



## House Appropriations Committee – Article II / HHSC

February 15, 2011

Dear Representative Zerwas and Committee Members:

As the Executive Director of Children's Defense Fund-Texas, I thank you for the opportunity to speak on behalf of Texas children. If the proposed cuts to provider reimbursement rates in Medicaid and CHIP, as well as cuts that will limit funding for our community's health infrastructure, particularly our primary care and hospital systems, are implemented, far too many Texas children will be denied access to needed health care.

Small reductions in reimbursement rates will cause providers to significantly decrease their participation in CHIP and Medicaid. The Texas Medical Association has noted that over the last decade, the percentage of Texas physicians willing to accept new Medicaid patients has decreased significantly, from 67% in 2000, to 42% last year. This coincides directly with a reduction in provider reimbursement rates, with only a modest increase in Medicaid physician payment rates in 2008. Changes in provider reimbursement rates, even minimal changes, can precipitate major impacts on the ability of children with CHIP and Medicaid to see a doctor.

Creating a provider shortage is simply a different way of leaving children uninsured. Children enrolled in Medicaid and CHIP will be unable to see a doctor, except by visiting the emergency room. The 2003 children's health coverage cuts -- which were less than 1/6<sup>th</sup> of what is currently being proposed -- resulted in the deaths of children and adults who died in overcrowded emergency rooms, waiting to be treated. This painful history should be a wake-up call.

Uninsured children, or children not able to fully utilize their insurance coverage, exhibit: lower immunization rates, are 70% less likely to receive medical care for common childhood conditions and emergencies. They are more likely to have untreated mental illnesses, and are less likely to receive treatment for chronic conditions such as diabetes. Untreated health conditions cause uninsured and underinsured children to miss an estimated 25% more days of school than their insured peers, and this costs Texas school districts over \$4 million a day in absenteeism. When our future workforce is sick and undereducated, Texas as a whole becomes less competitive and economically stagnant.

Cuts to preventive care strain already overcrowded emergency rooms and put all Texans at risk. When parents have no other option but to seek treatment for their child's ear infection or toothache in the emergency room, the healthcare of all Texans is compromised. Trauma beds will be unavailable for true emergencies. For example, in 2008 emergency rooms in Harris County were already on divert status up to 30% of the time. In a 2004 study, the death rate for severely injured patients increased by 78% when Harris County Level 1 trauma hospitals were on divert status. Cuts to hospital funding streams will make emergency room care considerably less available for ALL of us – you, me, our children and neighbors.

Our state's hospital infrastructure will be jeopardized by many of the proposed cuts. Hospitals and other health care institutions depend heavily on already-low Medicaid reimbursement rates in order to remain financially viable and provide needed services. Statewide, Medicaid covers 18% of all "patient days" at Texas hospitals, with the number rising above 80% at some children's hospitals. Additional cuts in reimbursement rates, on top of the 2% cut already instituted for the current biennium, would devastate the budgets of many Texas hospitals and health care institutions and likely force cutbacks and higher costs in other services. As mentioned, any cut in provider reimbursement rates shifts the patient population into the emergency room, which in turn shifts the cost burden onto local communities, who must pick up the tab for this uncompensated, higher cost of care, much of which could be more efficiently and cost-effectively delivered in a primary care setting.

We do not have to address this budget crisis with cuts alone. There are options. We are fortunate to have nearly \$10 billion dollars saved in the state's Rainy Day Fund. We have legislative leaders who are courageous enough to fix the structural budget deficit created in 2006 so that Texas does not continue to experience budget deficits in years to come. You DO have support for increasing short-term revenues. Polling shows that Republican and Democratic voters alike are opposed to the specific kinds of cuts that have been proposed. Texans do not want to see grandparents, supported by Medicaid, thrown out of nursing homes, crime rates in their communities increase due to insufficient mental health treatment services, and children and the disabled to lose their ability to receive basic health care. We must not balance the budget on the backs of children, the elderly, or the most vulnerable among us. Neither should we balance the budget on the backs of providers and hospitals, which only erodes the system and institutions that protect all of us.

Thank you very much for your consideration of this testimony and please do not hesitate to contact me with any questions.

Respectfully yours,

**Beth Quill**  
**Texas Executive Director**