

# TAHP

The Texas Association of Health Plans

84th Texas Legislative Session

# Working for Affordable, Quality Health Care for Texans

AFFORDABILITY

ACCESSIBILITY

ACCOUNTABILITY

## *Our Priorities Include:*

- Enhance affordability by reducing the occurrence of balance billing
- Accountability through transparency and consumer protections
- Adjust prompt pay laws to limit excessive litigation



*Dear Legislative Officials,*

*Health care is not only the largest budget consideration facing Texas, it is a major challenge for household budgets as well. As the state's population increases and health care costs continue their unsustainable growth, health plans are playing a critical role in providing consumers more options for affordable, quality coverage.*

*As the Texas Legislature tackles health care challenges facing Texas consumers and businesses, TAHP members are committed to collaborating on innovative approaches that enhance transparency and improve access to affordable, quality care.*

*Ultimately, an affordable, competitive health insurance market is the foundation upon which a strong system of care is based. We look forward to working with the Texas Legislature to make it even stronger.*

*Jamie Dudensing*

*Chief Executive Officer*

*Texas Association of Health Plans*

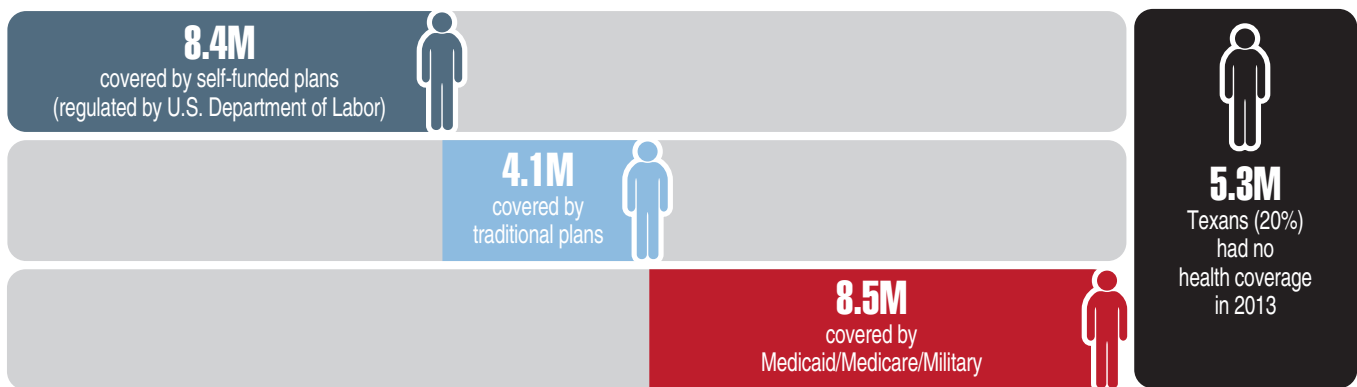
## Texas Association of Health Plans

# Health Care Coverage in Texas

The Texas Association of Health Plans and its members are committed partners in maintaining a competitive health insurance market in Texas as part of an overall effort to increase access to health care coverage.

Health coverage plays an essential role in healthy communities, as consumers with health benefits are more likely to have regular doctors and take advantage of preventative medical care. Insurance customers are also better insulated from financial hardship because their benefits protect them in the event of an illness or injury. As a result, they are likely to be healthier and enjoy a better quality of life.

