

3.A. STRATEGY REQUEST
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/18/2006
 TIME: 6:59:51PM

Agency code: **529** Agency name: **Health and Human Services Commission**

GOAL: 2 Medicaid
 OBJECTIVE: 1 Medicaid Health Services
 STRATEGY: 5 For Clients Dually Eligible for Medicare and Medicaid.

Statewide Goal/Benchmark: 3 1
 Service Categories:
 Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2005	Est 2006	Bud 2007	BL 2008	BL 2009
Output Measures:						
1	Average SMIB Recipient Months Per Month	461,206.00	496,997.00	524,967.00	542,528.00	564,229.00
2	Average Part A Recipient Months Per Month	46,864.00	47,953.00	49,168.00	49,873.00	50,565.00
3	Average QMBs Recipient Months Per Month	68,706.00	74,662.00	81,457.00	87,768.00	94,965.00
Efficiency Measures:						
1	Average SMIB Premium Per Month	74.43	85.15	97.33	85.03	85.03
2	Average Part A Premium Per Month	362.61	385.42	411.88	385.38	385.41
3	Avg Qualified Medicare Beneficiaries (QMBs) Cost Per Recipient Month	140.06	137.78	141.82	137.16	137.16
Objects of Expense:						
1001	SALARIES AND WAGES	\$488,802	\$948,840	\$1,001,614	\$996,294	\$1,107,613
1002	OTHER PERSONNEL COSTS	\$22,598	\$28,416	\$25,930	\$31,773	\$35,014
2001	PROFESSIONAL FEES AND SERVICES	\$3,228,605	\$2,181,735	\$21,172,959	\$20,203,847	\$20,438,500
2002	FUELS AND LUBRICANTS	\$5	\$153	\$142	\$162	\$177
2003	CONSUMABLE SUPPLIES	\$896	\$7,272	\$5,303	\$6,479	\$7,120
2004	UTILITIES	\$20,889	\$43,673	\$57,434	\$49,004	\$53,921
2005	TRAVEL	\$9,030	\$11,635	\$12,981	\$6,939	\$7,649
2006	RENT - BUILDING	\$6,164	\$71,010	\$104,486	\$94,235	\$103,548
2007	RENT - MACHINE AND OTHER	\$1,320	\$10,106	\$7,401	\$11,175	\$12,362
2009	OTHER OPERATING EXPENSE	\$130,954	\$128,323	\$89,659	\$106,137	\$116,834
3001	CLIENT SERVICES	\$733,484,209	\$983,809,511	\$1,285,520,061	\$928,669,474	\$965,870,898
4000	GRANTS	\$53,165	\$1,335,902	\$1,434,230	\$1,418,972	\$1,563,921
5000	CAPITAL EXPENDITURES	\$106,272	\$27,469	\$896,962	\$458,419	\$505,069
TOTAL, OBJECT OF EXPENSE		\$737,552,909	\$988,604,045	\$1,310,329,162	\$952,052,910	\$989,822,626

Method of Financing:

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CODE	DESCRIPTION	Exp 2005	Est 2006	Bud 2007	BL 2008	BL 2009
758	GR MATCH FOR MEDICAID	\$283,304,900	\$303,882,974	\$392,067,105	\$366,262,483	\$379,278,102
8056	SUPPLEMENTAL: GR MATCH FOR MEDICAID	\$0	\$26,257,203	\$0	\$0	\$0
8092	Medicare Giveback Provision	\$0	\$133,265,298	\$289,298,868	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$283,304,900	\$463,405,475	\$681,365,973	\$366,262,483	\$379,278,102
Method of Financing:						
555 FEDERAL FUNDS						
	93.778.000 Medical Assistance Program	\$454,248,009	\$484,677,535	\$628,963,189	\$585,790,427	\$610,544,524
CFDA Subtotal, Fund	555	\$454,248,009	\$484,677,535	\$628,963,189	\$585,790,427	\$610,544,524
8059 SUPPLEMENTAL: FEDERAL FUNDS						
	93.778.000 Medical Assistance Program	\$0	\$40,521,035	\$0	\$0	\$0
CFDA Subtotal, Fund	8059	\$0	\$40,521,035	\$0	\$0	\$0
SUBTOTAL, MOF (FEDERAL FUNDS)		\$454,248,009	\$525,198,570	\$628,963,189	\$585,790,427	\$610,544,524
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$952,052,910	\$989,822,626
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$737,552,909	\$988,604,045	\$1,310,329,162	\$952,052,910	\$989,822,626
FULL TIME EQUIVALENT POSITIONS:		11.1	19.2	18.8	18.9	21.0
STRATEGY DESCRIPTION AND JUSTIFICATION:						

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This program includes the hospital, physician, and other medical services provided to Medicaid-eligible aged and disabled clients who are also eligible for Title XVIII Medicare coverage. Services are provided through the payment of premiums to the Social Security Administration, and through the payment of Medicare coinsurance and deductibles by an independent contractor. Dual eligible clients utilize Medicare services before utilizing Medicaid services, making this a cost-effective program. Eligibility for the array of Medicare payments depends on income, resource limits, and working enough quarters to qualify for Social Security Payments for Medicare include Part A (hospital) and Part B (physician, lab, and outpatient services). The eligibility for Qualified Medicaid Beneficiaries (QMB) requires that a person must be enrolled in Medicare Part A, income cannot exceed 100 percent FPL, and resources cannot exceed twice the resource limit of the Supplemental Security Income (SSI) Program.

Although the Medicare payments are established by the federal government the projected 2008-09 expenditures in the base request reflect reductions to FY2006 cost levels. Projected expenditures in the base request reflect client service cost reductions to FY2006 levels. A 10% reduction in administrative functions in contracts, staffing, and general operating expenses is reflected.

During FY 06-07, the monthly "clawback" payments to the federal government required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) were paid from this strategy.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The demand for medical services covered by this strategy is expected to continue to increase due to a continuance in caseload growth and utilization of services.

Since services covered under this strategy are mandated under a State administered Medicaid program, the risk of non-compliance and federal financial participation would be jeopardized for failure to reimburse medical providers at a rate that is reasonable and adequate to ensure provider participation as well as covering all eligible persons. Projected expenditures for increases in caseload and cost are requested as exceptional items. Provider rate restoration and rate increases are also requested as exceptional items.

Congress authorized an adjustment to the calculation of Texas' Medicaid matching rate for the impact of Hurricane Katrina evacuees to the State's per capita income. This adjustment which is unknown at this time, will impact Texas' (Federal Medical Assistance Percentage) FMAP for a three-year period beginning in FY 2008. The FMAPs for both FY 2008-09 are estimates as the FMAP for FY 2008 will be determined in Fall 2006 and the FMAP for FY 2009 will be determined in Fall 2007