantly reduce incidence of maternal mortality and morbidity, it must ensure postpartum women have access to a full year of comprehensive health services following delivery. Unfortunately, women on Medicaid lose coverage 60 days postpartum. The new HTW Plus program will help, providing access to select specialty care. However, studies

show that women living in states with comprehensive health care coverage have better health outcomes, including fewer maternal complications and deaths.[4, 5, 6.] Rider 140 requires HHSC to explore the feasibility of extending such coverage in Texas using new authority under the American Rescue Act Plan.

Access to Care for People with Chronic Hepatitis C

According to the Centers for Disease Control and Prevention, hepatitis C is one of the nation's deadliest infectious diseases, affecting more than 2 million patients nationwide each year. Antiviral medications offer patients a potential cure, but the cost of medications has kept Texas Medicaid from making them broadly available. The National Viral Hepatitis Round Table grades Texas a D+ because it has one of the most restrictive hepatitis C drug prior authorization policies in the country, meaning patients cannot obtain treatment before suffering advanced liver disease. HHSC recently announced it will extend hepatitis C treatment to additional Medicaid patients but needs legislative approval to ensure all eligible Medicaid patients can obtain cost-effective hepatitis C medication. Funding is literally a matter of life and death.

- **Adopt Senate Rider 109: Cost Effective Treatment for Chronic Hepatitis C Virus.** The rider allocates $35 million (all funds) over the biennium to partially cover Medicaid and state hospital costs associated with provision of direct antiviral medications for patients with chronic hepatitis C. Texas Medicaid currently covers these drugs but requires burdensome prior authorization to ration them based on the severity of a patient's illness, contravening clinical best practice and federal recommendations. Full funding will ensure more Texans receive these lifesaving treatments earlier in their illness, thus alleviating potential long-term harm and costs. In its list of exceptional requests, HHSC requested $115 million all funds.

Behavioral Health

Medicine remains thankful for the state's continued investments to expand and strengthen Texas' behavioral health system. Over the next biennium, those investments will be even more important as Texans recover from the steep economic, social, and emotional toll of the COVID-19 pandemic. Additionally, Texas' rapid population growth further has increased the demand for mental health and substance abuse services, straining availability. Mental illness and substance abuse hurt the Texas economy through lost earning potential, the cost of treating coexisting conditions, disability payments, homelessness, and incarceration. Investing in mental health services ultimately pays for itself through reduced incarceration and emergency department costs.

We support expanding mental health treatment capacity by pursuing a Medicaid waiver allowing Texas to cover short-term stays within institutions of mental disease (IMD), another way of referring to psychiatric hospitals and residential treatment facilities. Federal law prohibits Medicaid coverage for these services for people under age 65, yet recent federal guidance allows states to submit waivers to add IMD services to their Medicaid service array.

Additionally, the pandemic has resulted in topsy-turvy living, learning, and playing environments for most children, not all of which are conducive to their social, emotional, and mental health needs. Even worse, the pandemic's tumultuous impact on families increased rates of child abuse and neglect. Over the next several years, the demand for children's mental health services will undoubtedly increase. Thankfully, **in 2019, Texas established the Texas Mental Health Consortium (TMHC) to "improve the mental health care and systems of care for children and adolescents of Texas."** The TMHC

consists of five initiatives, including vital funding to train additional child-psychiatric physicians and to use telecommunications to provide specialty care consultations and education to primary care physicians managing children with more complex mental health needs. **Additional funding within SB 1 will help TMHC better fulfill its mission and goals.**

- **Support House Rider 122: Institutions of Mental Disease (IMD) Exclusion Waiver.** Federal regulations allow states to seek Medicaid waivers to cover short-term stays within a psychiatric hospital or residential treatment facility that qualify as an IMD.

- **Support the Senate's recommendation within Article III** to increase funding for the Child Mental Health Care Consortium by $18.5 million over the biennium. Serendipitously, the establishment of the launch of this program at the start of a global pandemic enabled Texas children to access mental health care necessary to help them face challenges that were wholly unexpected and unprecedented. The demand for mental health care among Texas children continues unabated, necessitating additional funds to sustain demand over the next two year.

Medicaid Sustainability

- **Reject Senate Rider 112: Health and Human Services Cost Containment, which directs HHSC to achieve $350 million in general revenue cost savings over the biennium.** Physicians support judicious use of taxpayer dollars. But after nearly a decade of Medicaid cost-containment riders, we do not believe it is possible to wring another $350 million in GR from Medicaid, which also will result in the concomitant loss of federal Medicaid funds. For every dollar reduction in state Medicaid spending, Texas will lose another $2 in federal funds,[7] not counting the enhanced federal dollars available throughout the public health emergency. According to the Texas comptroller and HHSC, caseload growth, not per-person expenditures, are driving Medicaid costs. **In lieu of setting a hard target, we urge conferees to adopt cost-containment goals predicated on initiatives that can simultaneously improve patient health outcomes while lowering per-patient costs**. We respectfully ask that conferees reject Rider 112.

