

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: 5 CHIP Vendor Drug Program Service: 22 Income: A.1 Age: B.1

CODE	DESCRIPTION	Exp 2005	Est 2006	Bud 2007	BL 2008	BL 2009
Output Measures:						
1	Total Number of CHIP Prescriptions	1,472,632.00	1,466,147.00	1,523,719.00	1,563,333.00	1,579,923.00
Efficiency Measures:						
1	Average Number of Prescriptions Incurred Per Recipient Month	0.37	0.40	0.39	0.39	0.39
2	Average Cost Per CHIP Prescription	53.73	57.45	63.92	72.48	72.48
Objects of Expense:						
3001	CLIENT SERVICES	\$80,481,280	\$92,996,824	\$124,539,204	\$113,311,082	\$114,513,515
TOTAL, OBJECT OF EXPENSE		\$80,481,280	\$92,996,824	\$124,539,204	\$113,311,082	\$114,513,515
Method of Financing:						
5040	TOBACCO SETTLMNT RECEIPTS	\$3,635,077	\$8,218,096	\$8,957,303	\$8,249,384	\$8,336,925
8025	TOBACCO RECEIPTS MATCH FOR CHIP	\$17,900,107	\$20,945,504	\$30,573,849	\$26,987,381	\$27,147,525
8057	SUP: GR MATCH FOR TITLE XXI (CHIP)	\$0	\$668,761	\$0	\$0	\$0
8070	VENDOR DRUG REBATES-CHIP	\$2,122,638	\$1,725,318	\$1,164,941	\$1,915,092	\$1,934,243
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$23,657,822	\$31,557,679	\$40,696,093	\$37,151,857	\$37,418,693
Method of Financing:						
555	FEDERAL FUNDS					
93.767.000	CHIP	\$56,823,458	\$59,678,698	\$83,843,111	\$76,159,225	\$77,094,822
CFDA Subtotal, Fund	555	\$56,823,458	\$59,678,698	\$83,843,111	\$76,159,225	\$77,094,822
8059	SUPPLEMENTAL: FEDERAL FUNDS					
93.767.000	CHIP	\$0	\$1,760,447	\$0	\$0	\$0
CFDA Subtotal, Fund	8059	\$0	\$1,760,447	\$0	\$0	\$0
SUBTOTAL, MOF (FEDERAL FUNDS)		\$56,823,458	\$61,439,145	\$83,843,111	\$76,159,225	\$77,094,822

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GOAL: 3 CHIP Services
 OBJECTIVE: 1 CHIP Services
 STRATEGY: 5 CHIP Vendor Drug Program

Statewide Goal/Benchmark: 3 4
 Service Categories:
 Service: 22 Income: A.1 Age: B.1

CODE	DESCRIPTION	Exp 2005	Est 2006	Bud 2007	BL 2008	BL 2009
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$113,311,082	\$114,513,515
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$80,481,280	\$92,996,824	\$124,539,204	\$113,311,082	\$114,513,515

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Title XXI of the Social Security Act as revised from the Balanced Budget Act of 1997 created a new children's health insurance program. The Texas Legislature, 76th Session, enacted S.B.445 (Health and Safety Code, Chapter 62.105) which authorized a non-entitlement health insurance benefit program for these children.

In March of 2002, the CHIP program began directly purchasing client medications through the Medicaid Vendor Drug Program. Previously medications were purchased through the various managed care providers. PDL to be implemented by March 2005 will result in more rebates coming in where manufacturers were not participating before but will probably eliminate the voluntary rebate program that some manufacturers were providing.

Funding for 2008-09 reflects projected 2008-09 caseload at projected FY 2008 rates. 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:

Projected expenditures in the base request reflect reduced spending based on expenditures of FY06-07.

Provider participation would be jeopardized for failure to reimburse at a rate that is reasonable and adequate.

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

Vendor Drug Program costs are affected by increases in drug prices and utilization.

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. This will also impact the CHIP match rate.