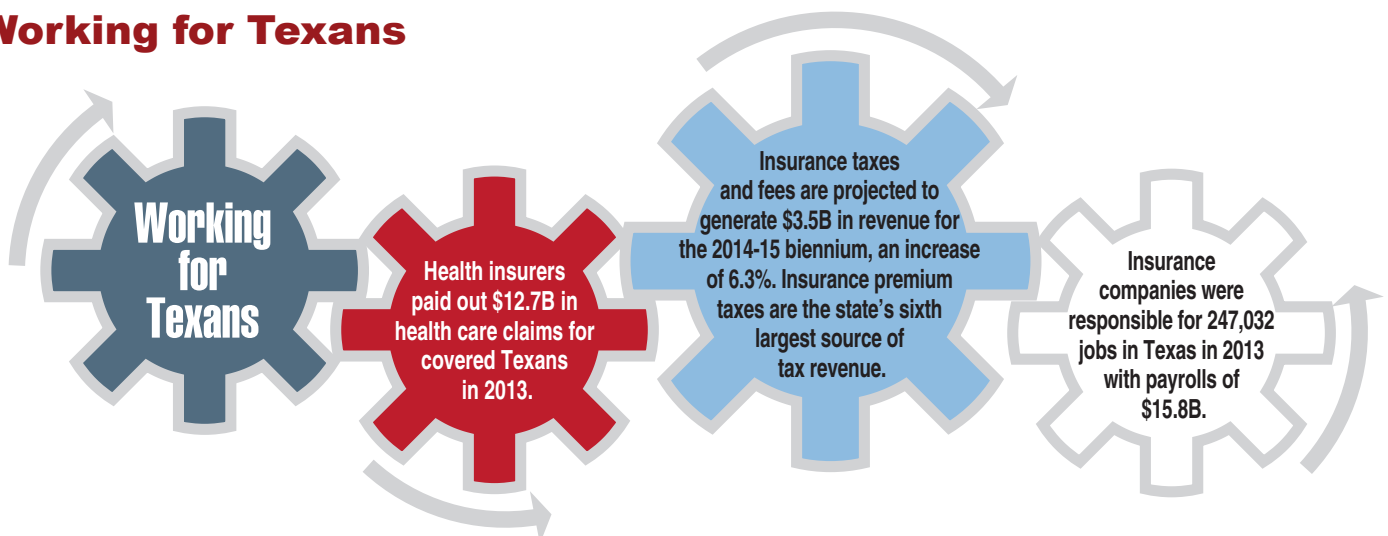
## 21M Texans (80%) had some form of health coverage in 2013



## Texans benefit from access to an affordable and stable health insurance market (health care system)

- A sound and competitive health insurance market maximizes consumer choice and affordability.
- Fair and efficient regulation of the health care provider and health insurance industries maintains accountability while promoting innovation, affordability, transparency and quality.
- An affordable health insurance market fosters access to quality health care.

## Working for Texans



## *Affordability*

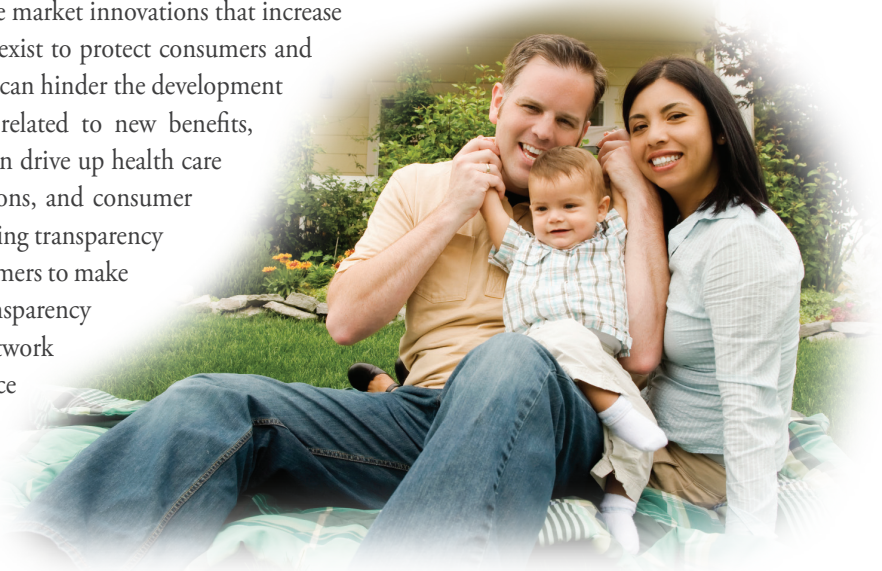
Rising health care costs negatively impact our nation on multiple fronts. For working families and seniors, the soaring costs of medical care mean less money for other essential needs like food and housing. Small businesses and Fortune 500 employers alike are finding it more expensive to add employees, maintain retiree coverage, and compete in the global economy. For federal, state and local governments, rising health care costs lead to higher Medicare, Medicaid and employee benefit expenses, thereby reducing funding available for other priorities like infrastructure, education and public safety. Despite efforts to hold down premiums, research shows premiums track directly with underlying health care costs, which have been consistently trending upwards. Health plans play an important role in lowering health care costs by helping to move the country and our state away from an unsustainable fee-for-service system toward one that rewards quality and value over volume.

