



Children's Hospital Association of Texas
An Association for the Advancement of Children's Healthcare in Texas

How Did Children's Hospitals Fare During the 2011 Legislative Session?

Despite major cost-cutting initiatives during the 2011 Texas Legislative Session, especially to health and human services programs, children's hospitals—while not completely unscathed—were spared from some of the deepest budget cuts. This is due in part to our loyal supporters like you. We want to express our sincere thanks and gratitude for your support throughout this challenging legislative session.

The Good and the Bad

Faced with a 10 percent cut to Medicaid reimbursements across the board, children's hospitals were able to persuade the Legislature to maintain the Tax Equity and Fiscal Responsibility Act (TEFRA) cost-based reimbursement for inpatient services. Because about 60 percent of the inpatient days at children's hospitals are for Medicaid patients, a 10 percent reduction in Medicaid payments would have disproportionately harmed children's hospitals. Medicaid physician services also were spared the 10 percent payment reduction proposed at the start of the legislative session.

While we avoided devastating cutbacks in this legislative session, many challenges remain.

There was a significant reduction in the children's hospital Upper Payment Limit program, and we will be affected by many cost-containment initiatives, including cutbacks to Medicaid outpatient rates and reduced funding for non-emergent use of emergency room services.

State funding for graduate medical education also declined by almost a third; and funding was eliminated for a number of programs, including the Children's Medicaid Loan Repayment program.

Because the Rainy Day Fund will not be used to provide funds for the state budget, state funding is estimated to be \$5 billion short of the amount needed for the Medicaid program for the two-year budget period. This will require a Supplemental Appropriations bill in Spring 2013 to pay for the remainder of the 2012-2013 biennium.

Your Continued Support

As you can see, there is work yet to be done due to the underfunding of child health programs, even as the child population in Texas continues to grow. We will look to you for continued support to ensure that all children in Texas receive the care they need and deserve!

Please continue to check the CHAT website for ongoing news updates, and join us on Facebook and follow us on Twitter.



Again, we appreciate everything you have done for children all across Texas during this legislative session!

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