



June 11, 2020

Dear Governor Abbott:

On April 20, we asked you to use your executive authority to increase access to health care by expanding Medicaid. Doing so would immediately provide coverage to 1.5 million of the five million Texans who were uninsured *before* the COVID-19 pandemic. Recent reports estimate job losses will result in an additional 1.6 million Texans losing their employer-sponsored health insurance. With the continuing economic and health challenges stemming from the pandemic, expanding Medicaid would bring home billions of our federal taxpayer dollars annually, support health care providers and improve overall access to care for millions of Texans.

We remain concerned about the continued viability of our state's health care safety net and encourage you to take prompt action to prevent irreversible harm. Specifically, we reiterate our request for you to expand Medicaid as well as advocate for Congressional actions that will help bolster our health care safety net during and after this pandemic.

Many Texas businesses are at risk of closure; health care providers are no exception. Health care providers across the spectrum—physicians, dentists, pharmacists, behavioral health providers, community clinics, hospitals, long-term care facilities and others—have experienced a rapid, steep and unsustainable drop in revenue. Most providers have high fixed costs and limited reserves. As a result, many have reduced their office hours or laid off employees. Some have already closed, perhaps permanently, taking much-needed jobs with them. Prior to the pandemic, safety net hospitals, particularly rural ones, teetered on the financial edge. Many rural hospitals already operated in the red with little cash on hand. The pandemic has made matters worse.

Federal and state regulatory relief has helped. A record number of providers have retooled to provide care through virtual means. Telemedicine allows these providers to safely continue seeing patients and be paid for their services. Yet, telemedicine alone cannot sustain the health care system. For many providers, the technology is not suited to their work. For those that can use it, telemedicine visits alone cannot replace lost revenue.

Some federal relief has trickled in to support hospitals and other providers but much more will be needed. To date, no federal aid has materialized to help the providers and clinics whose mission is to care for the state's Medicaid and uninsured populations. The health care safety net provides the scaffolding for the entire Texas health care delivery system. If the safety net fails, it will compromise the entire system for insured and uninsured alike.

For these reasons, we urge you to initiate immediate discussions with the Trump administration and Texas Congressional delegation to take the actions listed below. All would come at no additional cost to the state and are supported by numerous organizations, including the Texas Medical Association, Texas Academy of Family Physicians, Texas Dental Association, Texas Hospital Association, Texas Organization of Rural & Community Hospitals, Texas Pediatric Society, Texas Pharmacy Association, Texas Academy of Pediatric Dentistry, and Teaching Hospitals of Texas.

- Increase the Federal Medicaid Assistance Percentage (FMAP) by at least 14 percent through the end of the public health emergency and at least two years following;
- Enact an automatic threshold to activate additional FMAP enhancements whenever a state's unemployment rate remains above a pre-determined threshold and similarly, implement an automatic threshold at the end of the disaster-related FMAP based on pre-determined national economic criteria;

- Increase Medicaid payments to Medicare parity through the end of the emergency declaration and two years following, with 100 percent federal funding;
- Establish Medicaid sustainability payments or other innovative payment models to ensure the long-term financial viability of the health care safety net;
- Increase federal grant funding and other financial resources, such as zero or low-interest loans, to help safety net providers;
- Suspend Medicare and Medicaid revalidation requirements for health care professionals through the end of the emergency and at least 24 months following; and
- Suspend CMS' Medicaid Fiscal Accountability Regulation as it limits the ability of Texas to finance its Medicaid system and threatens access to care by weakening our health care safety net.

Finally, as you consider state agencies' plans to reduce their budgets by five percent for the current biennium, we strongly urge you to reject any reductions in provider payment rates for Medicaid, the Children's Health Insurance Program, and Healthy Texas Women. Reductions would only further strain our safety net.

Texas' economic future depends on preserving a robust health care system. Without question, the health care sector has contributed to the state's historically low rate of unemployment and economic productivity. While we are optimistic that Texas' economy will rebound, long-term economic prospects will be much dimmer if Texas does not mount a vigorous rescue mission for our health care safety net system.

State leaders must work with our federal partners to mitigate the impact of the COVID-19 pandemic on the ability of health care providers to care for Texans now and in the future. We stand ready to work with you and our legislative colleagues to improve the health and well-being of all Texans and to support the sustained recovery of the Texas economy.

Sincerely,



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