HEALTH AND HUMAN SERVICES

Benefits of Consolidation

Four-Year Report

March 2009

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Fellow Texans:

In 2003, Texas embarked on one of the most ambitious transformations of state government in U.S. history. House Bill (H.B.) 2292, 78th Legislature, Regular Session, 2003, provided the blueprint for consolidating more than 200 health and human services programs with more than 48,000 employees spread across 12 agencies into a more coherent and rational health and human services (HHS) system. Each of the five agencies that now comprise the streamlined HHS system is designed to better meet the needs of Texans while eliminating unnecessary cost. In addition, today's much more integrated HHS system provides the means for effective collaboration among agencies to reduce administrative overhead, coordinate assistance to Texans with multiple needs, and respond quickly to emerging health and safety issues and conditions.

The new agency structure was just a foundation for progress. It was designed to support the transformation of the way in which health and human services are managed and delivered in Texas. This is a continual process that is guided by the vision articulated in the first HHS *Progress Report on Consolidation (March 2005)*. Now, four years into this new era for health and human services, we are pleased to provide this report illustrating the many improvements that have directly built on the foundation provided by H.B. 2292. In pursuing the vision of H.B. 2292, we continue to rely on careful planning, input from employees and stakeholders, and the extraordinary efforts of employees devoted to programs that will improve the lives of Texans by:

- Maintaining focus on client needs and service delivery – operating as a united organization, continuously striving to improve performance and manage costs through innovation, creativity, and deployment of technology-based solutions.
- Providing effective stewardship of public resources – identifying and eliminating redundancies and waste, and working with community partners to maximize resources.
- Supporting cultural change and accountability – building and supporting an organizational culture that values a unified health and human services system with mutual interests, common goals, and shared responsibility for client outcomes.

As you review this publication, please note the many successes in improving services to clients, as well as improvements in administrative and support functions. Finally, I wish to acknowledge the tireless efforts of our employees. They embraced the opportunity to make these improvements while continuing to meet the ongoing needs of clients, and at the same time they have led or supported many other improvements not as directly tied to the transformation launched by H.B. 2292. In closing, thank you for your continuing support of our efforts to improve services to Texans.

Sincerely,

Albert Hawkins
Executive Commissioner
Health and Human Services Commission

TABLE OF CONTENTS

THE VISION FOR A TRANSFORMED SYSTEM

The passage of House Bill (H.B.) 2292, 78th Legislature, Regular Session, 2003, established a clear directive to transform the delivery of health and human services in our state. The consolidation of 12 agencies, with more than 200 programs and 48,000 employees, into an integrated system of four new departments under the leadership of the Texas Health and Human Services Commission (HHSC) was one of the most significant reorganization efforts in recent U.S. history. Through the enactment of H.B. 2292, state leaders envisioned a coordinated system of services and programs that is rationally organized, effectively managed, accountable for results, and most importantly, centered on the needs of clients. The primary focus of this report, coming four years after consolidation, is to illustrate the many steps that have been taken toward fulfillment of the H.B. 2292 vision of achieving improvements in client services.

In creating the vision set forth in H.B. 2292, state leaders were reflecting the recognition that the health and human services component of state government had developed in piecemeal fashion over 150 years, and had a number of fundamental problems. As a result, the agencies clearly did not function as an integrated system. Several of the more pronounced problems included:

Clients had to navigate between multiple agencies to receive services. For example, a client with mental illness would be served by one agency for the mental illness, a second agency for physical health needs, and a third agency if the client also had substance abuse problems.

Integrated programmatic and policy approaches were difficult to achieve. Health and human service agencies operated in a loosely knit framework, making it difficult to deal with such issues as streamlining and integrating eligibility processes across programs or increasing coordination between related programs.

Administrative structures were redundant and inefficient. Each agency had its own administrative and support functions, facilities, and technology systems, all of which increased duplication and administrative costs.

The public had difficulty accessing the complex array of agencies. Local governments, community groups, and advocacy organizations also had to navigate the web of agencies to impact policy.

THE VISION FOR A TRANSFORMED SYSTEM

Lines of accountability and authority were blurred. The heads of most of the 12 prior health and human services agencies were accountable to both the Health and Human Services Commissioner and to a governing board for their agency. This made it difficult for the agencies to function as an integrated system in pursuit of a common vision.

HHSC, charged with translating the H.B. 2292 vision into reality, led the effort using a transition plan based on several key principles: focusing on client needs and service delivery; effective stewardship of public resources; and cultural change and accountability. Operationally, these principles involved re-aligning programs around the people served, streamlining administrative operations, and building a single entity, outcome-based culture.

Structural changes in the HHS system began in the summer of 2003. Fiscal Year (FY) 2004 was characterized by intense and methodical planning for the consolidation of agencies and administrative functions, and the initial phase-in of the newly created agencies. By September 1, 2004, the new structure of a five agency health and human services system was complete, as the Department of State Health Services and the Department of Aging and Disability Services commenced operations.

THE NEW HEALTH AND HUMAN SERVICES SYSTEM

The governance structure and alignment of programs and functional responsibilities in the five agency health and human services system that has existed since September 1, 2004 is depicted on page 5 and is summarized below.

