



Texas Association of Health Plans
1001 Congress Ave., Suite 300
Austin, Texas 78701
P: 512.476.2091
www.tahp.org

May 2, 2023

Re: TAHP Opposes HB 4823

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 4823 because it expands the use of out-of-network care in the Texas Medicaid program, which could create an incentive for providers to remain out of network. This would result in increased costs for the Medicaid program and reduced ability of a managed care organization (MCO) to ensure quality of care, coordinate care, and negotiate value-based contracts.

One of the reasons why the state moved to managed care was to contain costs and improve quality of care outcomes by leveraging health plans' ability to build a network of lower cost, higher quality providers. The changes in HB 4823 undermine Medicaid networks and are contrary to the state's goal of shifting Medicaid contracts to value-based payment arrangements.

Medicaid managed care typically only covers care from "in-network" providers who have agreed to reduce costs or improve health care outcomes through value-based contracts. This approach helps maintain lower costs for the Medicaid program and enables MCOs to incentivize providers to improve outcomes, such as reducing ER visits.

If Medicaid were to start covering services from "out-of-network" providers or care from providers who have not agreed to these lower rates, it would make Medicaid more expensive. It would also disrupt care coordination and value-based contracting, leading to less efficient and lower quality care. As a result, Medicaid managed care usually restricts the use of out-of-network care to control costs and ensure high-quality, coordinated care for its beneficiaries.



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In recent legislative sessions, the Texas Legislature has passed extensive patient protections for medically complex children in STAR Kids through SB 1207 (86R) and SB 1648 (87R). These patient protections included exceptions from the typical in-network requirement of Medicaid managed care by allowing children with complex medical needs to continue receiving care from their existing specialty physicians, even if these doctors are not part of the MCO's network.

HB 4348 significantly broadens this current exception for out-of-network care in three ways that could have a negative impact on Medicaid managed care and ultimately lead to increased costs for taxpayers:

1. **Expanding the Definition of Complex Medical Needs:** The bill broadens the categories of Medicaid recipients eligible for out-of-network coverage by expanding the populations included in the definition of complex medical needs, potentially increasing the use of costlier out-of-network care.
2. **Expanding the Definition of Specialty Provider:** HB 4823 expands the definition of specialty providers to include durable medical equipment (DME) suppliers, significantly expanding the scope of out-of-network coverage exceptions far beyond just specialty physicians. There is no access to care issue for DME within Texas Medicaid that would necessitate the need to enhance out-of-network care access. Although DME suppliers play a crucial role, they should not be equated with specialty physicians, and there is no justification for creating out-of-network exceptions for DME. This expansion of the specialty provider definition to include DME is anticipated to significantly increase costs in the Medicaid program.
3. **Continuity of Care Changes:** In recent sessions, Texas lawmakers expanded access to out-of-network care from specialty providers for members with complex medical needs when those kids have an existing relationship with a provider. The bill eliminates the requirement for an existing relationship, permitting these families to choose any specialty provider for their care. This creates an incentive for providers to remain out-of-network, increasing Medicaid costs and complicating the ability of MCOs to ensure quality and coordinate patient care effectively.

TAHP believes that the broadened exceptions to out-of-network care outlined in HB 4823 will negatively impact MCO provider networks, increase costs to taxpayers, and negatively impact



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efforts to promote value-based care. We respectfully ask the committee to oppose the bill in its current form.

Sincerely,

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

Jamie Dudensing, RN

CEO

Texas Association of Health Plans