## *Accessibility*

Believing that all Texans should have access to quality health care in the most appropriate, cost-effective setting, TAHP and its members have been working to increase access by offering more affordable health insurance options. Participation in the Texas fully-insured market grew 16 percent this past year, with most of this increase occurring in the individual market (90 percent increase). Health plans also ensure access to care through their contracted provider networks, but their ability to expand access is limited by the availability of providers. Health plans create provider networks, establishing agreements with a wide range of providers: doctors (including primary care-type physicians and specialists), hospitals, labs, radiology facilities, pharmacies and other providers. For providers, these network agreements include commitments to participate in plans' quality and utilization management programs and to accept contracted rates as payment in full for covered services. The resulting networks not only provide quality control and predictable, affordable rates flowing from negotiated reimbursement rates, they also protect patients and consumers from excessive costs due to "balance billing."

## *Accountability*

Accountability is an essential part of the search for affordable and accessible health care, but it must be sensible, protecting consumers while allowing free market innovations that increase consumer choice and maintain affordability. Regulations exist to protect consumers and providers, but when they become overly prescriptive, they can hinder the development of affordable coverage options. Government mandates related to new benefits, provider contracting or overly rigid network regulation can drive up health care costs and also limit innovation, private market negotiations, and consumer choice. Health plans have embraced accountability, providing transparency about cost, quality and network status, empowering consumers to make more informed decisions about their care. Additional transparency and consumer protections by all providers regarding network status, quality outcomes, and pricing would reduce consumer confusion and foster a competitive health care market that will reduce problems like increased costs and balance billing of consumers.



## Texas Association of Health Plans

# Improving Affordability, Accessibility and Accountability: Proposed Recommendations for the 84th Legislature

## Balance Billing

**Balance billing** is creating expensive surprises for a growing number of Texans. It occurs when providers bill patients for fees that exceed the amount covered by the patients' insurance, often when consumers are treated by out-of-network physicians practicing at in-network hospitals. Mediation for balance bills is a solution that is working for consumers when it is available. In the past year, mediation has saved consumers millions of dollars.

***Solution:*** Protect consumers from the balance billing process.

***Solution:*** Expand the options for consumers to go to mediation when they are balanced-billed.

***Solution:*** Eliminate or reduce the current \$1000 threshold for claims eligible for mediation.

***Solution:*** Prohibit or remove any rules or policies that financially incentivize doctors to drop out of network.

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## Prompt Pay

Texas' prompt pay law was enacted in 2003 to create a statutory framework for timely payment to physicians and health care providers. Plaintiffs' attorneys are undermining the original intent of Texas' **prompt pay laws** by filing excessive litigation against health plans. The intent of prompt pay was to incentivize prompt payment to providers, not to create windfalls in litigation.

***Solution:*** Place reasonable caps on the prompt pay penalty structure and create a two-year statute of limitations on private causes of action. This will impact a small portion of "outlier" claims and reduce the financial incentive to pursue high-cost litigation while preserving prompt payment protections for Texas providers.

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## Access to Quality Health Care

**Establishing a provider network** is a key tool used by health plans to offer quality, affordable health care coverage to consumers. Network adequacy and provider contracting standards must give health plans the tools to innovate and ensure that consumers have access to affordable coverage options. A sound and competitive health insurance market maximizes consumer choice and affordability.

***Solution:*** Ensure that network adequacy and provider contracting standards are flexible. Overly prescriptive standards can hinder the development of affordable coverage options. Overly rigid network regulation can also drive up health care costs and limit innovation, private market negotiations, and consumer choice.