Health and Human Services Commission (HHSC)

Under H.B. 2292, HHSC was transformed from a small oversight and coordination agency into a large and complex agency with three distinct areas of responsibility. HHSC provides leadership and oversight to the health and human services agencies and ensures that they function as a unified system. HHSC is also responsible for the provision of administrative services to the Health and Human (HHS) Services System. Finally, HHSC has major responsibilities for administering programs and providing client services, including Medicaid, the Children's Health Insurance Program (CHIP), eligibility determination functions, Temporary Assistance for Needy Families (TANF), family violence services, refugee services, and early childhood program coordination. In addition, HHSC houses an independent Office of the Inspector General (OIG) responsible for investigations and enforcement relating to fraud and abuse in the provision of health and human services.

Department of Aging and Disability Services (DADS)

DADS provides a comprehensive array of aging, disability, and mental retardation services through its divisions of Access and Intake Services, Provider Services, and Regulatory Services.

Department of Assistive and Rehabilitative Services (DARS)

DARS works in partnership with Texans with disabilities and families with children who have developmental delays to improve the quality of their lives and to enable their full participation in society through the Rehabilitation Services, Blind Services, Early Childhood Intervention Services, and Disability Determination Services programs.

Department of Family and Protective Services (DFPS)

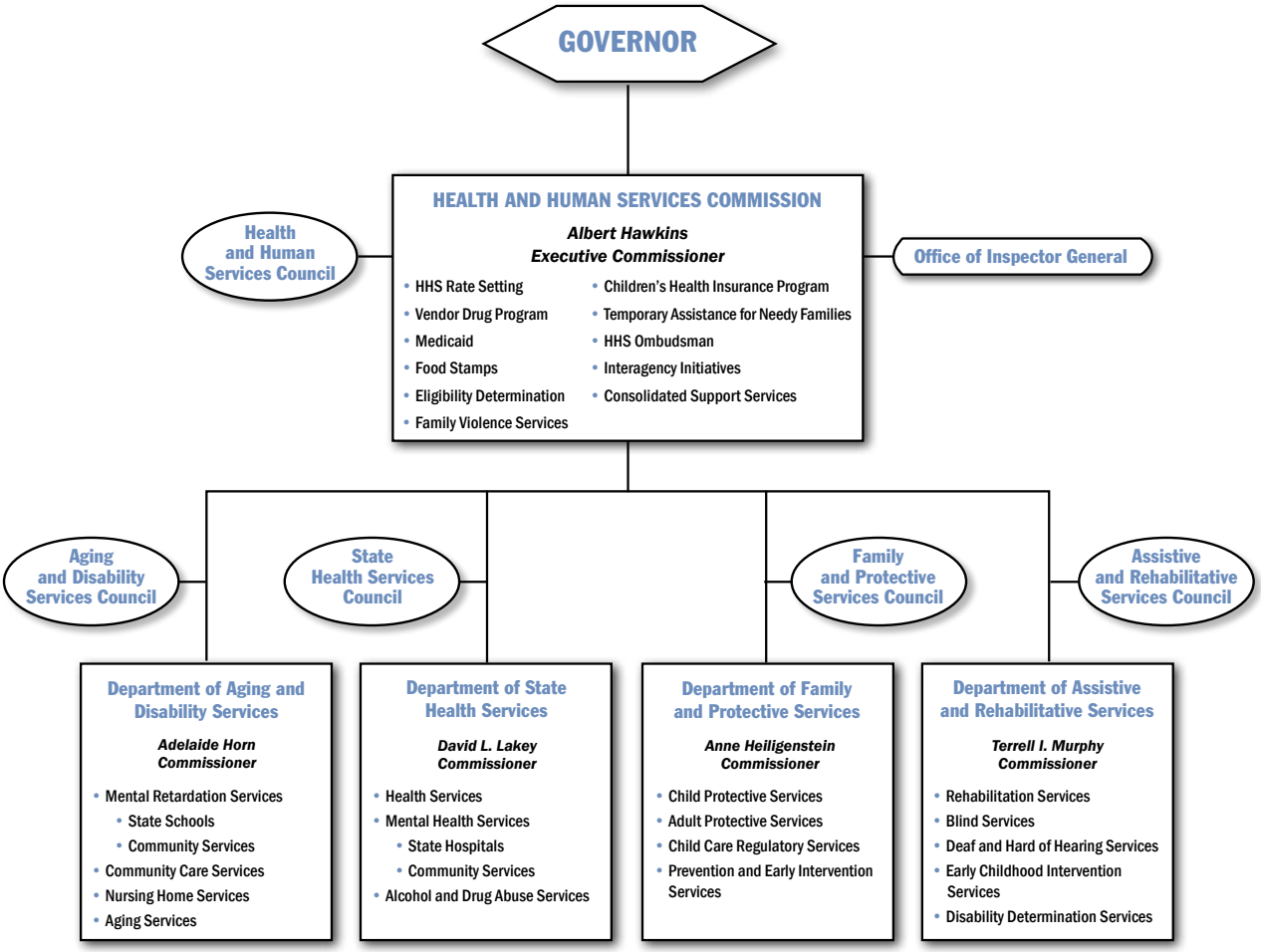
DFPS provides protective services to children, people with disabilities, and the elderly. DFPS' focus is to protect vulnerable people from abuse, neglect, and exploitation through the Adult Protective Services, Child Protective Services, Child Care Licensing, and Child Abuse Prevention and Intervention programs.

Department of State Health Services (DSHS)

DSHS promotes optimal health for individuals and communities across Texas through the provision of family and community health services, regional and local health services, mental health and substance abuse services, prevention and preparedness services, and regulatory services programs.

