



Legislature Must Reduce the Texas Uninsured Rate and Prepare for the State's Health Care Funding Cliff

Texas has the nation's highest uninsured rate for children and for adults – and it's getting worse.

The Texas uninsured rates rose to 10.7 percent for children and 24.3 percent for adults in 2017. The challenge is worse in the state's rural communities and small towns, where the uninsured rate among low-income adults is 36 percent.

The high uninsured rate has significant consequences. It contributes to many challenges our state faces, including maternal and infant health and mortality, mental health, substance use disorders – including the opioid epidemic – and subsequent child removals by CPS, property taxes, rural hospital closures, and families' financial security. When Texans are insured, it's easier for them to catch cancer before it spreads, get healthy before becoming pregnant, pay their medical bills, and more.

A major reason for the high uninsured rate is that, under current Texas policy, low-income adults generally do not qualify for Medicaid insurance. With few exceptions, Medicaid only covers some Texans with severe disabilities and low-income children, seniors, and pregnant women.

One big way to cover more Texans is by accepting Medicaid expansion funding from the federal government, but Texas is one of 14 remaining states that have turned down the funding. The funding is designed to provide an insurance option to low-wage Texans such as construction workers, sales clerks, child care teachers, and others who don't receive insurance from their employers and don't get paid enough to afford full-price insurance. If Texas accepts the \$6 billion or more in annual federal funding, it could cover over a million uninsured Texans, most in working families. Of those uninsured Texans, 638,000 are in the Coverage Gap, which means they don't earn *enough* to qualify for the federal ACA subsidies that are only available *above* the poverty line.

Because of the very favorable match rate, some states have found that Medicaid expansion has produced net savings for the state budget. The federal government covers 90 percent of the costs of Medicaid expansion to adults, which has allowed expansion states to lower their state-dollar costs in many programs. Since Medicaid began over 50 years ago, it has always maintained its matching formulas. Nonetheless, Texas can make adult coverage dependent on sustained federal funding as we did for CHIP and as other expansion states have done.

Accepting federal funds right away is critical because Texas is facing a health care funding cliff as our 1115 Medicaid Waiver expires. Our federal Delivery System Reform Incentive Payment Program (DSRIP) funding for innovative local health programs is already declining. It expires in October 2021. And 2022 is the last year that the federal government has committed to provide Texas with Uncompensated Care funding to help make up for the unpaid hospital bills resulting from our high uninsured rate. Under new rules, some hospitals may see a large drop in funding starting in 2019. Medicaid expansion funds can replace these funds and stabilize the hospitals we all rely on.

Polls and election results show that Texas voters want the Legislature to expand health coverage. Kaiser Family Foundation-Episcopal Health Foundation polling in 2018 found that 87 percent of Texans believe that increasing access to health insurance is either a top priority or important and that 64 percent support Medicaid expansion, similar to the findings in other Texas polls.

Whether it's through Medicaid expansion or an alternative strategy, the Legislature must develop a plan to replace the expiring health care funding and reduce Texas' sky-high uninsured rate.

For more information and a list of Cover Texas Now coalition members, visit CoverTexasNow.org.