***Solution:*** Ensure that network adequacy standards do not create an environment that would require insurers to accept any willing provider in their provider networks. "Any willing provider" requirements can be costly and ineffective in terms of promoting value and quality improvement for enrollees.

***Solution:*** Allow health plans and non-network facility-based physicians to negotiate out of network billing disputes through mediation rather than mandating reimbursement rates that may not be suitable for all services or geographies.

## Texas Association of Health Plans

# Improving Affordability, Accessibility and Accountability: Proposed Recommendations for the 84th Legislature (cont.)

## Health Care Cost Containment

Roughly 17%, or about \$2.9 trillion, of the U.S. economy is related to health care spending and it continues to rise every year (by 3.6% in 2013). A PWC Health Research Institute report projects a medical cost trend of 6.8% in 2015 alone. Health care economists estimate that up to about **\$800 million or 30% of health care spending is wasteful, redundant, or inefficient.**

**Solution:** Moving away from a fee-for-service payment model that rewards the volume of services provided rather than the quality of care delivered will help reduce skyrocketing medical costs.

**Solution:** Allow flexibility for health plans to coordinate with contracted network providers to implement alternative payment and delivery system reforms to meet patient needs.

**Solution:** Encourage health plans' innovative models of health care delivery and payment that can provide the building blocks necessary for lasting improvements in health care quality and measurable reductions in cost growth.

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## Urgent Care vs. Emergency Care

Due to a **lack of transparency**, many Texans have trouble distinguishing between urgent care centers and **freestanding emergency rooms**, which charge facility fees and are much more expensive.

**Solution:** Increase transparency requirements for freestanding ERs so consumers understand the scope and cost of available services. This includes mandatory prominent signage featuring facility fee charges and network status.

**Solution:** Allow mediation for enrollees balance billed for free standing ER services.

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## Health Insurance Tax

The federal health reform law imposes a new multi-billion health **insurance tax** that will negatively impact the entire health care system. Pegged at \$8 billion in 2014 and increasing to \$14.3 billion in 2018, it will continue to increase in future years. This tax will have far reaching effects that extend to employers, states, consumers and the overall economy, and will exacerbate existing cost challenges in the health care marketplace.

**Solution:** Support efforts to repeal the federal health insurance tax.

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## Health Care Provider Shortage

Texas is facing a severe **shortage of doctors and advanced practice registered nurses**. According to the U.S. Department of Health and Human Services, 126 out of Texas' 254 counties are designated Health Profession Shortage Areas, defined as areas with a doctor-patient ratio of less than one doctor per 3,000 patients.

**Solution:** Expand the supply of health care providers in Texas by increasing the number of authorized residency slots, encouraging the best medical students to train and practice in the Lone Star State.

**Solution:** Prioritize state funding for medical residencies over additional state funding for medical schools. Support funding to increase the number of advanced practice nurses.

## Using Technology to Increase Access to Care

Telemedicine is an effective tool to increase access and keep health care costs affordable for employers. It has long helped fill the gap in rural Texas, where there may not be a single practitioner for miles. **Innovative solutions to access challenges, such as telemedicine, are limited by current regulatory and licensing requirements.**

**Solution:** Increase access to telecommunication and technologies in order to provide clinical health care at a distance.

**Solution:** Update overly restrictive telemedicine regulations to allow qualified, skilled providers in one location to treat patients across the state, especially in rural areas with a lack of providers.

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## Transparency

**Consumer access to essential health care information (e.g. prices and quality of care outcomes) is limited,** hindering affordability and access to quality health care. There is large variation in price across the state and throughout the country with no connection to underlying costs or market prices. Health plans are increasing access to price and quality information, but more can be done. Through increased transparency of cost and quality, consumers can make the best health care choices for themselves and their families.

**Solution:** Encourage health care literacy programs that give consumers a better understanding of health care costs and quality measures.

**Solution:** Promote the use of transparency tools that give consumers the information they need to choose the right coverage as well as the right care.

**Solution:** Promote health plan efforts to increase consumer access to price and quality transparency.

**Solution:** Expand transparency requirements to all health care providers, enhancing information exchange and transparency.