The Consolidated Texas Health and Human Services System

(as of December 31, 2008)



BENEFITS OF CONSOLIDATION

The agency structure put into place on September 1, 2004 and the consolidation of eligibility and administrative support functions immediately provided a number of benefits and laid the foundation for future improvements. Going forward into FY 2004 and beyond, clients and taxpayers benefited from a health and human services system with several major structural improvements already in place:

- Eligibility determination for many services was centralized at HHSC.
- A single agency, DSHS, was in a position to address both physical and mental health needs. Through DSHS, the frequently co-occurring disorders of mental illness and substance abuse could also be addressed within the same agency.
- A single agency, DADS, was given broad authority and responsibility for long term care services and an opportunity to deliver those services more comprehensively and efficiently.
- A single agency, DARS, was in a position to enhance the assistive and rehabilitative services that had previously been provided by four relatively small agencies.
- DFPS was provided an opportunity to strengthen its services without having to divert its focus to administrative support functions and through enhanced working relationships with its sister agencies and HHSC.
- A more streamlined system of agency governance and oversight improved accountability of HHS agencies and promoted functioning as a unified system of agencies.

Building on a streamlined and more rational agency structure, the re-organization and consolidation of HHS agencies was intended to provide two kinds of benefits that would begin in the short term and increase in the long term. Greater efficiency in providing various support services for HHS agencies and programs was expected to produce financial benefits. The March 2005 report, **A Progress Report on the Benefits of Consolidation**, focused extensively on estimates of savings from administrative efficiencies and other measures.

Benefits in the quality, accessibility, and coordination of services were expected once the new agencies were able to integrate the related programs within each of their domains of responsibility and as they began to function as a more integrated system of agencies. The 2005 report, coming only six months after agency consolidations were completed, showed only some preliminary promise in addressing client services. The primary focus of this report, coming four

years after consolidation, is to illustrate the many steps that have been taken toward fulfillment of the H.B. 2292 vision of achieving improvements in client services, as well as in more efficiently delivering administrative support services.

The sections that follow describe many improvements arrayed under several broad headings: Improving Service Quality and Accessibility; Strengthening Children's Services; Providing Client Services More Efficiently and Effectively; Adopting More Cost-Effective Business Practices; and Enhanced Oversight Has Benefitted the HHS System. Taken together, the numerous initiatives detailed below illustrate the vast amount of energy and dedication the employees and stakeholders of the HHS system have applied in ensuring that we build on the foundation provided by the agency consolidation and re-alignment of programs initiated in 2004. Notably, the agencies achieved the consolidation benefits discussed in this report, even as they continued to meet the substantial day-to-day demands of their ongoing responsibilities, while they were making significant improvements that were largely independent of the agency consolidation.

IMPROVING SERVICE QUALITY AND ACCESSIBILITY

Integrating Programs to Improve the Health of Communities

DSHS has developed a single agency focus on physical and behavioral health issues emphasizing multi-program collaboration to improve efficiency and enhance services. Several specific examples of this approach are the following:

- Purchased health services for kidney health, children with special health care needs, hemophilia assistance, and organ donation were re-aligned around common activities rather than segregated by programs. Staff was cross-trained to carry out activities related to all programmatic areas, with the intended outcome of improved customer service.

- Texas Health Steps and associated programs have collaborated to develop a comprehensive online provider education campaign that reaches a broader provider base, facilitates improved competencies of the workforce, and contributes to improved service delivery.

- Organizational alignment of tobacco prevention and control programs with mental health and substance abuse services created opportunities to improve coordination of resources.

Linking Behavioral and Physical Health Services

As a means to guide current and future planning and decision-making, DSHS, in conjunction with external stakeholder efforts, has developed a comprehensive approach to service integration. The actualization of holistic methods of service delivery among providers of physical and behavioral health services exemplifies one of the biggest opportunities of H.B. 2292. Many activities to integrate these services have been completed or are underway, including:

- DSHS actively encourages the use of primary health care provision as a site for early screening and diagnosis of behavioral health problems.

- Mental health and substance abuse services are among the primary and preventive health services provided through several pilot sites funded by the Hogg Foundation for Mental Health. These sites demonstrate partnerships between federally qualified health care centers and community mental health centers in Texas.

- DSHS contracted with Texas Tech University to pilot adolescent behavioral health screening, assessment, and intervention in five diverse primary care settings.
- A suicide prevention project targeting youth living in areas with high youth suicide rates provides screening, education, and referral for mental health care through primary care service providers.
- Community mental health and substance abuse staff are collaborating with HIV prevention staff to identify the prevalence of HIV-exposed infants and to develop intervention strategies for pregnant HIV-positive women.

Redesigning Mental Health Services

The 80th Texas Legislature appropriated $82 million for the 2008-09 biennium for the redesign of mental health crisis services. These funds have enabled DSHS, in partnership with state and local stakeholders, to make headway in redesigning crisis mental health services as part of a seamless continuum of behavioral health care.

Texas is one of seven states awarded a federal mental health transformation grant to plan and build an infrastructure across all agencies that provide, fund, administer, and purchase mental health services. The initiative promotes the integration of primary care and preventive care with specialty behavioral health projects. It also promotes the use of telemedicine to increase access and quality of care, increase coordination of care through information technology, and enhance staff training and competence in evidence-based practices.

Women's Health Program Implementation

HHSC and DSHS worked collaboratively to promote the benefits of the Women's Health Program implemented in January 2007. The program provides low-income women ages 18 to 44 with free family planning exams, related health screenings, and birth control through a Texas Medicaid Waiver Program. DSHS family planning contractors play a key role in informing women, assisting them with enrollment, and providing services. DSHS and HHSC worked together to hold provider forums, gather provider feedback, and improve administrative processes and policy.

