

Texas Alliance Principles

Final
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Health Care Reform Priorities

- Grant Texas regulatory flexibility to tailor the health care market based on Texas' unique preferences and needs without adding undue bureaucratic complexity or costs to consumers, providers, or insurers.
- Guarantee access to coverage for all Texans — especially for the under-served populations and those with pre-existing conditions.
- Ensure access to affordable care by implementing well-designed subsidies based on financial needs.
- Empower consumers by providing them with tools they need to have greater control and choice over their care.
- Identify and address driving factors that contribute to the rising cost of health care.
- Improve quality of care and health outcomes by applying best practices that are data-driven and evidence-based.

Marketplace Reform Principles

- Provide sufficient levels of premium tax incentives and reasonable cost-sharing mechanisms to make coverage affordable for consumers who depend on financial assistance for coverage.
- Continue guaranteed issue and guaranteed renewability for consumers and offer insurance products that provide meaningful benefit packages.
- Implement mechanisms that encourage stable enrollment and establish a healthy pool so that popular provisions — such as the preexisting condition clause — are feasible.
- Decrease adverse selection by tightening special enrollment periods and grace periods for missed payments.
- Ensure market stability by continuing cost-sharing reduction payments to insurers.
- Provide greater state flexibility to design benefit packages and actuarial value plans (metal plans).
- Redefine the medical loss ratio requirement to incentivize greater insurer participation and robust competition.
- Allow an adequate transition period for marketplace enrollees and insurers when implementing changes.
- Align tax treatment of individually purchased and employer-sponsored insurance.

Medicaid Reform Principles

- Protect core Medicaid principles and ensure access to coverage is not denied because of inadequate program funding.
- Provide Texas with flexibility to require job-seeking activities for able-bodied, eligible individuals to achieve greater self-sufficiency.
- Allow Texas to pursue provisions that are typically prohibited from Medicaid — such as imposing greater cost sharing — without diminishing access to care.
- Grant fewer restrictions with waivers to give Texas the flexibility they were originally intended to provide.
- Repeal the federal payment reductions to hospital services (e.g., Medicaid & Medicare DSH).
- Establish competitive payments to all providers and Medicaid MCOs by including provisions to annually increase payments to keep pace with inflation.
- Preserve supplemental funding to protect the financial health of Texas' health care safety net as well as to continue funding used to test new models of care delivery and payment.
- Avoid cost-shifting for uncompensated care to physicians and hospitals by enacting maintenance of effort requirements for Texas' current Medicaid and CHIP populations.

Medicaid Block Grant/Per Capita Cap

- Protect Texas from financial risks — such as population growth, medical technology innovations, medical cost inflation, pharmaceutical cost inflation, recessions, and disasters — that could result in sudden increases in costs to the state and local governments.
- Guarantee fair funding for Texas by establishing an appropriate baseline with reasonable growth rates.
- Allow Texas to expand Medicaid in the future or draw down the federal funds Texas would have received had the state expanded Medicaid.
- Exempt supplemental payments from block grant or per capita cap formula calculations.
- Ensure funding equity with other states by recognizing the variations in how each state operates their Medicaid program, each state's growth rate, and the different patient mix across states and their relative risk profiles.