



Texas Association of Health Plans

1001 Congress Ave., Suite 300

Austin, Texas 78701

P: 512.476.2091

www.tahp.org

April 25, 2023

Re: TAHP Opposes HB 3891

Dear Chairman Frank and Members of the House Committee on Human Services,

The Texas Association of Health Plans (TAHP) is the statewide trade association representing health insurers, HMOs, Medicaid managed care, and other health plans that serve over 20 million Texans. Our members are committed to improving access to affordable, quality health care in Texas.

TAHP opposes HB 3891 as it threatens the effectiveness of the Texas Medicaid program by carving out post-payment fraud efforts from the managed care model, which will result in increased provider abrasion and impede progress towards value-based payments.

Over the past 25 years, Texas has modernized its Medicaid system to provide more than 4 million Texans with comprehensive, patient-centered health insurance. Today, Texas partners with private health insurance providers, known as Medicaid managed care organizations (MCOs), to administer Medicaid and CHIP. Texas Medicaid MCOs assume all financial risk for providing needed services to their members, including the additional cost of fraud, waste, and abuse.

As a result, Medicaid MCOs have successfully transitioned the state from a pay-and-chase environment to real-time fraud prevention and appropriate payment, resulting in significant taxpayer savings. From 2009 to 2017, Texas Medicaid managed care has saved taxpayers more than \$5 billion, while increasing doctor participation in Medicaid. This proactive effort includes the move to value-based provider payments, where Medicaid MCOs pay providers based on outcomes such as keeping patients healthy or reducing ER visits. This approach also allows MCOs to minimize provider abrasion and increase provider participation in Medicaid. MCOs also effectively conduct post-payment reviews and work closely with the Office of Inspector General (OIG) on program integrity.



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TAHP is concerned about the negative impact of HB 3891, which proposes to carve out post-payment fraud efforts from the Medicaid managed care model and instead award them to a single state-wide vendor. This change would negatively affect the Texas Medicaid program, increase provider abrasion, and impede progress towards value-based payments. We are also opposed to duplicating the fraud, waste, and abuse functions already performed by HHSC, OIG, and Medicaid plans.

TAHP believes that a single statewide vendor that primarily works with fee-for-service Medicaid programs will lack the necessary understanding of Medicaid managed care claims and value based payments. TAHP supports a competitive environment where vendors work directly in partnership with Medicaid managed care companies to conduct post-payment reviews rather than a statewide contract for an effort that is carved out of managed care. Moreover, the federal government did not adopt this approach in Medicaid managed care due to concerns about unnecessary provider abrasion.

Texas MCOs have consistently demonstrated their commitment to improving health care outcomes, increasing provider participation in Medicaid, reducing fraud, waste, and abuse, and saving taxpayer money. We appreciate your consideration of our concerns and encourage the exploration of alternative solutions to safeguard the integrity and effectiveness of the Texas Medicaid program.

Sincerely,

A handwritten signature in black ink that reads "Jessica Lynch". The signature is written in a cursive, flowing style.

Jessica Lynch
Director of Policy & Medicaid Operations
Texas Association of Health Plans