Improving Disaster Preparedness and Response

DSHS is the agency responsible for coordinating health and medical preparedness and response activities related to disasters, mass shelter situations, and public health emergencies. As a means to provide an integrated and coordinated response to disasters and health emergencies, DSHS works closely with other state agencies and local jurisdictions, in coordination with the Governor's Division of Emergency Management and the Texas Office of Homeland Security.

DSHS maintains operational policies and procedures, guidelines, and instructions for the integrated management of health and medical services after a disaster. DSHS, working with staff throughout the HHS system, has developed curricula, served as trainers, and initiated training plans for all HHS responders to carry out their roles at the Multi-Agency Coordinating Center (MACC), State Operations Center (SOC), or to be deployed to the disaster area. The intent is to create a culture of preparedness in which all HHS agencies and staff understand the importance of disaster response and are ready to act, should a disaster strike.

In addition to collaborating on the training initiative, DSHS leadership teams pooled HHS resources to identify staff to serve on four MACC and SOC teams that are activated in the event of an emergency. Further, in an effort to improve HHS coordination, communication and collaboration, an Emergency Management Council was established with representation from each HHS agency. The council meets monthly and addresses disaster preparedness and response issues that impact all HHS agencies.

Progress in Addressing Interest and Waiting Lists

A perennial challenge facing some HHS system services, especially Medicaid waiver services, is meeting the demand for services. For some programs, when the demand for services exceeds the services available, most often due to funding constraints, individual names are placed either on an interest list (based on an expression of interest in receiving services), or on a waiting list (indicating that the individual is ready to begin receiving services and has been certified as eligible for services). Although waiting and interest lists for some programs remain very long, the ability to consolidate funding requests to address interest and waiting lists and to request those funds as HHS system priorities has resulted in unprecedented levels of new funding to address interest lists, especially for waiver services.

IMPROVING SERVICE QUALITY AND ACCESSIBILITY

The 79th Legislature provided funds to DADS for the 2006-07 biennium to reduce interest lists by making it possible to serve an additional 9,360 individuals in the Medicaid waiver programs and non-Medicaid services. For the 2008-09 biennium, funding was provided to serve an additional 8,595 such individuals, of whom 4,993 are in Medicaid waiver programs. DSHS received appropriations for the 2008-09 biennium to address its waiting lists by adding capacity to serve both an additional 646 children with special health care needs and an additional 288 children needing mental health services. DARS received appropriations that allowed it to eliminate, by the end of FY 2007, a list of 183 individuals awaiting comprehensive rehabilitation services for traumatic brain and spinal cord injuries, and a list of 173 additional individuals to be served with independent living services.

Coordinated Access to Waiver Services

By bringing legacy agency waiver programs into one long-term care services agency, DADS is providing greater flexibility for individuals and families seeking services. For instance, previously some individuals rose to the top of an interest list for one program, only to learn that another agency's waiver program was really more appropriate for their needs than the waiver service for which they had been waiting. Unfortunately, sometimes that meant that they would have to start over at the bottom of another program's list. DADS now offers such individuals and families the most appropriate waiver for their needs the first time they are offered waiver services.

Supporting the Promoting Independence Initiative

The consolidation of agencies has allowed DADS to take a comprehensive approach to the federal Money Follows the Person Demonstration (Demonstration) initiative. This Demonstration, supported by a federal award of $18 million in enhanced Medicaid funding in 2007, supports community-based services and options for individuals who want to live in their communities to receive their long-term services and supports. This Demonstration builds upon some of the original initiatives under the Promoting Independence Initiative, including expedited relocations from nursing facilities and from intermediate care facilities for persons with mental retardation (ICF/MR) and includes a special focus on individuals with a co-occurring behavioral health need who are residing in a nursing facility; individuals who have relocated from a nursing facility and need overnight support; and providers of nine or more bed community (ICFs/MR) who want to voluntarily close their facilities, with a concomitant offer of community-based services for all current residents.

Expanding Consumer Directed Services

Consolidation has allowed DADS to develop a consumer directed services (CDS) model that can be applied more consistently to programs that previously were operated in separate agencies. As of February 1, 2008, DADS expanded the CDS option, which includes a new service, support consultation, to the Texas Home Living and Home and Community-Based Service waivers. Through the 2003 Real Choice Systems Change Grant under the federal New Freedom Initiative, DADS has piloted a hybrid service management option. This Service Responsibility Option allows consumers to select, train, and supervise their attendants but leaves fiscal, personnel, and backup responsibilities with a provider agency. This option was developed to increase the opportunities for self-direction for those receiving primary home care services, the majority of whom are elderly.

Streamlining Access to Aging and Disability Services Across Texas

Historically, access to long term care and aging services at the local level has often been confusing and fragmented for the average person or family seeking help. Through two related initiatives, the Aging and Disability Resource Center (ADRC) project and Regional Access and Intake Community Roundtables, DADS is working to enhance and streamline access to long-term services and supports in Texas. The purpose of the federally-funded ADRC project is to provide communities with financial support for developing and implementing streamlined access to publicly-funded long-term services and supports. Currently, Texas has eight ADRCs providing services in Bexar County, Tarrant County, Central Texas, Harris County, Lubbock County, Dallas County, and the East Texas and North Central Texas regions. The centers enhance the connections across DADS' front doors (Area Agencies on Aging, Mental Retardation Authorities, and DADS regional and local services offices). In addition, DADS conducts community roundtable meetings in all regions, involving the regional and local services staff, Mental Retardation Authorities, and Area Agencies on Aging, to review and improve access to services.