- **Adopt House Rider 150: 1115 Transformation Waiver.** It is the intent of the legislature that the commission seek a renewal or extension of the 1115 Transformation Waiver from the Centers for Medicare & Medicaid Services.

Social Determinants of Health and Health Equity

Access to timely, high-quality medical care is an important component in the state's efforts to improve the health of all Texans. However, nonmedical factors, referred to as social determinants of health (SDoH), contribute to as much as 80% of patients' health. These factors include access to safe places to live, study, and play; nutritious food; and freedom from interpersonal violence, as well as personal decisions, such as smoking and diet. For Texas to make significant strides towards improving Medicaid patients' health outcomes – and constraining costs –it must address all the factors that contribute to healthy patients.

In January 2021, the Centers for Medicare & Medicaid Services sent state Medicaid directors new guidance regarding opportunities for programs to address SDoH. As a result of the pandemic, finding cost-effective strategies to address SDoH will be more important than ever as more Texans face eviction, hunger, and interpersonal violence.

According to the Centers for Disease Control and Prevention (CDC), health equity is "when everyone has the opportunity to be as healthy as possible."[8] To achieve it, Texas must take steps to reduce disparities in how, when and where care is delivered – differences that can occur across geography, race, gender, and patients' economic status. For example, rural Texans are more likely to die from cancer than their urban counterparts[9] while black mothers are disproportionately more likely to die postpartum than their white or Hispanic peers.[10]

- **Adopt House Rider 132: Rate Setting to Improve Health Outcomes.** The rider directs HHSC to evaluate Medicaid managed care rate setting strategies that will that support implementation of strategies to address barriers to good health such as lack of nutritious food and unstable housing.
- **Provide $5.4 million to establish the Office for Health Equity within HHSC** (contingent upon passage of HB4139). If implemented, the office will work with the agency, public health departments and stakeholders to identify health disparities throughout Texas' diverse regions, populations, ages, and cultures and develop targeted strategies to address them.

➢ DEPARTMENT OF STATE HEALTH SERVICES

Public Health

The arrival of COVID-19 in Texas served as a wake-up call to state and community leaders regarding the importance of public health preparedness and rapid response systems. Thanks to the quick actions of the Department of State Health Services (DSHS), HHSC, the Texas Medical Board, local public health systems, and community physicians, Texas mitigated the worst impact of the virus while also ensuring patients retained access to needed health care services using virtual technology. But the pandemic, preceded by earlier contagious disease crises, such as the H1N1 flu outbreak, regional measles outbreaks, and Ebola, have made clear Texas must **maintain a vigilant public health system to detect and prevent the next infectious disease outbreak, which is one plane trip away from Texas' borders. Disease surveillance occurs thanks to the strong leadership and cooperation between medicine and public health**.

The double whammy of an aging population and high birth rates in many counties will strain resources in Texas communities where basic public health concerns (e.g., monitoring and containing infectious diseases and improving maternal and child health) are yet to be addressed fully. **Reducing the burden of chronic disease while also promoting healthier lifestyles not only reduces health care costs but also increases school and work productivity.**

While the House and Senate budgets provide similar funding amounts DSHS, we respectfully ask that you prioritize these critical funding issues:

- **Support Senate Rider 26: Texas HIV Medication Program**. The rider will increase funding by $31.2 million to maintain services in the Texas HIV Medication Program. The costs pertaining to life-saving HIV medications has risen sharply in recent years, so the increased funding is needed to ensure people continue to receive treatment. If the program has insufficient funds over the biennium, we recommend that rider be amended to direct DSHS to provide a report to the governor and Legislative Budget Board at least 30 days prior to pursuing cost-containment measures that articulates the likely client impact.

- Sustain increased investments in infectious disease prevention and surveillance as well as chronic disease prevention.
- Maintain tobacco cessation funding: $18.5 million over the biennium.
- **Fully fund the $10 million House request in Article XI to upgrade and modernize the immunization registry**

Child Abuse Prevention
Neither SB1 nor CSSB 1 continue vital funding for the Medical Child Abuse Resource Education Systems (MedCARES), a critical public health resource to keep children safe. We request restoration of $5.96 million over the biennium to continue it. The program provides grant funding to hospitals, academic health centers, and health care facilities with expertise in pediatric health to prevent, assess, diagnose, and treat child abuse and neglect.

