

# Maintain the Safety Net Add-On to Inpatient Hospital Rates

CHAT supports maintaining the safety net add-on to inpatient hospital rates and the use of general revenue to fill any gap in trauma funds to make the safety net payments as provided in the House budget, as filed. CHAT members serve as regional safety net providers for all children – especially children with medically complex conditions and children from low-income families.



## Why the Safety Net Add-On Is Important

Adequate Medicaid funding is vital to the survival of these unique treatment centers for children.

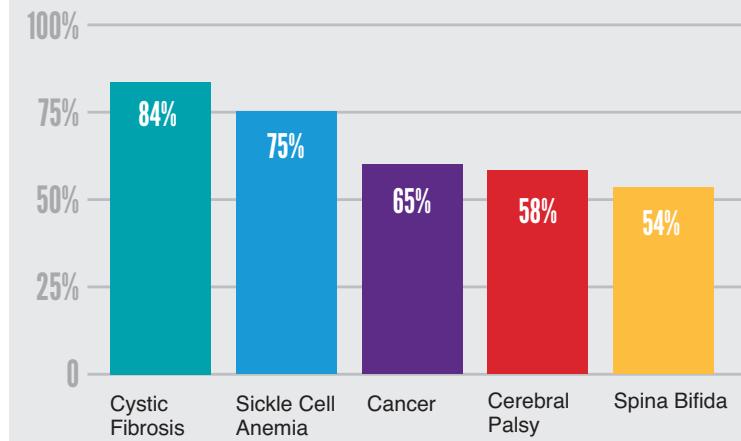
- Medicaid makes up over 55% of the revenue at children's hospitals.
- The 84th Legislature provided \$128 million in trauma funds to increase inpatient reimbursement for hospitals that treat a high percentage of Medicaid and low-income uninsured patients during the 2016-17 biennium.
- 10% of the \$128 million is devoted to incentive awards for hospitals that achieve certain quality milestones for Potentially Preventable Complications and Potentially Preventable Readmissions.
- Children's hospitals will receive about \$24 million in safety net add-on payments and \$8 million in awards for achieving quality metrics in the current biennium.
- Trauma funds are generated from penalties related to the Driver Responsibility Program (DRP), which is in jeopardy of abolition or significant change.
- Regardless of these changes, the trauma funds balance has been depleted.
- The House budget, as filed, ensures that general revenue funds will fill any gap in trauma funds for the safety-net payments during the 2018-19 biennium.

**The state should maintain the safety net add-on for the 2018-19 biennium and fill any gap in funding by using general revenue.**

### About the Children's Hospital Association of Texas

The Children's Hospital Association of Texas (CHAT) represents eight non-profit children's hospitals in Texas: Children's Health (Dallas), Children's Hospital of San Antonio (San Antonio), Cook Children's Health Care System (Fort Worth), Covenant Children's Hospital (Lubbock), Dell Children's Medical Center of Central Texas (Austin), Driscoll Children's Hospital (Corpus Christi), El Paso Children's Hospital (El Paso), and Texas Children's Hospital (Houston). CHAT's mission is to advance children's health and well-being by advocating for policies and funding that promote children's access to high-quality, comprehensive health care. [www.CHATexas.com](http://www.CHATexas.com).

**Percent of Total Pediatric Days of Care for Selected Complex Conditions, CHAT Hospitals, 2014**



Source: Texas Hospital Inpatient Discharge Public Use Data File, 2014; Center for Health Statistics, DSHS.