Better Alignment of Guardianship Responsibilities

As a result of Senate Bill 6, 79th Legislature, Regular Session, 2005, DFPS transferred the Guardianship Program to DADS in September 2005. The transfer of guardianship responsibilities to DADS reinforced DFPS' primary role of investigating and serving adults in need of protection. DADS' expertise with long-term services and support programs for persons who are older and for adults with disabilities made it the appropriate agency for assuming guardianship responsibilities. Transferring this program removed any appearance of conflict of interest for DFPS staff in assessing and providing services for individuals in need of guardianship. As a result of coordinated DADS and DFPS efforts, the transfer of the guardianship program was completed with no disruption in services to individuals served.

Comprehensively Approaching Children's Health

Three divisions within DSHS, along with the regional Education Services Centers, combined efforts and resources to promote a coordinated approach to improving children's physical and behavioral health. The comprehensive approach includes coordinated school health, obesity prevention, suicide prevention, mental health awareness, diabetes prevention and care, and abstinence education activities.

Improving the Healthcare Model for Children in Foster Care

Working together, DFPS and HHSC developed STAR Health, an innovative healthcare delivery model for children in foster care to better coordinate acute and behavioral health care services. This new managed care model, activated in April 2008, has the goal of ensuring that each child in foster care receives accessible, coordinated, comprehensive, and continuous healthcare. The STAR Health model improves on previous services by including closer coordination of care, expert consultation on complex issues, and an electronic health passport that allows portability of timely medical information and ready availability of comprehensive health information to healthcare providers, DFPS staff, caregivers, courts, and youth. The electronic health passport is the first program of its kind in the country.

Interagency Efforts Reduce Psychotropic Medications Use for Foster Children

Soon after the consolidation of HHS agencies, concerns arose about possible overuse of psychotropic medications with the foster care population. DFPS and DSHS worked together using the services of a child psychiatrist to assess prescribing practices, develop prescribing guidelines, and recommend a process for ongoing clinical reviews of the use of psychotropic medications in the treatment of children in foster care. HHSC, DSHS, and DFPS later published a report, "Use of Psychoactive Medication in Texas Foster Children, State Fiscal Year 2005," in June 2006. The report noted that in the five months since the release of their guidelines for psychotropic medications for children in foster care, the percentage of children in foster care who were prescribed a psychotropic medication fell 7 percent, and there was a 29 percent decrease in children taking two or more psychotropic medications.

Addressing Disproportionate Representation in Child Welfare Services

DFPS is working with HHSC to mitigate the disproportionate representation of minority races and ethnicities in all phases of child welfare services delivery. This effort includes delivering cultural competency training to all service delivery staff, increasing targeted recruitment for foster and adoptive families, and developing partnerships with community groups to provide culturally competent services to children and families.

Following Up Child Protective Investigations with Early Childhood Assessments

Strengthened linkages between agencies that facilitate client or case referrals are another benefit of the integrated HHS system. This is well illustrated by improved linkages, facilitated by HHSC, between Child Protective Services (CPS) at DFPS and the Early Childhood Intervention (ECI) program at DARS. Liaisons from CPS and local ECI providers have been designated to work together at the local level. The liaisons are now responsible for setting up joint training sessions to share information on each other's programs. CPS investigations in which a child under the age of three has been confirmed as a victim of abuse/neglect are now automatically sent to ECI by the CPS database.

Enhancing Support for the Early Childhood Intervention Program

Prior to consolidation, ECI, as a small stand alone agency, struggled with addressing specialized tasks such as assessing the implications of rules and setting rates. Now, as a division within DARS and the integrated HHS system, ECI receives valuable support on such matters as rules, rates, and state Medicaid plan amendments.

PROVIDING CLIENT SERVICES MORE EFFICIENTLY AND EFFECTIVELY

Building a New Accountability Framework for DFPS

DFPS has developed a system to measure program performance more effectively and to increase accountability at all levels of the organization. Performance indicators that support positive client outcomes were developed through a broad effort between HHSC and DFPS management and direct delivery staff. Regularly updated electronic reports with qualitative and quantitative information allow supervisors, managers, and caseworkers to assess individual, regional, and statewide performance on an ongoing basis. Performance expectations were redefined for DFPS positions statewide. The entire system is managed electronically, leveraging the strength of the HHSC AccessHR system. This new accountability infrastructure has yielded significant gains in timeliness of case actions and overall case quality in all DFPS programs.

Leveraging Technology to Help Caseworkers

Deployment of tablet PCs and digital cameras to DFPS caseworkers has changed the way caseworkers in Texas serve their clients. Caseworkers can document visits and assessments while in the field, not hours or days later back at the office. Tablet PCs provide caseworkers with a mobile application that allows them to use their field time to complete documentation and synchronize with IMPACT (the DFPS case management system). This innovation enables caseworkers to have handbook access for field reference on policy, resource directory information access, mapping software to improve daily route planning, and handwriting recognition software to ease documentation and increase quality through more timely entry. Additionally, client and provider assessments are enhanced through the use of digital camera photography. Caseworkers are equipped to send photos and notes to their supervisors from the field for feedback and guidance. In one follow up survey, 62 percent of caseworkers reported enhanced ability to complete documentation closer to the time of contact; 60 percent reported an improvement in their ability to deliver quality casework to clients; and 65 percent reported saving time in data entry.

