

Request For Exceptional Items

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE
 80th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/18/2006
 TIME: 11:50:15PM

Agency code: 529

Agency name:

Health and Human Services Commission

CODE DESCRIPTION

		Excp 2008	Excp 2009
	Item Name: Maintain FY 2007 Medicaid Costs		
	Item Priority: 1		
Includes Funding for the Following Strategy or Strategies:			
	02-01-01 Medicare and SSI Risk Groups		
	02-01-02 TANF Adults & Children Risk Groups		
	02-01-03 Pregnant Women Risk Group		
	02-01-04 Children & Medically Needy Risk Groups		
	02-01-05 For Clients Dually Eligible for Medicare and Medicaid.		
	02-02-01 Cost Reimbursed Services		
	02-02-02 Medicaid Vendor Drug Program		
	02-02-04 Medical Transportation		
	02-03-01 Health Steps (EPSDT) Medical		
	02-03-02 Health Steps (EPSDT) Dental		
	02-03-03 Health Steps (EPSDT) Comprehensive Care Program		
OBJECTS OF EXPENSE:			
2001	PROFESSIONAL FEES AND SERVICES	24,999,999	25,000,000
3001	CLIENT SERVICES	830,057,482	875,758,229
4000	GRANTS	1,738,000	2,467,000
TOTAL, OBJECT OF EXPENSE		\$856,795,481	\$903,225,229
METHOD OF FINANCING:			
555	FEDERAL FUNDS		
93.778.000	Medical Assistance Program		
706	VENDOR DRUG REBATES-MEDICAID	528,843,209	558,179,035
758	GR MATCH FOR MEDICAID	21,519,311	22,623,424
8081	Vendor Drug Rebates-Sup Rebates	302,366,696	318,193,318
		4,066,265	4,229,452
TOTAL, METHOD OF FINANCING		\$856,795,481	\$903,225,229

DESCRIPTION / JUSTIFICATION:

This request represents the incremental costs associated with increasing Medicaid Costs from FY 2006 to FY 2007 applied to the 2008-09 biennium as the baseline request holds costs flat at FY 2006 levels. Costs represents Acute Care Medical costs, which includes hospital costs and all HMO premium payments, Vendor Drug costs, Texas Health Steps Medical, Dental, and Comprehensive Care costs, and costs for Medicare clients not fully Medicaid eligible (premiums and hospital co-pays). The overall client services cost

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growth trend for FY 2007 is 6.5 percent.

Excp 2008

Excp 2009

Acute care medical costs include all inpatient and outpatient hospital costs, and all HMO premium payments for the Medicaid Risk Groups. Approximately 50 percent of the exceptional item is attributable to acute care medical costs, which is projected to increase at a rate of 5 percent between the two years.

Vendor drug accounts for approximately 25 percent of total exceptional item while it typically accounts for 15 percent of total client services costs. Vendor drug costs show a 12 percent growth trend from fiscal year 2006 to fiscal year 2007.

Approximately 11 percent of the cost growth from fiscal year 2006 to fiscal year 2007 is reflected in the Texas Health Steps Programs, including dental, medical, and CCP services. Typically, these services account for about 7 percent of costs. Emergency services provided to Legal Permanent Residents and Illegal Aliens account for about 3 percent of cost growth and expenses related to premiums and hospital co-payments for Medicare clients (non-full duals) account for approximately 11 percent of the exceptional item costs.

EXTERNAL/INTERNAL FACTORS:

Some cost elements of Medicaid are not controlled by the State, such as the costs for prescription drugs, medical services, and specifically Medicare related payments are set by the federal government. Additionally, some medical cost increases can be attributable to changes in medical technology and the adoption of newer procedures.