

# TEXAS WELL AND HEALTHY

## Texas Can and Will Close the Coverage Gap

May 2014

*We are calling on the Texas Legislature to accept federal health care funds to close the Coverage Gap. Closing the gap will provide insurance for low-wage workers, save property tax dollars, reduce insurance premiums, and create jobs.*

To strengthen and protect our economic prosperity, Texas must maximize investment opportunities that strengthen local economies while closing the Coverage Gap for one million uninsured Texans.

Closing the Coverage Gap will create more than 200,000 new jobs while reducing property tax pressure and lowering insurance premiums for businesses and taxpayers.

We need a system from Texas, for Texas. With bold leadership, we will seize this opportunity and invest in the people and promise of our great state.



What  
is the  
Coverage  
Gap?

### What is the Coverage Gap?

Current law allows low-income workers who can't get insurance through their employer to receive reduced-price health coverage if their income is above the poverty line. But for workers below the poverty line, assistance is only available if Texas accepts national investment dollars. Texas has not accepted those dollars yet, leaving those workers stuck in the Coverage Gap.

Approximately one million Texans are currently in the Coverage Gap. The gap includes 66,000 veterans and their spouses. It also includes people who work in retail, construction, child care, hospitality, health care, or food service. For example, an uninsured daycare teacher with two children can get affordable health insurance if her income is over \$20,000, but she has no viable insurance options if her income is \$19,900. Other Texans don't earn enough to get out of the Coverage Gap because they are in college, serve as caregivers for family members with disabilities, or have difficulty working due to physical or mental health conditions.

### How Do We Close the Coverage Gap in Texas?

Texas can close the Coverage Gap by expanding traditional Medicaid, or we can negotiate with the federal government to develop a custom-built Texas Solution. For instance, the state can develop an economically viable Texas Solution to provide insurance through private plans that include reasonable co-pays. Whatever path Texas chooses, the federal government will pay 90 percent of the cost of closing the gap.



How Do  
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*Texas Well and Healthy is a coalition composed of the Center for Public Policy Priorities, Children's Defense Fund, Engage Texas, and Texans Care for Children. Learn more at [texaswellandhealthy.org](http://texaswellandhealthy.org).*



How Does  
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Workers?

## How Does Closing the Gap Help Workers?

An uninsured worker can be stabilized in an emergency room, at a high cost to taxpayers. But typically she can't get treatment for cancer or diabetes, preventive care, or other non-emergency services that save lives and money. An estimated 9,000 Texans are expected to die annually because of the Coverage Gap.

Closing the Coverage Gap ensures Texas has healthier workers, healthier parents raising children, and healthier mothers delivering healthier babies. It would provide more than 66,000 Texas veterans and their spouses with the health insurance they need and deserve.

## How Does Closing the Gap Help Business?

Texas would gain an estimated 200,000 or more jobs over three years – including many high-paying health care jobs. Employers will have healthier employees, too. Without a new system in place, more employers will pay a federal penalty for failure to provide insurance to their employees, which could reach \$399 million per year.



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## How Does Closing the Gap Help Taxpayers?




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Because the Texas Legislature has yet to close the Coverage Gap, Texans are paying health care taxes twice. Taxpayers pay federal taxes that are supposed to pay for health care for the one million Texans in the gap, but the state hasn't created a system to claim and use those funds. As a result, taxpayers pay more in local property taxes to cover ER costs and other programs for the uninsured.

Additionally, the federal government is cutting back the funds that local hospitals used to receive to treat the uninsured. The expectation is that states would accept health care funding to provide these workers with insurance, which would reduce the need for federal hospital funds. Until Texas accepts the new funding, local hospitals and property taxpayers are going to have to pay for more of the costs of the uninsured. The current annual cost of uncompensated care provided to Texans by cities and counties is over \$4 billion.

## Who is Calling on Texas to Close the Gap?

Texas Republicans and Democrats want the Coverage Gap closed. Supporters include supporters and opponents of the Affordable Care Act. The Texas Association of Business, local chambers of commerce, economists, hospitals, doctors, county officials, churches, state legislators, and taxpayers all support closing the gap.



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