PROVIDING CLIENT SERVICES MORE EFFICIENTLY AND EFFECTIVELY

Unifying Web Support for Blind and Rehabilitation Services

The DARS ReHabWorks Project will develop and deploy a single, web-based consumer case support system that meets the business requirements for DARS Blind Services and Rehabilitation Services Divisions. This unified system replaces two redundant legacy agency systems, and reduces the technical support and costs for hardware, software, and related maintenance. Using a single system also enhances consistency among programs, because program changes and modifications will now be applied to only one application, rather than the prior multiple applications.

New Organizational Structure Enables Increased Federal Reimbursements

DARS reorganized the Social Security Administration (SSA)/Vocational Rehabilitation (VR) reimbursement offices in Blind Services and Rehabilitation Services into one office. This restructuring of the legacy agencies' offices improved DARS ability to claim reimbursement from the SSA for the successful employment of SSI and SSDI recipients through VR services. As a result, reimbursements from 2004 through 2008 totaled $31.6 million, an increase of $12.1 million compared with the period prior to the process being restructured.

Merging DARS Purchasing and Training Programs

DARS has combined the training programs inherited from its legacy agencies. The training merger combines management, leadership, and professional and programmatic training functions. The benefits of this project include a unification of staff expertise, reduction of effort and cost, emphasis of a common DARS vision, and enhancement of organizational collaboration.

Eliminating the Redundant Rules of DARS Legacy Agencies

The DARS Administrative Rule Consolidation project resulted in the elimination of more than 100 redundant or unnecessary administrative rules from the legacy agencies. The rules were consolidated into a new DARS Texas Administrative Code (TAC) Chapter 101. This simplification benefits DARS providers, clients, and staff.

Improving Information Accessibility Across the HHS System

In partnership with other HHS agencies, DARS has provided technical expertise and leadership in improving accessibility within the HHS Enterprise. For example, DARS led the HHS workgroup that developed a comprehensive HHS Electronic and Information Resources Accessibility Policy and Accessibility Center website, which provides policies, procedures, training, and technical support. DARS continues to make accessibility an ongoing priority for all HHS system IT applications and projects, providing testing and technical support to HHSC under a shared services contract. DARS has submitted an LAR exceptional item for the 2010-11 biennium to increase accessibility technical staff and expand services to other HHS agencies. Current projects to promote accessibility include implementing the Watchfire Enterprise Accessibility testing tool, testing accessibility improvements to AccessHR, and the development of accessible SharePoint-based sites and resources.

Coordinating Long-Term Care Licensing and Regulatory Activities

Responsibility for long-term services and supports previously was split among DADS' three predecessor agencies. The services and supports provided by the three agencies served various client populations. Many of the same regulatory issues were encountered for these services and supports. The agencies often addressed these issues in different ways and with limited coordination. By moving all licensing activities to one area, the DADS Regulatory Services division has achieved coordinated, consistent, and direct supervision of all licensing activities (licensing, credentialing, and enforcement). In addition, the Regulatory Services division can now offer facilities and providers electronic access to the Nurse Aide Registry and to the Employee Misconduct Registry.

Expanding Quality Monitoring and Quality Consulting Programs

The DADS quality monitoring program that has already improved outcomes at nursing facilities is being expanded to improve outcomes and services for individuals served in state mental retardation facilities, assisted living facilities, and privately owned Intermediate Care Facilities for Persons with Mental Retardation (ICFs/MR). A quality consulting program is also being implemented at state mental retardation facilities to increase positive outcomes for individuals served in these facilities.

PROVIDING CLIENT SERVICES MORE EFFICIENTLY AND EFFECTIVELY

Centralization and Consolidation of Pharmaceutical Purchasing

Using the more integrated framework of the new HHS system, DSHS, through its Pharmacy Branch, has consolidated medication purchasing for the HHS agencies. By using one drug wholesaler for the DSHS Pharmacy Branch, DSHS state hospitals, and DADS state schools, millions of dollars are saved annually in costs of medications and medical supplies. DSHS has achieved additional benefits by consolidating purchasing of medications and vaccines related to its public health and disaster preparedness responsibilities.

Consolidating Services for State Hospitals and State Schools

HHSC, DADS, and DSHS worked closely to achieve administrative efficiency by establishing five regional laundry facilities to provide laundry services to both state hospitals and state schools in their areas. Eleven individual laundry operations were consolidated into five regional laundry operations servicing all the state schools and state hospitals of Texas. This project, completed in December 2005, has resulted in savings of more than one million dollars over a five-year period in personnel, operations, and supply costs for DADS and DSHS.

Another project currently underway is implementation of a Learning Management System to provide all Enterprise employees, including state school and state hospital employees, with one consolidated training transcript. While this project is not fully completed, several legacy training systems have been successfully interfaced, and training is being tracked.

ADOPTING MORE COST-EFFECTIVE BUSINESS PRACTICES

Centralization and Consolidation of Support Services

H.B. 2292 assigned HHSC responsibility for the delivery of administrative services for the HHS agencies. For some administrative services, HHSC provides centralized services. Examples of these centralized services include human resources, civil rights, and support services for regional offices. Already, these organizational and functional consolidations have produced a number of operational improvements. These improvements include:

- Consistent human resources policies, practices, and services
- Self-service automated processes for major functions, such as hiring
- Increased communication of human resources policies and procedures
- Standardized language for contract terms and conditions to ensure that HHS contractors and service providers deliver HHS benefits and services in a non-discriminatory manner
- A single system-wide website that provides clients and consumers with civil rights information.