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## Provider Consolidation

Hospital merger and acquisition activity has increased nearly 50 percent since 2009. Studies have shown that anti-competitive consolidation between health care providers can send prices up 40 percent or even higher in some cases. The Federal Trade Commission has also expressed concerns about the outcomes of anti-competitive mergers, namely higher prices.

**Solution:** Support antitrust enforcement of anti-competitive mergers, which is vital to ensure that competitive, high quality health care markets are the standard across the country.

**Solution:** Increase transparency of provider rates and facility fees to help empower consumers and promote competition.

**Solution:** Study trends in the health care market including consolidation in the market and the impact on patient access, quality and care coordination.

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## Increasing Access

Texas has the highest rate of uninsured in the country. In 2013, **most of the 5.3 million uninsured Texans were part of low-income working families.**

**Solution:** Strengthen the safety net for low income Texans by enhancing programs at the Department of State Health Services and Health and Human Services Commission that provide mental health programs and women's health services to individuals without health insurance.

**Solution:** Continue Medicaid Managed Care efforts as an efficient, sustainable solution.

**Solution:** Increase access to coverage for the uninsured through private market solutions.

## Texas Association of Health Plans

# Improving Affordability, Accessibility and Accountability: Proposed Recommendations for the 84th Legislature (cont.)

## Improving Health Information Exchanges

In today's health care system, it's not unusual for a patient to have a team of health care providers, especially if the patient has complex or chronic conditions. It's also not unusual for these **providers to not have diagnosis and treatment information from other providers, leaving the patient at an increased risk for duplicative and unnecessary tests and services as well as medication and medical errors.**

**Solution:** Securely connect doctors, hospitals, and other health care providers with interoperable systems so they may share clinical information and images electronically. **Health Information Exchanges (HIEs)** enable the coordination of patient care by linking provider Electronic Health Record (EHR) systems to achieve clinical integration.

**Solution:** Improve quality and efficiency by ensuring all patient information is accessible at the point of care. This will improve the accuracy of patient diagnoses and the effectiveness of care plans. The full implementation of HIE in Texas will ultimately benefit patients, the state, health insurers, employers and the federal government, not to mention the public at large.

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## Health Care Literacy

The lack of health care literacy is a common problem. Nearly nine out of ten adults have difficulty using health information to make informed decisions about their health, profoundly affecting their health and access to care. The problem is even more pronounced for consumers new to health insurance coverage. New policyholders, like those entering through the Exchange, are susceptible to confusion. Research has shown that many of these new enrollees don't understand basic health insurance terms. About 40-50% of these new enrollees were not confident in understanding premiums, deductibles, co-pays, provider networks, covered services, or out-of-pocket spending.

**Solution:** Support efforts to improve health literacy in Texas.

**Solution:** Support the use of clear language that is easy to access and understand, promotes consumer engagement, and results in better outcomes.

**Solution:** Support the development of a "Health Literacy" curriculum that is a required course study for all health care professionals so they may help empower Texans with information that will allow them to make the best choice for themselves and their families.



Insurance Health  
Auto



# MEDICAID MANAGED CARE: A Fiscally Responsible Pathway to a Healthier Texas

Texas is a national leader in the use of managed care to increase access to care, manage costs, and improve health care quality in its Medicaid and CHIP programs. The managed care private market approach drives innovation through flexibility and competition, reduces health care costs and holds managed care organizations (MCOs) accountable for providing access to quality care.

## Managed care is a proven cost-effective delivery model:

- Provides the state **budget certainty** because MCOs assume the financial risk of care delivery
- Provides **budget savings** to the state while delivering quality care
- Promotes **preventive care and continuity of care** through the establishment of medical homes and networks of specialists
- Offers access to a **full spectrum of medical services** plus additional **cost-effective benefits** not available under traditional fee-for-service Medicaid/CHIP
- Provides **accountability** through rigorous oversight including audits, contractual requirements, performance guarantees and penalties, transparency, and outcomes
- Promotes **innovative solutions** to health care access issues
- Provides **integration of services** through care coordination

*“Over the past 20 years managed care has revolutionized the delivery of Medicaid health care services in Texas.”*

