

**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: 3 CHIP Services

Statewide Goal/Benchmark: 3 4

OBJECTIVE: 1 CHIP Services

Service Categories:

STRATEGY: 1 Children's Health Insurance Program (CHIP)

Service: 22 Income: A.1 Age: B.1

CODE	DESCRIPTION	Exp 2005	Est 2006	Bud 2007	BL 2008	BL 2009
<b>Output Measures:</b>						
1	Average CHIP Children Recipient Months Per Month	310,213.00	307,303.00	325,047.00	311,053.00	314,355.00
<b>Efficiency Measures:</b>						
1	Average CHIP Children Benefit Costs Per Recipient Month	78.92	82.87	97.05	103.88	103.88
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$1,036,398	\$965,187	\$1,009,913	\$877,144	\$877,144
1002	OTHER PERSONNEL COSTS	\$41,944	\$32,373	\$28,438	\$29,493	\$29,582
2001	PROFESSIONAL FEES AND SERVICES	\$4,717,997	\$3,903,795	\$3,704,025	\$3,525,383	\$3,525,652
2002	FUELS AND LUBRICANTS	\$9	\$243	\$217	\$222	\$228
2003	CONSUMABLE SUPPLIES	\$1,527	\$11,499	\$8,063	\$8,536	\$8,760
2004	UTILITIES	\$8,757	\$36,599	\$53,729	\$37,221	\$38,194
2005	TRAVEL	\$15,343	\$13,183	\$14,656	\$6,135	\$6,135
2006	RENT - BUILDING	\$9,979	\$113,109	\$159,048	\$129,395	\$132,825
2007	RENT - MACHINE AND OTHER	\$2,163	\$16,096	\$11,262	\$15,445	\$15,854
2009	OTHER OPERATING EXPENSE	\$440,078	\$95,347	\$86,871	\$73,580	\$75,229
3001	CLIENT SERVICES	\$297,590,863	\$305,538,803	\$355,650,114	\$442,241,764	\$356,526,035
4000	GRANTS	\$0	\$0	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$2,123	\$4,779	\$6,842	\$2,630	\$2,700
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$303,867,181</b>	<b>\$310,731,013</b>	<b>\$360,733,178</b>	<b>\$446,946,948</b>	<b>\$361,238,338</b>
<b>Method of Financing:</b>						
3643	PREMIUM CO-PAYMENTS	\$0	\$5,155,474	\$8,124,794	\$7,713,085	\$7,794,934
5040	TOBACCO SETTLMNT RECEIPTS	\$2,091,468	\$496,964	\$494,261	\$473,658	\$473,542
8010	GR MATCH FOR TITLE XXI	\$8,634,212	\$20,002	\$29,785	\$0	\$0

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STRATEGY: 1 Children's Health Insurance Program (CHIP)

Service: 22 Income: A.1 Age: B.1

CODE	DESCRIPTION	Exp 2005	Est 2006	Bud 2007	BL 2008	BL 2009
8025	TOBACCO RECEIPTS MATCH FOR CHIP	\$18,752,886	\$77,738,522	\$97,649,914	\$120,359,578	\$96,334,607
8054	EXPERIENCE REBATES-CHIP	\$1,615,876	\$2,705,019	\$0	\$0	\$0
8057	SUP: GR MATCH FOR TITLE XXI (CHIP)	\$54,461,081	\$3,078,084	\$0	\$0	\$0
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$85,555,523</b>	<b>\$89,194,065</b>	<b>\$106,298,754</b>	<b>\$128,546,321</b>	<b>\$104,603,083</b>
<b>Method of Financing:</b>						
555 FEDERAL FUNDS						
	93.767.000 CHIP	\$90,630,070	\$213,347,697	\$254,347,924	\$318,400,627	\$256,635,255
CFDA Subtotal, Fund	555	\$90,630,070	\$213,347,697	\$254,347,924	\$318,400,627	\$256,635,255
8059 SUPPLEMENTAL: FEDERAL FUNDS						
	93.767.000 CHIP	\$127,681,588	\$8,102,751	\$0	\$0	\$0
CFDA Subtotal, Fund	8059	\$127,681,588	\$8,102,751	\$0	\$0	\$0
<b>SUBTOTAL, MOF (FEDERAL FUNDS)</b>		<b>\$218,311,658</b>	<b>\$221,450,448</b>	<b>\$254,347,924</b>	<b>\$318,400,627</b>	<b>\$256,635,255</b>
<b>Method of Financing:</b>						
666 APPROPRIATED RECEIPTS						
		\$0	\$86,500	\$86,500	\$0	\$0
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$0</b>	<b>\$86,500</b>	<b>\$86,500</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$446,946,948</b>	<b>\$361,238,338</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$303,867,181</b>	<b>\$310,731,013</b>	<b>\$360,733,178</b>	<b>\$446,946,948</b>	<b>\$361,238,338</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>18.0</b>	<b>19.6</b>	<b>18.8</b>	<b>16.1</b>	<b>16.1</b>

STRATEGY DESCRIPTION AND JUSTIFICATION:

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STRATEGY: 1 Children's Health Insurance Program (CHIP)

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The Balanced Budget Act of 1997 created a new children's health insurance program under Title XXI of the Social Security Act. This new title enables States to initiate and expand health insurance coverage for uninsured children. The 76th Legislature enacted S.B. 445 (Health and Safety Code, Chapters 62 and 63) which authorized a non-entitlement health insurance benefit program for uninsured children (0-18) at or below 200 percent FPL, ineligible for Medicaid coverage. The program began providing health coverage in May 2000. The program is a comprehensive health plan providing inpatient and outpatient medical benefits. The program contracts with 13 managed care health plans. The health plans enroll medical providers and arrange for services for CHIP members.

Funding for 2008-09 reflects projected 2008-09 caseload at projected FY 2008 rates. FY 2008 has 13 months of premiums and FY 2009 has only 11 months of premiums.

Projected expenditures for cost increases for FY 2009 are requested as an exceptional item. Provider rate restoration is also requested as an exceptional item.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

The volatility of the CHIP caseload continues to be an issue. Additionally the federal CHIP program is due for reauthorization in FY 2007

The continuation of the 2006-07 General Appropriations Act (Article II, Health and Human Services Commission, Rider 66, S.B. 1, 79th Legislature, Regular Session, 2005) authorizing a deferral of managed care payment is assumed.

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.