Eliminating state support for the MedCARES program and its grant-funded centers of excellence would be tremendously harmful to efforts to prevent and treat child abuse across Texas. According to the Department of Family and Protective Services, Texas had 211 confirmed child abuse and neglect-related fatalities in FY2018, an increase of 22.7% compared with FY2017. Those numbers have certainly increased. COVID-19 resulted in severe economic, social, and emotional stress on many families, resulting in increases in substance use and domestic violence. Limited interactions with other caring adults outside the home, like teachers, may increase risk for unreported abuse and neglect. Failure to identify child maltreatment can lead to serious injury and death of children. **Removing vital resources in our efforts to combat child abuse at this critical time is a perilous proposition.**

Emergency Response System
Throughout the COVID-19 pandemic, Texas' emergency preparedness and response system proved essential, with DSHS and the Regional Advisory Councils (RACs) shouldering incredible responsibility. Of particular interest to our members, RACs assumed a new role distributing Personal Protective Equipment to Texas physicians in addition to other sectors of the healthcare system. Restoring level funding to the RACs and Emergency Medical Services will allow them to fulfill their charge of ensuring all Texans have access to emergency medical care when disaster strikes. Restoring previous 5% cuts is included in SB 1 and the House includes this item in Article XI. We request that this funding be included in the final budget.

In addition, the Emergency Medical Task Force (EMTF), the state’s disaster medical safety net that augments local systems when they are overwhelmed by an emergency, was leveraged during the pandemic when local health systems required assistance with surging cases. Medicine supports $10 million in funding in SB1 to provide $10 million in federal funding over the biennium to support this program.

Article III

Physician Workforce Development
Texas continues to have a serious physician shortage across most physician specialties, with some of the most severe shortages among pediatric and adult psychiatrists. Over the past several sessions, lawmakers have invested much-needed dollars to ensure Texas will have the 21st-century physician workforce it needs to care for its burgeoning population, among which are many individuals with multiple chronic diseases and/or behavioral health illnesses.

One of the most critical steps lawmakers have taken is to establish the State GME Expansion Grant Program, which seeks to meet the target ratio of 1.1 to 1 for first-year Graduate Medical Education positions to medical school graduates, thus allowing students who study in Texas to stay in Texas for specialty training.

Through the GME Expansion Grant Program, a total of 410 first-year GME positions have been created since 2014 with a large majority in primary care and psychiatry. However, unless the state's GME capacity continues to grow, the state will fall short of the target 1.1 to 1 ratio and even a 1 to 1 ratio. Texas needs to create 250 additional first-year GME positions by 2024 to maintain the 1.1 to 1 ratio. Without additional GME growth, there will not be enough first-year GME positions to retain Texas graduates beginning in 2024, and Texas will lose graduates to other states. Given the state's investment in the education of these physicians and the ongoing physician workforce shortage in the state, this would be a tremendous loss or Texas.

- **Support the Senate recommendation to provide $199 million over the biennium to support GME expansion grants.**
- **Support the House request (Article XI) for $10 million to fund the Rural Resident Training Program (Article XI)**
- **Support the House request (Article XI) to add $3.5 million to the Joint Admission Medical Program** to account for growth in participants from the new medical schools (contingent upon adoption of HB1325). JAMP is a program established by lawmakers to **"**support and encourage highly qualified, economically disadvantaged Texas resident students pursuing a medical education."

Article V

In 2019, lawmakers allocated $500k to the Texas Department of Public Safety (DPS) to establish a statewide safe gun storage campaign. While Texans might disagree on all manner of gun laws and regulations, they do agree that gun ownership carries significant responsibility, including ensuring any firearms within a home are safely secured.

- **Adopt House proposal (Article XI) to provide DPS $500k to sustain this important program.**

Thank you very much for your consideration of our recommendations. Our organizations are available at any time to answer your questions and work with you to craft a cost-effective budget that addresses Texas' significant health care needs.

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[1] Health Insurance Coverage in the United States: 2019
[2] Texas Maternal Mortality and Morbidity Review Committee and Department of State Health Services Joint Biennial Report, Sept. 2020.
[3] Ibid.
[4] High Rates of Perinatal Insurance Churn Persist After The ACA, Jamie Daw, Katy Backes Kozhimannil, and Lindsay K. Admon, *Health Affairs,* Sept. 2019.
[5] Effects Of Medicaid Expansion On Postpartum Coverage And Outpatient Utilization, Sarah H. Gordon, Benjamin D. Sommers, Ira B. Wilson, and Amal N. Trivedi, *Health Affairs,* Jan. 2020.

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[6] Adoption of Medicaid Expansion is Associated with Lower Maternal Mortality, Erica L. Eliason, MPH, *Women's Health Issues,* Feb. 25, 2020.

[7] State Budget Cuts to Medicaid Means Reduced Federal Funding, Larger Total Cuts, May 2020

[8] CDC: Health Equity

[9] Deaths per 100,000 from Cancer for Metro and Nonmetro Counties, 2006-2015 - Texas, Rural Health Information Hub

[10] Texas Maternal Mortality and Morbidity Review Committee and Department of State Health Services Joint Biennial Report, Sept. 2020.