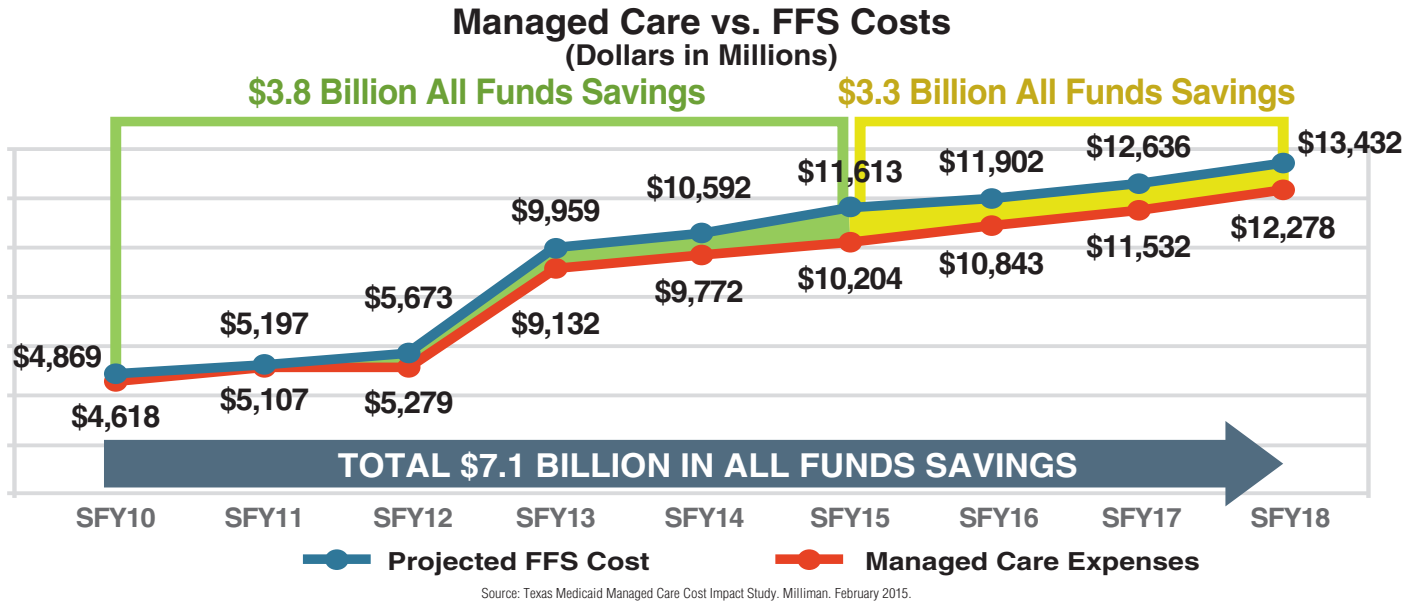
—Sellers Dorsey,  
Medicaid Managed Care in Texas, February 2015

## Medicaid MCO Success

- **Estimated \$7.1B All Funds cost-savings** for FY10-FY18 compared to FFS model
- **28.4% All Funds cost-savings** for Dental Managed Care program since FY13
- **No wait list to access community care** allowing individuals to stay in the community rather than institutions
- **Surpassed national performance expectations on child well visits** and childhood immunizations
- **Significant reductions in hospital admissions** for asthma, diabetes, GI infections, UTIs, and bacterial pneumonia
- **High level of consumer satisfaction**—83% of families with children in managed care report an overall positive experience with their MCO
- **93% of families with children in Medicaid managed care report having access** to their PCP when needed

