



Senate Finance Committee – Article II / HHSC

February 3, 2011

Dear Senator Ogden and Committee Members:

For the last ten years, the Children's Defense Fund of Texas has advocated for and provided assistance to families whose children qualify for CHIP and Children's Medicaid. We have seen how policy decisions have impacted whether a child gets to see a doctor or not.

As you know, Texas has just emerged from more than 5 years of having a truly broken eligibility system. For years, Texas had been out of compliance with federal timeliness standards and erroneous denial rates – put simply, children who were eligible and applied for coverage were left uninsured. Texas has had multi-million dollar, successful, lawsuits filed against it, federal penalties imposed, and millions of dollars of federal bonuses bypassed. We have seen the outcry when 127,000 young Texans were dropped from CHIP in one year and when lost CHIP and Medicaid applications were rampant. Missing paperwork, and families being forced to submit application after application, is not a sign of an efficiently-run government. During this economic crisis, it is more important than ever that government works, especially for those Texans who need assistance for the first time.

A malfunctioning eligibility system means gaps in coverage for children causing preventable root canals, renal damage, high costs to families and local tax payers, and even impaired quality of life for severely ill children, such as in the well-known case of fourteen year-old Devante Johnson, who died of renal cancer in 1997 while waiting to get back onto CHIP because of bureaucratic mistakes.

We urge the committee not to allow us to go back to that era.

Commissioner Seuhs and his team have done an outstanding job turning the system around in just one year. They have returned Texas to federal timeliness standards while rolling out the once very troublesome TIERS system. They are in the midst of eliminating the duplicity of having two enrollment systems, and are putting in many IT improvements that will allow families to track their applications online, apply online, and receive information on where to get community application assistance. These improvements will reduce the number of calls that come into HHSC, the time it takes for caseworkers to process a case, and ultimately the number of people needed to run the organization. We must not pull the rug out from under such successful leadership now.

Chart of HHSC Application Processing Timeliness

TIMELINESS	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
TX Wrks Medicaid Applications	78.4%	75.8%	75.4%	73.4%	75.1%	75.9%	73.2%	74.1%	85.4%	89.7%	92.5%	94.2%

Medicaid application timeliness is 95% processed within 45 days.

Federal expedited timeliness percentage is based on SAVERR only through May 2010. TIERS data is included effective June 2010.

We fully support the HHSC exceptional items, particularly those dealing with maintaining a functional eligibility system and ensuring children are able to find a doctor once they get covered. Insurance is rendered meaningless if there are no doctors available to see patients. Any cuts to CHIP and Medicaid or its infrastructure will impact the health and wellbeing of Texas children and result in an increased cost to taxpayers at the local level. As you know, it costs about \$100 to see a child with asthma or diabetes in an office setting, while it costs \$5,000-\$10,000 dollars to see them in the emergency room. Source: Harris County Hospital District.

While healthcare costs are on an unmanageable upward trend and must be controlled, the solution cannot be denying care to our children and shifting higher costs onto Texas taxpayers through lost federal dollars and increased local taxes. Not only is this faulty math, but it will have devastating impacts on the future of this state. Children must be healthy in order to learn, but on the track that we are on, former State Demographer Steve Murdock's data shows that one out of every three Texans will not have a high school diploma by 2040. That opportunity cost will be devastating to Texas' economy.

A cuts-only approach to addressing our revenue shortfall will increase unemployment by tens of thousands of people, have irreparable impacts on the health and education of our children, and deny Texans the opportunity to have a purposeful discussion about the state's true priorities. A recent poll shows that a large majority of Texans want children's health and education spared from cuts. (<http://www.statesman.com/news/texas-politics/voters-want-schools-and-health-care-spared-from-1173164.html>) The Rainy Day Fund was created for just this kind of economic downturn and we must use it all for the purpose for which it was designed. Delaying fixes to the structural deficit created in 2006 must not come at the cost of addressing the economic crisis now. We also urge the Senate to partner with the House to seek additional sources of revenue. You have heard over and over during the past few days of testimony, from a wide variety of Texans, that the proposed cuts will hurt far more than an increase in taxes.

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

Respectfully yours,



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