



# The Texas Way Program: Personal Responsibility

**T**he Texas Way 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. As proposed, the Texas Way Program:

- Connects uninsured Texans with private insurance 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. In exchange for access to subsidized private health insurance, Texas Way Program enrollees will be required to be actively involved in managing their own health and use of health care services. Personal responsibility is a cornerstone of the Texas Way Program.

## Cost Sharing: Premiums, health savings accounts and copayments

By requiring enrollees to contribute their own money towards the cost of their health care, the Texas Way Program incentivizes enrollees to be prudent health care purchasers. The exact types and amounts of cost sharing will be worked out between the state and the Centers for Medicare & Medicaid Services, but required cost sharing could take any or all of three different forms:

- **MONTHLY PREMIUM PAYMENTS:** Texas Way Program enrollees could be required to pay a monthly premium for private health insurance coverage, just as other private health insurance consumers do. Premiums would vary, depending on an enrollees' income, similar to how the Children's Health Insurance Program in Texas structures its premium requirements.
- **HEALTH SAVINGS ACCOUNTS:** Texas Way Program enrollees could be required to contribute funds to a health savings account to cover medical expenses up to a specified amount, agreed upon by the state and CMS. HSAs are used in conjunction with high-deductible health plans. (See fact sheet on Health Savings Accounts).

- **COPAYMENTS:** Point-of-service cost sharing in the form of copayments could also be required. Copayments could apply to all allowable medical services or a subset and could also vary by income.

## Financial Penalties for Inappropriate Use of Hospital ERs

Personal responsibility for the appropriate use of health care services in part involves relying on primary care and other outpatient health care services rather than the hospital ER for minor health care needs. To discourage reliance on hospital ERs as a primary source of routine health care, the Texas Way Program will require enrollees to pay a financial penalty for use of the ER for conditions deemed to be non-emergent.

## Incentives to Work

Although the majority of those eligible for the Texas Way Program are already working and earning a paycheck, the Texas Way Program will include incentives for seeking and maintaining employment. The exact form these incentives take will depend on negotiations between the state and CMS.

## Maintaining Health

Personal responsibility also extends to maintaining personal health. The Texas Way Program could include a rewards program that would allow enrollees to earn additional dollars for their HSAs for meeting health benchmarks or engaging in specified healthy behaviors, such as completing a health risk assessment, losing weight or quitting smoking.

