

About 1 in 4 Texans has coverage from government sources, including Medicare and Medicaid.ⁱ

- **Medicare** covers adults age 65 and over.
- Texas **Medicaid** covers low-income children, pregnant women, people with disabilities and older adults in long-term care.

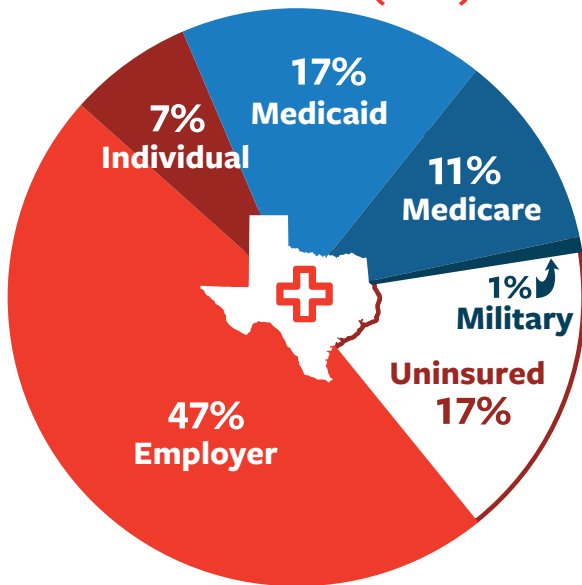


1 out of every 6 Texans has no health insurance.ⁱ

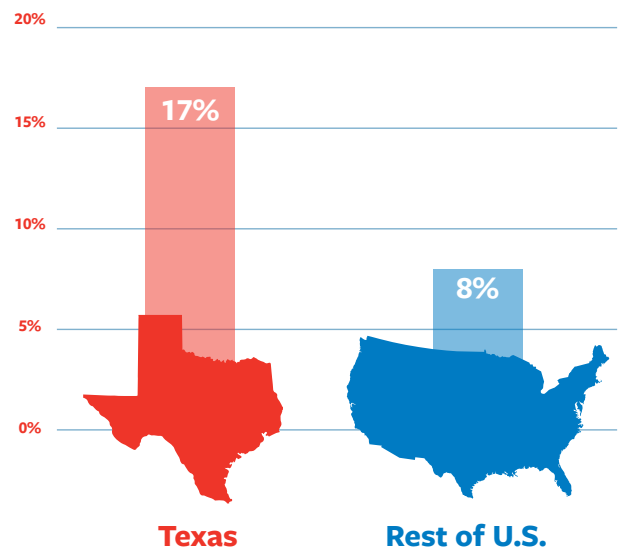
- **5 million** uninsured Texans have **no source of third-party payment** for health care.
- Hospitals are **required by federal law to treat patients** in the emergency department **regardless of ability to pay.**



Where Do Texans Get Their Health Insurance? (2022)ⁱ



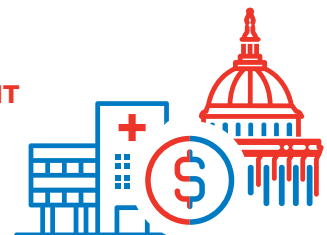
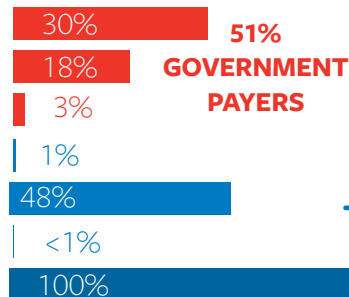
Uninsured Rate, All Ages (2022)ⁱ



Although government payers cover about one-quarter of Texans, they account for **half of Texas hospitals' payments.**ⁱⁱ Patients with **government insurance use more hospital care** due to age, pregnancy status and complex medical needs.

