



Texas Association of Health Plans

1001 Congress Ave., Suite 300

Austin, Texas 78701

P: 512.476.2091

www.tahp.org

April 18, 2023

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. We oppose HB 5023 as filed.

Texas Medicaid already caps profits and requires Medicaid MCOs to share these profits back to the state through a payment known as an experience rebate. This approach effectively limits profits and safeguards taxpayers by ensuring that unused funds are directed back to the state. So far, MCOs have given back nearly \$4 billion in savings to the state through these rebates. This saved money usually goes towards covering the ongoing costs of the Medicaid program.

Additionally, Texas Medicaid managed care has made significant progress moving toward a value-based program that rewards providers based on outcomes rather than just volume. This approach encourages healthcare providers to focus on keeping patients healthy and improving their overall well-being, rather than simply treating illnesses or performing procedures. In a value-based care system, doctors may receive bonuses or incentives for meeting specific quality measures or reducing healthcare costs, promoting better patient care and more efficient use of resources.

Today, Texas' Medicaid managed care organizations (MCOs) already have the flexibility to use existing dollars for value-based payments. In fact, Texas Medicaid managed care payments are shifting to value-based payment rapidly—MCOs are now contractually required to tie a minimum portion of provider payments to measures of value and quality. These take the form of alternative payment models (APM) that give providers bonus payments or shared savings to provide high-quality and cost-efficient care. Fifty percent of MCO payments to providers must be in some type of APM, and 25 percent of those payments to providers must be risk-based.

Texas Medicaid plans support these value-based incentives that reward providers based on health outcomes rather than just volume. The result is better care for Texans and lower costs for Texas taxpayers. We appreciate the Legislature's continued engagement to advance value-based care as



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a solution to improve healthcare outcomes, reduce healthcare cost growth, and increase provider participation in the 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