

# EXECUTIVE SUMMARY

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Texas faces an impending crisis regarding the health of its population, which will profoundly influence the state's competitive position nationally and globally. The health of Texas—economically, educationally, culturally and socially—depends on the physical and mental health of its population. Quality of life for individual Texans and the communities in which they live depends critically upon health status. Texas has a rapidly growing population, which has an increasing propensity to obesity, hypertension, diabetes, heart disease and cancer (Murdock et al., 2003). At the same time, 25.1 percent of its population is without health insurance, which is the highest in the nation (15.3 percent) and growing (U.S. Census Bureau, 2005). The increasing discrepancy between growing health needs and access to affordable health insurance coverage creates the conditions for a “perfect storm.” Poor health negatively impacts education, and educational attainment is directly related to health status (see Appendix E).\*

Increasing numbers of uninsured individuals place extraordinary economic and service burdens upon health care providers, hospitals, trauma centers and the communities which provide funding for health services. Fiscal pressures on taxpayers in communities that provide care for rapidly increasing numbers of uninsured individuals continue to grow and compete negatively with other community needs. These pressures are exacerbated by reductions in reimbursements to hospitals, physicians and other

providers in the Medicaid and Medicare programs and by the fact that large public and nonprofit hospitals located in central cities often become the de facto provider of services for the uninsured from broad geographic regions.

### THE TASK FORCE

In view of these serious challenges, 10 academic health institutions in Texas (Baylor College of Medicine, Texas Tech, Texas A&M, North Texas and the six health institutions of The University of Texas System) created a Task Force on these issues. Task Force members also included small and large business employees, health care providers, insurers and consumers. All represented their own personal perspective and did not represent groups or organizations with which they are associated. Financial support for the project came solely from the academic health institutions.

The Task Force was chaired by Neal Lane, Malcolm Gillis University Professor and Senior Fellow at the James A. Baker III Institute for Public Policy at Rice University, who has a long and distinguished career in science and public policy, but whose personal activities and programs at Rice University do not involve health care delivery. Jack Stobo, President of the University of Texas Medical Branch at Galveston, served as the Task Force vice chair. During its proceedings, the Task Force conducted five plenary meetings in various locations across the state and a series of subcommittee meetings.

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\*Appendices are in a separate volume.

The Task Force was unique in many ways. It was the first broad-based group of its kind to be created in Texas, whose membership was not determined by governmental or political considerations. The project has been predicated upon an objective, evidence-based analysis, which depended heavily upon commissioned papers from experts providing in-depth analysis of relevant subjects. This report, which represents a consensus of the Task Force, was subject to independent expert peer review.

#### FINDINGS

After reviewing evidence presented, the Task Force concluded that in the absence of vigorous initiatives to deal with the increasing number of individuals without health insurance, the state will be at significant risk of a substantial decline in the health and productivity of its citizens and the vitality of its economy. This could result in the following conditions:

- An unhealthy, poorly educated workforce resulting in lower productivity and reduced state economic power;
- The loss of many important community institutions including emergency rooms and hospitals;
- Degradation in the quality and accessibility of health care for all Texans;
- Budget crises, for both the state and particularly in high-population counties; and
- A negative image, which will decrease business retention, investment, development and workforce recruitment.

#### THE SPECIFIC FINDINGS OF THE TASK

##### FORCE INCLUDE:

- The overall health status of Texans is poor, particularly in comparison to other states, and is likely to decline further without major and immediate interventions.
- Texas has the highest proportion of uninsured individuals in the United States, and this has a major impact on the health and economy of the state.
- Strategies to control the cost of health insurance or to subsidize payments by employers and employees are needed, particularly for those working for small employers.
- Current trends in the delivery of health care will exacerbate problems associated with an increasing number of uninsured Texans.
- Emergency rooms provide an important but expensive and inefficient method for providing care to the uninsured and underinsured.
- Texas communities are making great efforts to improve access to health care, particularly for the uninsured.
- Expansion and strengthening of ambulatory (outpatient) services is an essential and necessary step to achieve high-quality, cost-effective care for the uninsured and those on Medicaid and SCHIP in Texas.
- The continuing rise in Medicaid and health care expenditures in Texas is unsustainable and has deleterious effects on the ability to fund other critical state needs.
- The State of Texas has not taken full advantage

of federal matching funds for health care to the uninsured.

- The current county-based approach to health care in Texas is inadequate and inequitable.
- There is a significant shortage of health care professionals in Texas, and this limits the capacity to provide care, particularly to the uninsured and Medicaid recipients.
- Educational attainment and health are inexorably linked in Texas.
- Care of people with mental illness remains a major unresolved problem for Texas.
- The solution to adequate access to health care for the uninsured and underinsured is a shared responsibility where partnerships are crucial.

The Task Force further concluded that critical solutions to the challenge of the uninsured must arise out of a shared responsibility for the problem by a broad diversity of participants, including health care providers, patients and their advocates, policy makers, businesses, community organizations, and state and federal governments. The Task Force also determined that additional resources, and the more efficient and effective use of resources, will be required to provide appropriate services to the uninsured. These must include methods for improving the efficiency and effectiveness of health care as well as efforts to control the rate of increase in overall health care costs.

#### TASK FORCE RECOMMENDATIONS

The Task Force outlined 10 major recommendations and 15 sub-recommendations to improve access to health care and insurance coverage in Texas. The recommendations address universal access, areas the state should fund, methods to obtain more funding, access and coverage experiments, disease management, electronic health records and virtual care coordination, health care providers, education and

health, health research and cost containment, and public health initiatives.

**Recommendation 1:** Texas should adopt a principle that all individuals living in Texas should have access to adequate levels of health care.