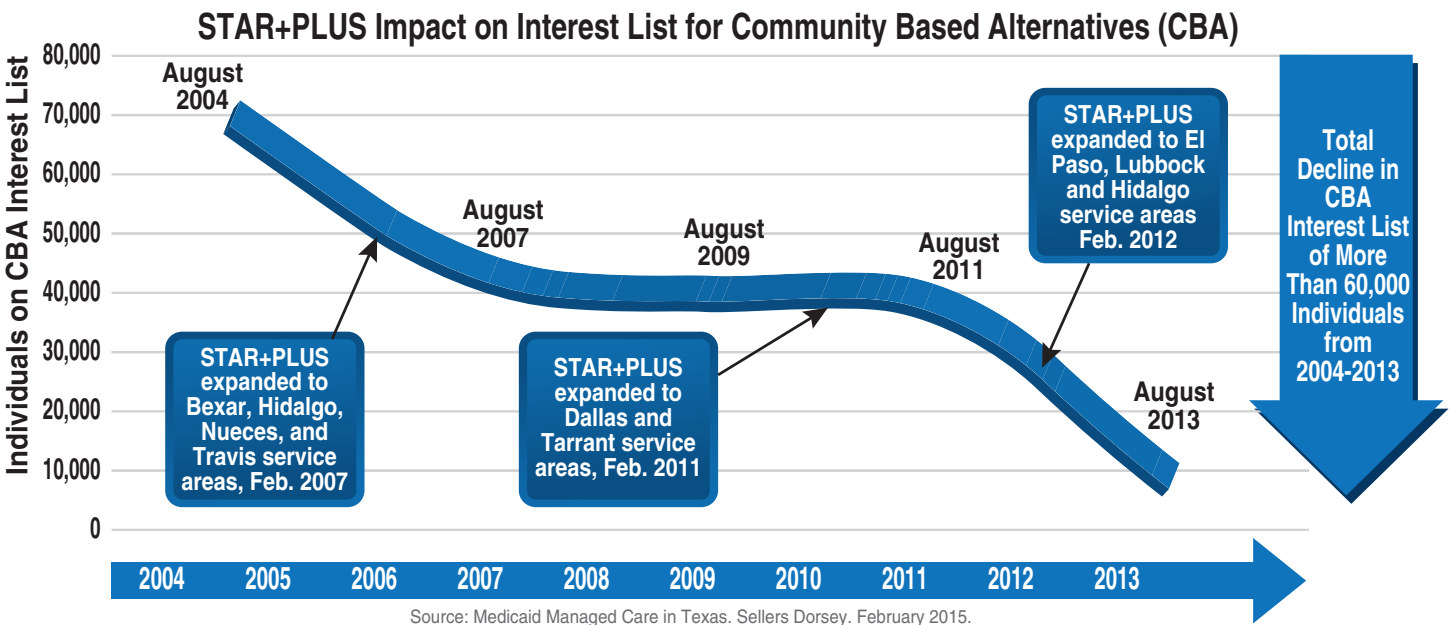
# Managed Care Cost Savings

Between SFY 2010 and SFY 2015, actuaries estimate that managed care **reduced Medicaid All Funds costs by 7.9%, or nearly \$3.8 billion**, when compared to the traditional fee-for-service model. This trend is expected to yield an **additional \$3.3 billion in All Funds savings through SFY 2018**. Medicaid Dental managed care has experienced the highest percentage of **total program savings: 28.4%** since SFY 2013 on an All Funds basis.



# Improved Access to Care

Managed care provides enhanced access to care compared to FFS. At no additional cost to the state, MCOs have dramatically reduced the interest list for long term services and supports (LTSS) through STAR+PLUS. On average, 93% of child and adolescent members report having a primary care provider (PCP) when they need one.



## Improved Quality of Care

Due to care coordination and better access to preventive services, MCOs have also improved quality of care and outcomes for Medicaid patients.

Between 2009 and 2011, **MCOs reduced hospital admissions for:**

- Asthma by 22% in STAR
- Diabetes by 37% in STAR and 31% in STAR+PLUS
- GI infections by 37% in STAR
- UTIs by 20% in STAR and 31% in STAR+PLUS
- Bacterial pneumonia by 19% in STAR+PLUS

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## Consumer & Taxpayer Protections

MCOs provide a higher level of accountability to members than traditional FFS Medicaid. For example, Medicaid MCOs and HHSC track complaints and consumer satisfaction. Medicaid MCOs have a high level of consumer satisfaction with 83% of child members reporting overall positive experience with their MCO.

