

# The Truth About the Texas Way Program



The Texas Way Program is a uniquely Texan, private market-based health insurance coverage program that will improve the health of low-wage working Texans and strengthen the state's economy.

The Texas Way Program:

- Connects uninsured Texans with private market coverage choices;
- Requires personal responsibility;
- Promotes appropriate utilization of health care services; and
- Reduces inefficient health care spending.

By requiring covered individuals to pay for a portion of their care and incentivizing the appropriate utilization of health care services, the Texas Way Program avoids the pitfalls of traditional entitlement programs. The Texas Way Program is the fiscally responsible approach to reducing the number of uninsured without adding to the state's Medicaid rolls.

## MYTH

We can't afford the Texas Way Program because long-term costs will consume an ever-larger share of the state budget. The federal government will renege on its promise of contributing no less than 90 percent towards the cost of services.

## FACTS

- ✓ Hospitals and other health care providers are already paying for coverage expansion through more than \$500 billion in cuts to Medicare and Medicaid over 10 years. The fiscally responsible choice is to allow hospitals and other health care providers to recoup their lost funds by having far fewer uninsured patients.
- ✓ Texas can end the Texas Way Program at any time, without penalty. If costs become excessive, the state can end the program.
- ✓ The Texas Way Program will relieve the financial burden on property taxpayers. Property taxes currently pay for \$1 billion in county indigent health care services.

## MYTH

The Texas Way Program will discourage people from working and encourage government dependency.

## FACTS

- ✓ Nearly 80 percent of uninsured Texans are already working or are in a family with at least one working adult. Health insurance is not available to them as an employee benefit or it is unaffordable at their income level. Because of the state's higher-than-average number of small businesses and the prohibitive cost of health insurance, Texas employers are far less likely than employers in other states to offer a health insurance benefit.
- ✓ The Texas Way Program will include incentives to work.

## MYTH

Job creation is a more effective path to affordable health insurance.

## FACTS

- ✓ Texas already leads the nation in job creation, but low unemployment has not led to a decrease in the number of uninsured.
- ✓ Because of the state's higher-than-average number of small businesses and the prohibitive cost of health insurance, Texas employers are far less likely than employers in other states to offer a health insurance benefit.

## MYTH

The Centers for Medicaid & Medicare Services will never approve the Texas Way Program.

## FACTS

- ✓ CMS approved Texas' existing 1115 Medicaid Transformation Waiver that implements numerous Medicaid reforms, including requiring managed care enrollment for nearly all Medicaid enrollees.
- ✓ CMS is working with other states on private-market coverage models.
- ✓ CMS has publicly expressed its willingness to work with Texas on developing the Texas Way Program.

## MYTH

The Texas Way Program will increase utilization of hospital emergency rooms.

## FACTS

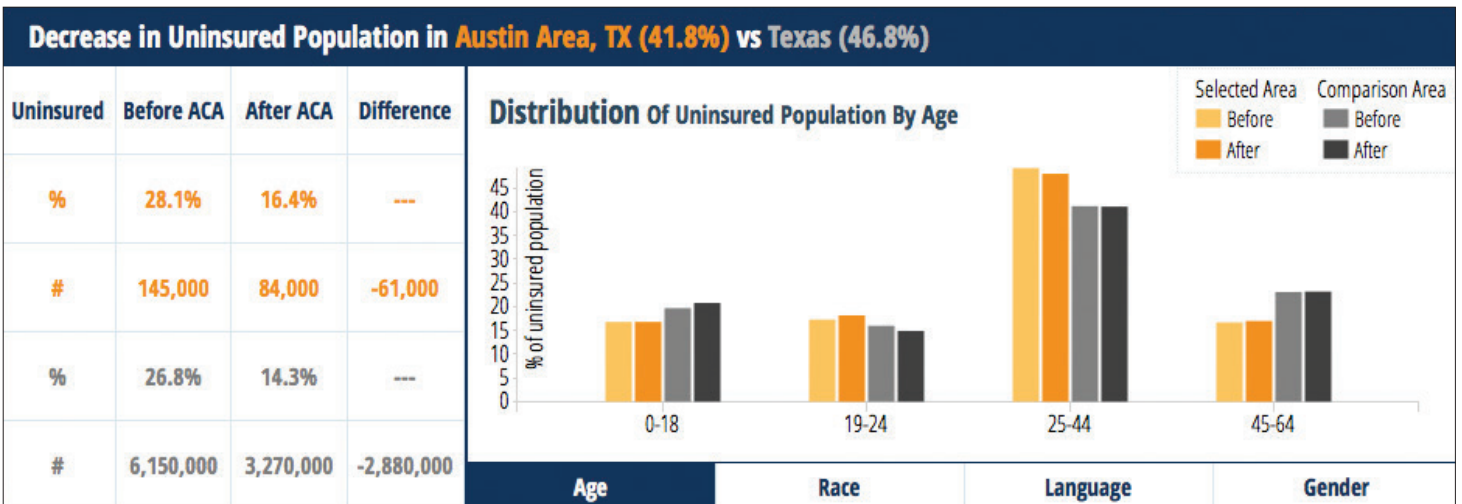
- ✓ The Texas Way Program is a consumer-driven, private-market coverage solution that requires personal responsibility and accountability for health care. Texas Way Program enrollees will be subject to point-of-service cost sharing and will be required to use health savings accounts. Both cost-sharing strategies reduce inappropriate use of hospital ERs.
- ✓ In addition to required cost-sharing, the Texas Way Program includes a financial penalty for ER visits that are deemed to be non-emergent.
- ✓ Studies demonstrating increased ER use following coverage expansion took place in two states that increased eligibility for their Medicaid programs. Unlike those states, by implementing coverage the Texas Way, Texas would avoid the pitfalls of simply enrolling more enrollees into an entitlement program that has no provisions for consumer engagement.

## MYTH

Texas should focus on reforming its Medicaid program, not expanding it.

## FACTS

- ✓ The Texas Way Program will not add additional enrollees to Medicaid.
- ✓ The Texas Way Program will connect low-wage, working Texans to the private insurance market.
- ✓ Texas is already pursuing comprehensive Medicaid reform through the 1115 Medicaid Transformation Waiver.



### 1.05 MILLION

Provides access to 1.05 million Texans who don't have access to health insurance through an employer.

### \$1 BILLION

Reduces tax burden on local property owners who pay for county indigent health care services.

### \$266-\$399 MILLION

Eliminates almost \$400 million in tax penalties for employers who can't afford to provide health insurance benefits for employees.

### 48,900 VETERANS

Provides a tool for 48,900 military veterans to access health insurance benefits.

### \$1,800/ YEAR

Alleviates the cost of covering the uninsured, which results in \$1,800/year in higher health insurance premiums.