Net Payments (2022)	Total
Medicare	\$29 M
Medicaid (Base+Supplementals)	\$17 M
Other Government	\$2.6 M
Self-Pay	\$1.4 M
Third-Party Payers	\$46 M
All Other Nongovernment	\$166 K
TOTAL	\$96.5 M

Percent



Medicare and Medicaid do not cover hospitals' costs of care.

Medicare

- Medicare paid hospitals **82 cents for every dollar** spent caring for Medicare patients in 2022.ⁱⁱⁱ
- Medicare Advantage plans **deny and delay coverage** of medically necessary care that traditional Medicare pays for without issue.^{iv} Medicare Advantage now covers 55% of Texas' Medicare enrollees.^v
- **Medicare Advantage is threatening Medicare-reliant hospitals – especially rural hospitals –** and puts patients in potentially life-threatening circumstances.

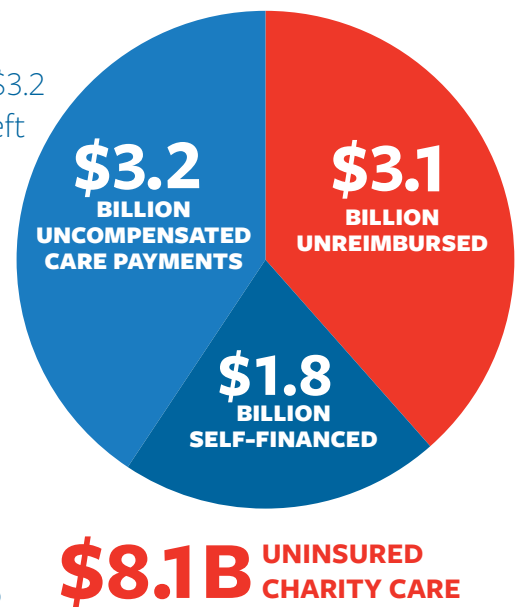
Medicaid

- On average, Texas Medicaid base rates reimburse hospitals at only **72% of inpatient costs and 75% of outpatient costs.**^{vi} Texas has not increased Medicaid hospital rates across the board in over a decade.
- Medicaid supplemental waiver payments bring reimbursement closer to cost. Hospitals finance the state portion (about 40%) of these extra payments out of their own pockets. **After administrative fees and reductions, hospitals net less than 60% of the total payments.**
- The uncompensated care pool partially reimburses hospitals for uninsured charity care, while disproportionate share and directed payments offset low Medicaid reimbursement rates.
- Directed payments bring Texas hospitals' net Medicaid reimbursement to around 80-90% of Medicare rates.^{vii}
- In 2023, Texas hospitals provided at least \$8.1 billion in uninsured charity care. Hospitals' net uncompensated care payments were \$3.2 billion, unlocked using \$1.8 billion of hospitals' own money. This left \$3.1 billion not reimbursed by any supplemental payments.^{viii}

Hospitals must find ways to keep their doors open to everyone in the community despite high numbers of uninsured patients and chronic underpayment by government payers.

The costs of government underpayment are borne by homeowners, businesses and those with private or job-based coverage in the form of higher taxes and higher commercial insurance premiums.

Government payments for health care must keep pace with costs to alleviate these burdens.



ⁱ <https://www.kff.org/other/state-indicator/total-population/>

ⁱⁱ AHA Annual Survey of Hospitals, 2022.

ⁱⁱⁱ <https://www.aha.org/2024-01-10-infographic-medicare-significantly-underpays-hospitals-cost-patient-care>

^{iv} <https://oig.hhs.gov/oei/reports/OEI-09-18-00260.asp>

^v <https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2023-enrollment-update-and-key-trends/>

^{vi} <https://pfd.hhs.texas.gov/rate-tables>

^{vii} https://www.macpac.gov/wp-content/uploads/2024/01/03_January-Slides_Policy-Options-for-Improving-the-Transparency-of-Medicaid-Financing.pdf

^{viii} <https://pfd.hhs.texas.gov/sites/rad/files/documents/pfc/uc-mdl-fnl-rule-7-6-2023.xlsx>