**Recommendation 2:** Texas should provide more adequate resources and aggressively seek more efficient and effective methods to support health care to the indigent and uninsured with the goal of reducing rising health care costs.

**2.1:** Texas should authorize and encourage efforts to move indigent health care from a county-based model to a model based on regional multi-county health districts, while increasing the statewide federal poverty level (FPL) to 100 percent from 21 percent for indigent care responsibility in Texas counties.

**2.2:** Texas should redouble its efforts to aggressively pursue Medicaid and other federal reimbursement programs for which a state investment will result in substantial federal matching and supplementary reimbursements.

**2.3:** The state should develop and adopt tax policies and initiatives that encourage and enable employers (especially small employers) to provide health insurance to their employees.

**2.4:** State and local governments should give preferential treatment to contractors and subcontractors who offer health care coverage for their employees. Those seeking funding through the Texas Enterprise Fund and similar public programs should be included in this requirement.

**2.5:** Texas leadership should actively work with federal officials to maximize opportunities for initiatives and new policies expressly intended to provide for the most efficient delivery of health care services to broader numbers of uninsured individuals living in Texas.

**Recommendation 3:** A Quality Assurance Fee (called a provider tax in some states) of 3 percent should be assessed on revenues of all hospitals and free standing surgery centers in order to obtain a federal match to enhance overall finances for provider reimbursement and enhancement of the quality and efficiency of health care to the uninsured.<sup>1</sup>

**Recommendation 4:** The state should significantly increase its capacity and commitment to conduct experiments in health care delivery and funding.

**4.1:** Experimentation with employer premium subsidies should be undertaken with the use of Disproportionate Share monies, Medicaid funds, and other federal programs.

**4.2:** Health care providers must work to improve the quality and efficiency of care provided to the uninsured and underinsured and, in collaboration with community partners, to assist patients so that they can better navigate the health care system.

**4.3:** State and federal laws on emergency medical treatment and active labor act (EMTALA) as well as their interpretation by CMS, should be clarified so that individuals who are non-emergent in emergency rooms may be more quickly referred to ambulatory sites if access to the ambulatory site is assured.

**Recommendation 5:** The concept of virtual care coordination for the uninsured (including those patients in a structured system of care) should be developed by local communities and by the Texas Health and Human Services Commission.

**Recommendation 6:** Health care institutions and other providers must contribute to increasing community-based ambulatory care, which includes integrating the latest developments in disease management and other cost-effective models of health care delivery that seek to improve the quality of patient care while decreasing the cost of care.

**6.1:** Behavioral health care (both mental health and substance abuse) services should be accessible to all Texans with mental illness, and additional public funding should be appropriated.

**Recommendation 7:** Texas must increase investment in the education and training of health professionals who will provide significant amounts of care to the uninsured and underinsured.

**7.1:** Texas should increase the number of physicians annually graduating from its medical schools by 20 percent over the next decade with special emphasis upon creating a workforce representative of the state population.

**7.2:** Texas should expand medical school loan repayment programs for graduates of Texas medical schools working in Texas to include up to 500 physicians per year. One-third of student debt up to \$35,000 per year should be forgiven for each year of service in a public hospital or in a clinic in which the patient population equals or exceeds

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<sup>1</sup>One dissenting opinion on this recommendation, Mr. Richard Johnson. (See Appendix K.)

50 percent Medicaid and uninsured patients.

**7.3:** State support of medical residency programs should allow an increase in residency positions by 600 per biennium for the next decade. Since the average residency is four years in duration, this would increase the number of physicians graduating from residency programs by 750 per year or by 50 percent annually by 2017.

**7.4:** Texas should increase funding to support 2,000 more undergraduate nursing students, approximately 50 percent of the eligible applicants who have been denied admission, and 200 faculty members necessary to train them. An estimated \$25 million per biennium in state General Revenue would need to be added to the funding formulas to reflect the increase in nursing student enrollment, and an additional \$30 million in additional General Revenue would be needed to cover the balance of costs related to the additional faculty members.

**7.5:** The state should continue to provide resources to assist community health centers to qualify for federal support and modify reimbursement methods to reflect multidisciplinary team care. Hospitals, medical schools, nursing schools and other health care provider organizations should work closely with community groups to provide adequate staffing for federally qualified health centers, with an emphasis on cost-effective programs, including disease management programs and community public health programs.

**7.6:** The Task Force recommends that efforts be undertaken to ensure that each physician provide a fair and reasonable amount of care for Medicaid, Medicare, and uninsured patients, as well as share the

responsibility of being on call to emergency rooms.

**Recommendation 8:** The Task Force recommends implementation of an integrated approach to school health including an emphasis on nutrition, exercise, dental health, and disease management of such problems as asthma. It recommends an expansion of the School Breakfast Program, that Texas schools increase their physical activity requirements to 60 minutes a day, and that they adopt asthma management education for affected children and support staff.

**Recommendation 9:** Academic health institutions, state and local governments, and communities, foundations, and the private sector should support the development of health-science research programs to study cost-effective health care and other characteristics of a high-quality and efficient health system.

**Recommendation 10:** Texas should adequately invest in public health programs (including research and community health) at the state and local levels.

## CONCLUSION

Increasing numbers of individuals without health insurance coverage or with inadequate coverage is a significant and continuing concern for the country and a major policy challenge in Texas. State and local leaders must take bold steps to address this problem of epidemic proportions to protect and assure the economic vitality and health of Texas. As the population of Texas dramatically increases in the next 20 years, so will the number of uninsured and potentially their percentage in the population, if immediate and bold measures are not taken to address this challenge. An increase in the uninsured population would negatively impact the state's economy and make Texas even less appealing to businesses that will be affected by high health insurance rates.