Coordination of Support Services Provided by HHS Agencies

After careful review and analysis, it was determined that several business and administrative support services would operate best if they remained with each HHS agency but with coordination across the HHS system. Examples of services that are provided on a decentralized but coordinated basis include financial services, ombudsman services, facility management and leasing, procurement services, and information services. Within these areas, many improvements have taken place as a result of enhanced coordination and shared efforts to develop best practices and unified approaches. These improvements include:

- Enhanced fiscal planning and the handling of fiscal issues to ensure consistency of approach and prioritization of needs across the HHS system
- Implemented a unified and coordinated statewide HHS Ombudsman's Office for the resolution of consumer complaints. Consumers may contact the office by telephone, email, fax or US mail toll-free intake line.

- Improved identification of consumer problems and issues
- Instituted tracking and monitoring of complaint issues within or across agency lines via the automated HHS system-wide call tracking system, HHS Enterprise Administrative Report and Tracking System (HEART)
- Coordinated efforts with state schools and state hospitals to develop and use a more proactive return-to-work process for job-related injuries
- Strengthened asset management across the HHS agencies
- Enhanced controls over administrative purchasing across the HHS agencies
- Streamlined the leasing process across HHS agencies and reduced the number of leases. Previously, each agency held a separate lease with the Texas Facilities Commission
- Consolidated state office mail services
- Enabled more effective space planning coordination
- Increased efficiency of warehouse and materials distribution systems
- Established within HHSC the information dispute resolution program as an option for certain DADS long-term care facilities to request a third-party review of violations cited by DADS.

Coordination of Rulemaking

Rulemaking is a key function that is coordinated across the HHS system. In the coordinated rulemaking process, rule proposals originate with each agency and are approved by the Agency Councils of the five agencies before being submitted to the Executive Commissioner for final approval. Throughout the rulemaking process, senior policy analysts at HHSC work closely with the other four agencies to ensure consistency with HHS system priorities and direction.

Strengthening Contracting Practices Across the HHS System

HHS agencies spend close to $18 billion a year through more than 30,000 contracts, primarily service delivery contracts. In recognition of the criticality of strong procurement and contract management practices to the fiscal accountability and quality of its services, the HHS Enterprise

has undertaken sustained efforts to strengthen procurement and contracting practices. Among the many facets of this comprehensive effort are:

- Establishment of a contract oversight unit at each agency in the HHS system
- Creation of an interagency Contract Council to promote best practices and improvements across the HHS system. The council has established contract risk management guidelines, contract negotiation guidelines, management guidelines for administrative contracts, and a guide to ensuring successful audits of contracts.
- Systematic efforts, often involving the Inspector General, to prevent or detect contractor fraud. This includes issuance of "Provider Self-Reporting Guidance" by the OIG and provision of fraud and abuse prevention training for Medicaid providers, HMOs, providers, and the claims administrator.
- Development of a contract tracking system for the HHS system
- Creation of a Procurement Council to provide oversight of the delegated client service purchasing authority, to streamline policies, and to develop guidelines and procedures to improve efficiency, accountability, and customer service
- Publication of guidance on HHS outsourcing
- Training on procurement and contracting for HHS employees
- Increased used of performance-based contracts

Consolidating Document Output to Achieve Savings

A 2004 study at two HHSC offices found that a 26 percent savings with no capital expenditures was achieved through consolidation of document output. Based on the study results, HHSC awarded a system wide contract to Xerox for managed document output. The contract replaces stand-alone printers, copiers, faxes, and scanners with network based multi-function systems that are owned and maintained by the vendor. While leveraging the combined purchasing power of all five agencies, services are assessed and customized to meet the needs of each office. Substantial cost savings are already being realized.

ADOPTING MORE COST-EFFECTIVE BUSINESS PRACTICES

Consolidated Fleet Management for the HHS System

HHSC established a fleet management office that will provide services to all of the HHS agencies. The intent is to have standardized policies, business processes, and vehicle data reporting procedures across the HHS agencies. The initiative will also ensure consistent vehicle-related data for various management reports and other reports used in the development of the vehicle replacement request included in the legislative appropriations request.

Strategic Sourcing Across the HHS System Yields Savings

HHSC is contracting with CGI Group, Inc., to identify and prioritize opportunities for strategic sourcing within the HHS system. An initial assessment reviewed contract payment data from the five HHS agencies and identified seven purchase categories presenting an opportunity to achieve significant savings. The potential for savings in five additional purchase categories is being reviewed.

ENHANCED OVERSIGHT HAS BENEFITTED THE HHS SYSTEM

H.B. 2292 assigned the Executive Commissioner and HHSC several unique responsibilities essential to achieving the vision of an integrated, efficient, and responsive health and human services system. In addition to ensuring coordination across the system and ensuring more efficient provision of administrative and support services, the Executive Commissioner was charged with oversight of the system.

Since the consolidation of agencies was completed, HHSC has implemented several mechanisms for providing system oversight and coordination. For example, the Executive Commissioner and the HHSC Deputy Executive Commissioners play an active role, involving either decision-making or guidance, with respect to the selection of agency Commissioners and key positions under the agency Commissioners. In addition, as the need for fundamental reform at DFPS became apparent, the Executive Commissioner and his staff were very directly involved in assessing the problems, recommending solutions, and overseeing the implementation of needed changes.

