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CONTACT: CALLI DRETKE  
936.435.7516 OR 936.714.6549

## **For Your Health's Sake**

### **House Adds To The Big Medical Bill**

(Huntsville, TX) - With little debate and by voice votes, the Texas House on Wednesday endorsed far-reaching proposals that would let Texas seek federal permission to completely redesign the Medicaid program for the underprivileged -- and possibly sweep Texas seniors on Medicare into private health insurance policies.

Rep. Lois Kolkhorst, R-Brenham, added to a comprehensive health care bill that is moving swiftly to passage in the special session her pet health care proposals. They were her two separate bills on "interstate health care compact" and "global Medicaid waiver." Both passed the House during the regular session. Both are stand-alone bills in the special session, though they aren't on the fast track the way the big health care bill is. It's unclear whether the Senate will accept either or both as amendments to the big bill.

When this column first began, we indicated that as the country moves toward implementing reform, it is imperative that the citizens of our area be kept up-to-date with the latest news and the significant impact that these changes will have on our local medical community. In an effort to provide our patients with "up to the minute" information regarding changes at the national and local levels, we decided to submit a weekly column to the Huntsville Item called, "For Our Health's Sake."

With that purpose in mind, it's vital that we devote this edition to detailing the components of each bill mentioned above, starting first with the "interstate health care compact."

#### **Interstate Health Care Compact**

The Health Care Compact (HCC) is an interstate compact designed to transfer the responsibility and authority for regulating health care from the federal government to the member states. An initiative of the Health Care Compact Alliance, a nonpartisan 501(c)(4) organization, the final language of the HCC was published on February 23, 2011. In order for the compact to become law, it must be passed by both houses of each member state's General Assembly, signed by the governor, and approved through Congress. The compact does not need the signature of the president to take effect.

The Health Care Compact has seven primary components:

1. Pledge -- Member states pledge to take action to secure Congressional consent to the compact, and to improve health care policy within their respective jurisdictions.
2. Legislative power -- The legislature of each member state assumes primary responsibility for the regulation of health care in their respective state.
3. State control -- Member states are granted the authority to enact health care laws that supersede federal regulations within the state.
4. Funding -- Member states will receive federal funding appropriated by Congress, based on the federal funds spent in their respective states on health care in 2010.
5. Interstate Advisory Health Care Commission -- Member states appoint individuals to an advisory commission. The commission is tasked with collecting information relevant to the regulation of health care, and with making recommendations to member states.
6. Amendments -- Member states can amend the compact by unanimous agreement among themselves without additional Congressional consent.
7. Withdrawal -- Any member state can withdraw from the compact by adopting a law to that effect. The compact will be dissolved if all but one of the member states withdraws.

The introduction of this legislation comes less than a year after the of the passage of the controversial Patient Protection and Affordable Care Act . While the HCC does not conflict with efforts to repeal the act, it effectively creates a "regulatory shield" for member states, rendering regulations contained in the Affordable Care Act ineffective in HCC member states. The purpose of the HCC is three-fold: to give member states primary responsibility for health care regulation; to ensure that relevant state laws supersede conflicting federal laws and regulations; and to secure federal funding for state that choose to invoke their authority under the compact.

### **Global Medicaid Waiver**

House Bill 13, or "global Medicaid waiver" calls for developing a Section 1115 federal waiver (block grant) to give Texas greater flexibility in the design and operation of the Medicaid program. Medicaid finances health coverage for many low-income families and elderly and disabled people. Often poorer and sicker than the privately insured, Medicaid enrollees rely on the program for preventive, medical, and long-term care services. The federal government and the states jointly fund Medicaid, with the federal government paying 50% to 77% of Medicaid program costs, depending on the state. States administer the program within a combination of federal standards and state options.

Section 1115 waivers provide a mechanism for states to use federal funds in ways that do not conform to federal standards. Section 1115 waivers have been used throughout the 40-year history of the Medicaid program. They can serve as useful tools for states to demonstrate new ways to provide coverage and deliver services to the low-income population.

In recent years, there has been a growing amount of waiver activity reflecting a combination of new federal waiver initiatives and state fiscal pressures. Increased flexibility available through waivers has been promoted as a way for states to cover more

people without increasing program costs. Recent waiver expansion efforts have been quite limited and some recent waivers have altered core elements of Medicaid affecting enrollment, benefits, and affordability of coverage and care. Increasingly, waiver activity has focused on reducing coverage to relieve state fiscal pressures.

The broadest source of federal waiver authority is Section 1115 of the Social Security Act. Section 1115 gives the Secretary of Health and Human Services broad authority to waive statutory and regulatory provisions of health and welfare programs under the Social Security Act, including Medicaid and SCHIP, without a statutory change. States can obtain “comprehensive” Section 1115 waivers to make very broad changes in eligibility, benefits, or cost sharing in Medicaid. Currently, 27 states and DC have approved comprehensive Section 1115 waivers. Some have not been implemented, many were adopted primarily to move beneficiaries to mandatory managed care (which states can now do for certain beneficiaries under program options without a waiver), and others make more fundamental program changes.

The Texas Medical Association (TMA) has raised several concerns about the bill, specifically whether Texas could secure enough funding to cover not only annual medical inflation but also caseload growth.

Representative Kolkhorst has stated that she doubts that capping any further federal health care contribution to Texas would be "set in stone." Under the compact, though, Texas would agree to accept a block grant covering Medicaid -- and potentially also Medicare and all current federal health care grants -- that would increase only for population and the general rate of inflation, not medical inflation. Kolkhorst said she thinks the state can manage.

Since 1927, we have provided charitable health care services, delivering quality healthcare to the residents of Walker County and the surrounding communities. Our talented team of medical staff members is focused on staying **up to the minute** with the latest technologies and treatment solutions, while still providing you with friendly, **down to earth** service that you’ve grown to expect from your neighborhood hospital. No matter what changes the government has in store for us, our mission and vision will never change.

Sally Nelson  
Chief Executive Officer  
Huntsville Memorial Hospital