

ANGIE CHEN BUTTON



The State of Texas
House of Representatives



June 10, 2011

Friends,

This week the House made progress in addressing the issues Governor Perry included in the call. Sanctuary cities and driver's license security were recently added to the list of items he would like the Legislature to address during the special session.

On Wednesday, the House adopted SB 7 which begins the process of reforming Texas Medicaid payment and delivery incentives to start rewarding improved health outcomes and patient safety which will ultimately save tax dollars while providing better care. This bill incorporates the types of reforms which will have to be tested and adopted across all US health care payers including Medicaid, Medicare, and private insurance, in order to reign in the growth of health care spending.

Yesterday, or I should say early Friday morning, around 2:00 a.m. after 16 hours on the floor we adopted SB 1 and SB 2. These are the fiscal matters bills that failed as a result of a Senate filibuster during the regular session. With these two bills in place, the state can implement the appropriations in the adopted budget including public school finance. In addition to the fiscal matters legislation, the House adopted provisions to allow more local control for independent school districts in Texas by relaxing some of the expensive restrictions that the state had imposed. By allowing more local control, our schools can be more **effective and efficient**.

HB 13 - State Medicaid Waiver

On Friday, the House adopted an important piece of legislation, HB 13, that I have not yet discussed in my newsletters. The goal of HB 13 is to allow Texas to seek a global demonstration waiver from the Centers for Medicare and Medicaid (CMS) in order to best meet the health care needs of our state. What is crystal clear now for everyone is that our state and nation is facing a major health care crisis. For the health and future prosperity of our nation and state, a major governmental reform is needed to allow Texas to specifically address the health care needs unique to our state.

HB 13 directs the executive commissioner of the Health and Human Services Commission (HHSC) to seek a waiver to the state Medicaid plan. The legislation defines the goals of the waiver in order to allow HHSC the maximum amount of negotiating power with CMS. It seeks flexibility to determine Medicaid eligibility categories and income levels by designing Medicaid

benefits that meet the public health needs of Texas. It encourages the use of the private health benefits coverage market rather than public benefits systems and encourages people who have access to private employer-based health benefits to obtain or maintain those benefits. Finally, it seeks to create a culture of shared financial responsibility, accountability, and participation in the Medicaid program.

HB 13 is a matter of governance. The question is simple: Do we as lawmakers here in Austin believe we can better manage the Medicaid program than far off bureaucrats in Washington, DC? Since the passage of Medicaid and Medicare legislation in 1965, access to "medical care" has greatly increased. However, we as a state and as a nation can no longer afford a 20th Century program in the 21st Century. According to reports, the Texas Medicaid program is unsustainable and, without reform at both the state and federal level, drastic cuts will render the program inoperable. With the adoption of HB 13, Texans have taken an important step to increase the affordability and sustainability of the Texas Medicaid program.



Discussing healthcare related legislation with Representative Mark Shelton, M.D. on the House Floor.

The following Dallas Morning News Opinion-Editorial was published on June 8th.

Joe Straus: Why today's budget is the right one for these tough times



Texans may be surprised to learn that the state budget being finalized during this special session will provide \$1.6 billion more dollars directly to our state's public schools than the last budget. Though we were not able to fund growth, in a year of real and deep budget cuts in most areas, our school districts will get a 5.6 percent increase in state funding, from \$27.6 billion in the current two-year budget cycle to \$29.2 billion for 2012-13.

That's because even in lean times and during one of the most difficult budget challenges our state has ever faced, legislators made Texas schoolchildren our highest priority.

The budget process started in the House, where early on members made the tough and fiscally disciplined decisions necessary to make spending fit within our revenues. That early discipline helped get us to the point where we could negotiate this final budget agreement Thursday.

Overall, general revenue spending is shrinking from \$82 billion in 2010-11 to \$80.6 billion in 2011-12, requiring real and large cuts in many other areas. The natural resources budget was cut by 25 percent, general government operations by 19 percent, the judiciary by 13 percent, higher education by 9 percent, the Legislature by 9 percent, and public safety and criminal justice by 5 percent.

Every reduction required hard choices, but your elected representatives had to acknowledge these uncertain economic times and make frank and realistic decisions. Just as Texans are adjusting priorities and reallocating their increasingly limited resources to meet their families' needs, the state simply can't spend more than it takes in.

This year's budget process was extraordinarily complicated, and the challenges will not end when the special session does. We all hope the economy recovers robustly, but with national unemployment back above 9 percent and recent headlines warning of "stalled growth," prudent management requires your elected representatives to budget and plan with a sober view.

Last year, I addressed the House Appropriations Committee to warn about the budget difficulties ahead. I wanted to make sure that legislators were prepared to cut spending, because raising taxes would have had devastating consequences on our economy.

Earlier this year, we used the rainy day fund to cover a deficit in the current budget cycle, caused by many factors, including lower-than-expected sales tax revenues. I took the lead in advocating for this and working with Gov. Rick Perry to ensure that we did what was fiscally responsible in

order to pay our bills on time. With six months remaining in the current budget, cuts alone were not enough to balance the shortfall without negatively impacting many Texans.

Yet it was wise and responsible for the Legislature to preserve the fund's balance for what could be another difficult budget session in two years. Under federal laws that govern much of our state's health care spending, Texas may owe at least \$4 billion more than we have budgeted. Thus, if the economy does not dramatically improve, health care expenditures alone may require most of the remaining rainy day funds.

With the future uncertain, Texas legislators made tough choices to balance the budget. No one likes to make cuts, especially in important areas like higher education and public safety, but these are unprecedented times.

During the interim, the House will closely examine these fiscal matters and look for new ways to ensure that we are in the best possible position when the negotiations begin for the next budget cycle.

We've been through one of the worst national recessions since the Great Depression. However, Texas is better positioned than most states, and we all hope for stronger growth and increased state revenues.

No matter what the future brings, Texans have been well-served by legislators who plan and spend cautiously while hoping for better days ahead.

Joe Straus is speaker of the Texas House. His email address is joe.straus@speaker.state.tx.us.

<http://www.dallasnews.com/opinion/latest-columns/20110608-joe-straus-why-todays-budget-is-the-right-one-for-these-tough-times.ece>

It is an honor to serve as your State Representative. Please let me know if I can ever be of assistance.

Sincerely,

Angie Chen Button

If you would like to be added or removed from this mailing, please e-mail Angie.Button@house.state.tx.us.