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"Leading Communities Toward a
Culture of Health"

Board of Directors

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November 16, 2015

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The Honorable Sylvia Mathews Burwell, Secretary
Department of Health and Human Services
200 Independence Avenue SW
Washington, DC 20201

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Acting Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
201 Independence Avenue, SW Room 445-G
Washington, D.C. 20201

Executive Director

Idonia L. Gardner, JD,

MPS

Re: Texas Proposal to Extend its Section 1115 Medicaid Demonstration Project

Dear Secretary Burwell and Acting Administrator Slavitt:

The undersigned Texas organizations are writing to express our support for extension of the Texas Healthcare Transformation and Quality Improvement Program 1115 demonstration waiver, but we also have important concerns about how an extension of that waiver will be structured and funded in our state.

As you know, there is broad bipartisan support for Texas' waiver, and we strongly support its extension. However, we recognize that the complex interactions between this waiver and our state's overall Medicaid program may require changes in the proposal put forward by Texas Health and Human Services Commission (HHSC) in its initial renewal request.

We strongly support the continued operations and funding of the Delivery System Reform Incentive Payment (DSRIP) projects, which have brought very important and beneficial new capacity (e.g., to provide behavioral health services) to Texas communities. We support continuation of DSRIP funding at the DY5 level. We also understand that DSRIP structure may require simplification due to the overwhelming number (over 1,400) of projects.

We are aware that the Centers for Medicare and Medicaid Services earlier in 2015 announced new policies expressing a preference for federal Medicaid funding to be delivered through coverage, rather than retrospective supplemental Uncompensated Care payment to hospitals for care to the uninsured. We understand that reductions to Texas' Uncompensated Care waiver pool might result if CMS determines it will no longer make payments under a waiver

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extension, for individuals who could have been covered under a Medicaid Expansion (whether traditional Medicaid, or under an 1115-waiver-based coverage expansion, such as Arkansas').

We agree with CMS that comprehensive health coverage is a far more effective way to improve the health of our citizens than waiting until Texans go to the Emergency Room or are hospitalized. Still, Texas hospitals are highly reliant on UC funds, and we believe the implementation of CMS principles should be undertaken in a manner and on a timeline that will avoid creating a crisis for our state's safety net.

At the same time, primary responsibility for supporting the Texas safety net lies with the Texas Legislature and Executive Branch leadership, who have at their disposal the means to avoid any negative fiscal impact to Texas hospitals, via Medicaid expansion or an 1115 coverage expansion waiver. All estimates to date indicate Texas would experience an annual net gain of \$4 to \$9 billion in federal medical assistance for Texas from covering adults to 138% FPL, even after any offsetting reduction in Uncompensated Care pool payments. In contrast, if Texas' UC pool were reduced on a scale comparable to Florida's, a statewide annual loss of \$1 billion would be possible.

We recognize the Secretary and CMS have a challenging task balancing the need to provide ongoing stability for Texas' health care safety net, while still pursuing the important goal of directing Medicaid program investments to their most effective ends. We believe the best interests of Texas will be served if that balance can be struck in a way that provides coverage to uninsured Texans, and also support for the safety net on which they and millions of other Texans rely.

Sincerely,

A handwritten signature in cursive script that reads "Idonia Gardner". The signature is written in black ink and includes a stylized flourish at the end.

Idonia Gardner, JD, MPS
Executive Director
Gateway to Care
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Houston, TX 77004