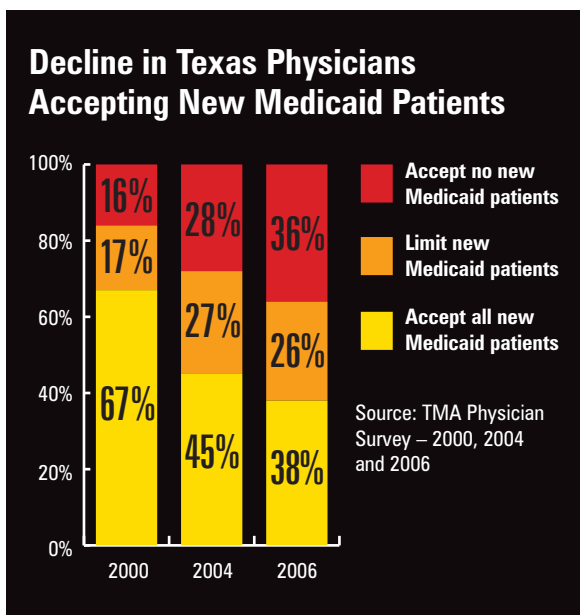


Texas' Fractured Health Care System Is Sick and Getting Sicker

The growing ranks of our uninsured patients and Texas' swelling Medicaid rolls, coupled with soaring health care costs and looming demographic changes pose a critical threat to the health of our patients and to the entire state's economy. The 80th Texas Legislature can not afford to ignore the glaring deficiencies in our health care delivery system. Consider the following facts:

- One in four Texans – 5.6 million people – lack health insurance, giving Texas the dubious distinction of having the nation's largest uninsured population per capita.
- 79 percent of uninsured adults in Texas are part of the workforce or have a family member in the workforce.
- Uncompensated care leads to higher health care bills for individuals and businesses and higher taxes on local communities.
- According to Families USA, the cost of providing uncompensated care adds \$1,551 to the average private health insurance premium in Texas annually.



Our Frayed Safety Net Is Breaking Under the Strain

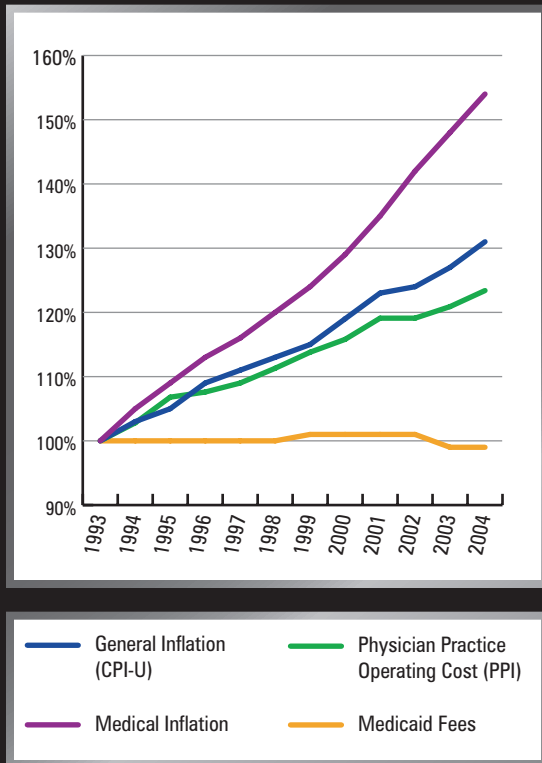
Texas Medicaid enrollment has increased to 2.7 million Texans – 12 percent of the state's population. Yet only 38 percent of Texas physicians accept new Medicaid patients, down from 67 percent in 2000. This threatens patients' ability to obtain medically necessary services and forces them to rely on expensive, already over-crowded emergency rooms to meet basic health care needs.

- ER visits in Texas jumped from 5.5 million in 1992 to 8.6 million in 2003.
- 42 to 56 percent of the visits to major Texas hospitals are primary-care related.
- Uninsured patients account for between 23 and 48 percent of those primary care visits.

Our Children Are Falling Through the Cracks

- Texas has the nation's highest rate of uninsured children, with one in five kids – 21 percent – lacking coverage.
- CHIP enrollment has dropped by more than 181,000 children since in 2003. Medicaid enrollment dropped by more than 118,000 children in 2006.
- More than 70 percent of Texas children who lost CHIP and Medicaid became uninsured. Children without health insurance are four times as likely to rely on emergency room treatment for routine care.
- An estimated 700,000 children are eligible for Medicaid or CHIP but are not enrolled.

Medicaid Fees Compared to Inflation



Source: Texas Medical Association, 2005

Medicaid Reimbursement Rates Are Flat or Declining While Physician Expenses Increase

Medicaid pays physicians the least among all payers, covering less than half of the costs incurred by providing most health care services. Uncompensated care and low Medicaid payments shift health care costs to local communities and employers, where they are ultimately paid through higher taxes and health insurance premiums.

Additionally, Medicaid and CHIP are the primary insurers in most border and rural counties. Low reimbursement rates of these programs work against efforts to attract new physicians to these regions.

The top two reasons cited for ceasing to accept new Medicaid patients are:

1. Inadequate payment for services, and
2. The complexity and fragmentation of the Medicaid delivery system.

Solution: How to Heal Our State's Fractured Health Care System

Swift legislative action is needed to heal our fractured health care system by providing cost-effective health care coverage for Texas families. The PCC joins with the Texas Medical Association and the Border Health Caucus in calling on the Texas Legislature to:

- Promote a “medical home” for Medicaid and CHIP patients to assure patients receive the right care at the right time.
- Enact competitive provider reimbursement rates so Medicaid and CHIP patients have access to cost-effective physician services by:
 1. Restoring the 2.5-percent cut in physician fees enacted in 2003; and
 2. Increasing rates by 10 percent per year in 2008 and 2009.
- Restore the 12-month eligibility period to provide continuous coverage for children in Medicaid and CHIP.
- Ensure every eligible child is enrolled in Medicaid and CHIP. Given their generous federal matching dollars – \$1.54 for Medicaid and \$2.63 for CHIP – these programs are cost-effective ways to help working parents provide health insurance for their children.