

Answers to Frequently Asked Questions about the Texas Way

How is this different from Obamacare? (How is the Texas Way not just a repackaging of Medicaid expansion)?

- The Texas Way proposes enrolling low-wage working Texans into private health insurance plans that cover the same benefits and have the same requirements that most people have if they get coverage through their employers.
- With the Texas Way, Texas lawmakers have the opportunity to design a coverage option that reflects the needs and values of their constituents. Cost sharing, health savings accounts, incentives for employment and requiring personal responsibility are all possibilities.
- Texas Way enrollees will not be part of the Medicaid system. Coverage is not an entitlement.

But wouldn't the Texas Way be paid for with Medicaid expansion/Obamacare dollars? (The Texas Way will increase the federal deficit)

- The Texas Way would be paid for with dollars that Texas hospitals and other health care providers are contributing through Medicare and Medicaid funding cuts. Medicare cuts to Texas hospitals alone are \$13 billion. These cuts were intended to offset the costs of increasing access to coverage for the uninsured.

If the Texas Way is not expanding Medicaid, what will the federal funds we would draw down be used for?

- The available federal funds come from funding cuts to Texas hospitals and other health care providers in programs such as Medicare.
- Those funds could
 - Subsidize the cost of private health insurance premiums for the eligible population;
 - “Match” the enrollees’ contributions to their health savings accounts.

How can Texas afford this?

- Texas can't afford not to do this.
- Everyone pays more because we have so many uninsured residents.
 - Property taxpayers pay for hospital care for uninsured
 - Cost of private health insurance is more because uninsured's health care costs are shifted onto the privately insured.
- The federal government would pay 100% of the costs until 2017. Even when Texas has to contribute towards the cost, the state's share is never more than 10%.

- Texas is currently using state money to pay for behavioral health care services for the uninsured. The Texas Way would free up this money for other purposes.
- Texas hospitals and other health care providers are already paying for the Texas Way through cuts to Medicare and Medicaid funding. Medicare cuts to hospitals alone are \$13 billion. Without the Texas Way, hospitals and other health care providers are paying for coverage that we don't have.

Where will Texas find the funds to subsidize private health insurance once the federal funding begins to drop?

- The federal share of the cost never drops below 90 percent. The state share never exceeds 10 percent.
- If the state's share becomes onerous, Texas can end the program without penalty.
- State general revenue dollars are already being used to pay for a patchwork of behavioral health and other health care safety net services for uninsured Texans. These funds could be used more efficiently to pay the state's share of comprehensive private health insurance through the Texas Way.
- Texas is also achieving significant savings through its 1115 Medicaid Transformation Waiver that mandates managed care enrollment statewide. These savings could be used for the state share.

I think reforming Medicaid is more important. Wouldn't expanding it add to the problems that are already inherent in Medicaid?

- Because of its Medicaid 1115 Transformation Waiver, Texas already has one of the most reformed Medicaid systems in the nation.
 - Nearly all Medicaid enrollees get services through capitated managed care organizations.
 - The Waiver is supporting 1,500 innovative health care projects that are making health care delivery more effective and efficient.
- The Texas Way will not expand Medicaid coverage. It is not adding enrollees to the Medicaid program.

Won't the Texas Way discourage people from working and encourage more government dependency?

- 80% of those eligible for the Texas Way are already in a working family but do not have access to employer-provided coverage either because the employer does not offer it or because the cost is prohibitive.
- Texas Way eligibles are working in small businesses and start-ups as well as in professions such as home health care, personal care, automotive, child care, and retail and restaurants.
- 50,000 uninsured Texas veterans would be eligible for insurance through the Texas Way.

Will the Texas Way cover undocumented immigrants?

- No. Only individuals who are U.S. citizens or who are legal immigrants and have lived in the U.S. for more than five years are eligible for coverage through the Texas Way.