MCOs are also held to stronger standards than under the traditional FFS Medicaid, which ensures that both Medicaid clients and taxpayer dollars are protected. These safeguards include:

- Strong financial solvency requirements
- Multiple agency oversight (HHSC and TDI)
- Value-based contracts and network adequacy requirements
- Consumer satisfaction surveys
- Performance standards with financial implications, quality measurements and program reporting requirements
- Audits for claims, financial reporting and operations
- Contract negotiations and oversight
- Corrective action plans, fines, sanctions, and liquidated damages for failure to meet contractual requirements
- Caps on administrative costs and profits

The continued benefits of managed care in Texas rely on maintaining a regulatory environment that fosters innovation, allowing full integration of services, ensuring a collaborative and transparent rate development process, and reducing administrative complexity whenever possible.

## Recommendations

### Innovation

The Texas Medicaid MCOs have brought many best practices to the communities they serve. The **ability to innovate is critical to being able to provide the highest quality services to Medicaid members** while being responsible partners to the Texas Medicaid program. Maintaining this crucial ability requires a careful balance between necessary regulatory requirements and flexibility to experiment with new initiatives to improve care delivery and cost-effectiveness of the Medicaid program.

### Integration

**Further service integration** within managed care will reduce Texas Medicaid costs and increase quality. By having all benefits administered by a single managed care plan, members are able to receive all of their health care and support needs through one individualized plan of care, which should raise questions when any services are proposed for “carve out” of managed care in the future. Integrating the formulary into managed care will save more than \$64 million a biennium and will improve care coordination.

### Transparency

To operate effectively and provide the state budget predictability, the MCOs and HHSC must establish **a rate-setting process that is collaborative and transparent**. The principles guiding such a process are timeliness, reliable data, and greater transparency on rate setting assumptions and cost trends to include policy changes and the addition of new treatment modalities (e.g. Sovaldi in 2014) to provide a basis for establishing actuarially sound rates. There are many factors that influence the cost of providing health care and services to the Medicaid population and these factors are constantly evolving.

### Administrative Simplification

While Medicaid is a complex program, those complexities should not translate into administrative burdens for providers, consumers and health plans. Over the last several years there has been a tremendous increase in the MCO regulatory environment. Although some of the new regulations have been welcome, some may have unintended consequences. As highlighted by the Sunset Commission 2014 report, the vast amount of information providers and MCOs are administratively required to submit to HHSC results in an information overload that makes it difficult for the agency to use the data for program monitoring and improvement. TAHP will work with HHSC on future **opportunities to reduce administrative complexity wherever possible**.

**MEMBER PLANS**

- Aetna
- Allegian Health Plans
- Amerigroup Texas
- AmeriHealth
- Blue Cross Blue Shield of TX
- Children’s Medical Center Health Plan
- Christus Health
- CIGNA/HealthSpring
- Community First Health Plan
- Community Health Choice
- Cook Children’s Health Plan
- Driscoll Children’s Health Plan
- El Paso First Health Plan
- FirstCare Health Plans
- Humana
- KS Plan Administrators, LLC
- Memorial Hermann Health Solutions, Inc.
- Molina Healthcare of Texas
- Parkland Community Health Plan
- Scott & White Health Plan
- Sendero Health Plan
- Seton Health Plan
- Superior HealthPlan
- Texas Children’s Health Plan
- UnitedHealthcare
- WellCare of Texas

**Who is TAHP?**

The Texas Association of Health Plans (TAHP) is the statewide trade association representing health insurers, health maintenance organizations, and other related health care entities operating in Texas. Our members provide health and supplemental benefits to Texans through employer-sponsored coverage, the individual insurance market, and public programs such as Medicare and Medicaid. The association was founded in 1987, and represents the health care industry’s commitment to improving health care for Texans.

TAHP is dedicated to advocating for public and private health care solutions that improve access, value and quality of care for many Texans. We bring together industry leadership to develop answers to the critical health care issues in Texas through continuous communication with its members, industry and community stakeholders, as well as with representatives of the Legislature and state agencies.

As the voice for health plans in Texas, TAHP strives to increase public awareness about our members’ services, health care delivery benefits and contributions to communities throughout the state.

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For more information, follow us on twitter  
[@txhealthplans](#) or visit [www.tahp.org](#)

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