

# The Texas Way: A Path to a Stronger State Economy



**T**he Texas Way Program 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 market 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.

Ultimately, the Texas Way is a path forward to a stronger state economy.

## The Texas Way Program Benefits Texas Taxpayers and the State Budget

- **Influx of federal funds.** From 2015 through 2016, the federal government would finance the full cost of the Texas Way. Beginning in 2017, the federal share would gradually decline but would never be less than 90 percent. Estimates are that Texas would spend \$5.7 billion and receive \$65.6 billion for Texans obtaining coverage the Texas Way between 2014 and 2022. **This is a return on investment of more than 1000 percent.** Looked at another way, by not pursuing the Texas Way, the state is missing out on \$300 million per month in federal funds.
- **Frees up state general revenue funds.** Ninety percent of Texans receiving state-funded mental health and substance abuse services could be enrolled in the Texas Way Program with nearly all care costs covered by federal dollars.
- **More jobs.** The Texas Way Program would support the creation of **59,400 new jobs** in Texas through 2017, more than the number employed by ConocoPhillips, Phillips 66 and Valero Energy combined.
- **Reduces the financial burden on local property taxpayers.** Because of Texas' high rate of uninsured, property taxes currently pay for \$1 billion in county indigent health care services each year.
- **Strong state economy.** The Texas Way Program could boost the state's GDP by \$10.4 billion between 2014 and 2017.

## The Texas Way Program Benefits Business

- **Healthy workforce.** With better access to preventive health care and services to manage chronic conditions, Texas workers will be healthier – missing fewer days of work and being more productive.
- **Avoidance of tax penalties.** Without the Texas Way Program, businesses with more than 50 employees could owe nearly \$400 million in annual federal tax penalties because of the federal government's "shared responsibility" requirement.
- **Affordable health insurance.** By reducing uncompensated care and minimizing the cost shift to the privately insured, the Texas Way Program reduces the cost of providing coverage for employees.

## The Texas Way Program Benefits Working Texans

- **Coverage for 1.1 million uninsured Texans.** There are currently 1.1 million uninsured Texans who earn too much to qualify for Medicaid coverage but too little to qualify for subsidized private insurance coverage through the marketplace. These Texans are primarily low-wage workers whose employers do not provide coverage or it is unaffordable. Enrollment in the Texas Way Program would provide comprehensive health insurance coverage while requiring cost sharing and personal responsibility.
- **Reduced financial stress.** Fewer Texans will experience medical bills that have the potential to lead to personal bankruptcy. An estimated 54,100 fewer Texans will have catastrophic out-of-pocket health care costs because of the Texas Way Program. Nearly 200,000 fewer Texans will have to borrow money or skip payments on other bills in order to have the resources to pay medical bills.

## The Texas Way Program Benefits Hospitals

- **Reduced uncompensated care.** Texas hospitals currently provide more than \$5.5 billion of uncompensated care each year because of the state's large number of uninsured residents. With fewer uninsured patients, hospitals will have less uncompensated care. These are critical funds that could be invested in workforce, technology, research and services that benefit all of our communities.
- **Recoupment of funds lost to payment cuts.** Hospitals and other health care providers are already paying for the Texas Way Program through more than \$500 billion in cuts to Medicare and Medicaid over 10 years. The fiscally responsible and fair choice is to allow hospitals and other health care providers to recoup their lost funds by having far fewer uninsured patients.