Ongoing coordination and oversight across the HHS system is also a key responsibility of the Deputy Executive Commissioners at HHSC. Each Deputy Executive Commissioner has a responsibility either for oversight of two other HHS agencies or for the provision of services that support the HHS system.

H.B. 2292 mandated another important measure to improve oversight of HHS agencies, the creation of an Office of Inspector General (OIG) to aggressively combat fraud and abuse. An adjunct of HHSC, the OIG has undertaken a variety of approaches to pursue its mission. In FY 2008, the OIG recovered $122 million through sanctions, penalties, and recoupments; recovered $148 million in third-party payments and reimbursements; and recognized cost avoidances of $383 million.

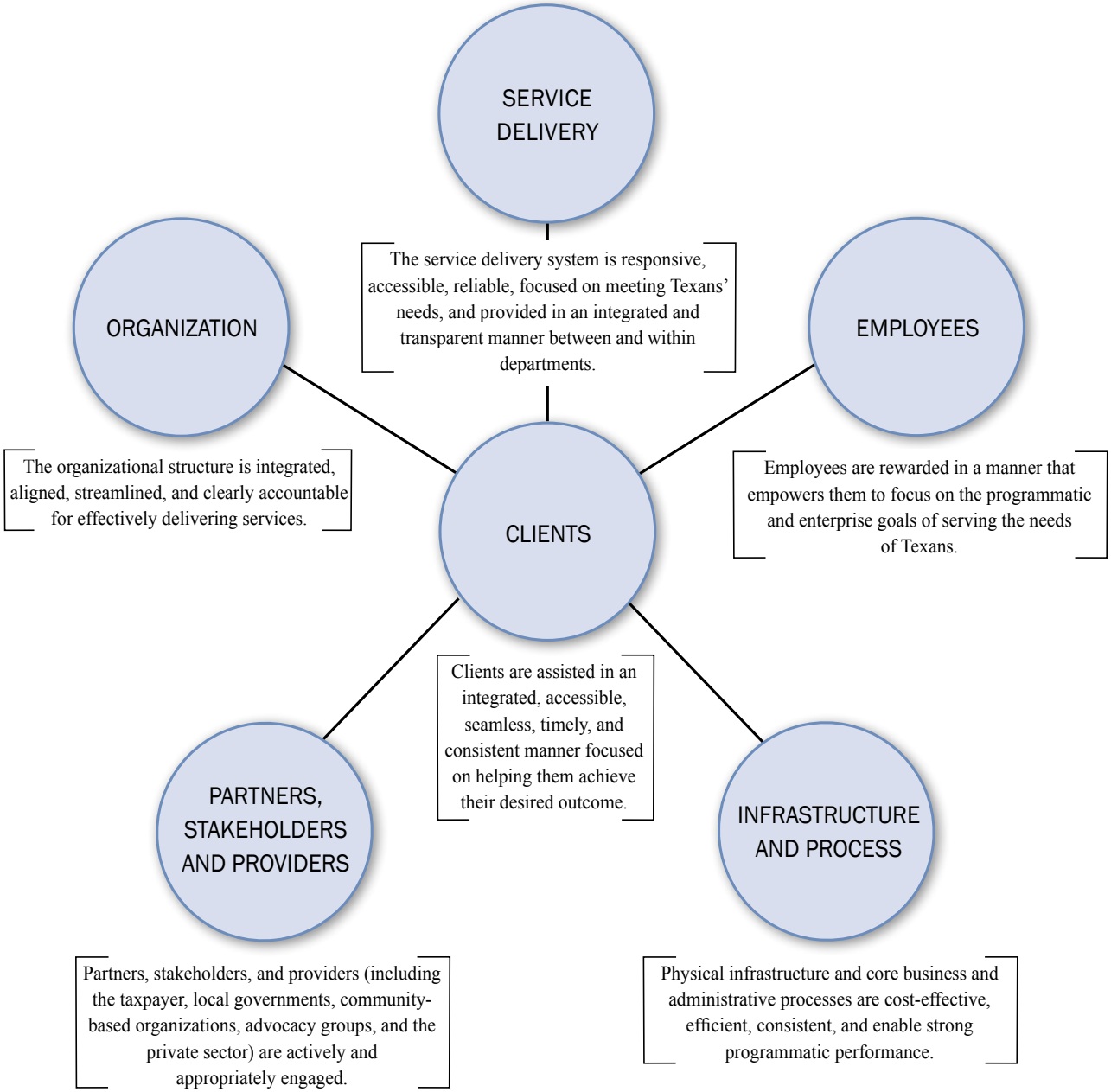
WHERE WE ARE GOING

The numerous initiatives discussed in this report illustrate the vast amount of energy and dedication the employees and stakeholders of the HHS system have applied in ensuring that we build on the foundation of the H.B. 2292 consolidation of agencies to achieve a transformed HHS system. These efforts and improvements were realized during a time when the HHS agencies were also moving forward on many other initiatives not directly related to H.B. 2292 or agency consolidation.

Looking ahead, the agencies will continue moving toward the vision depicted in the figure "Future Vision for Health and Human Services" which follows. Our goal continues to be creation of a fundamentally transformed health and human services system based on:

- Identifying and addressing client needs
- Integrating and coordinating services
- Emphasizing accountability and continuous improvement
- Rewarding innovation and results
- Seeking and responding to public input and involvement.

Future Vision for Health and Human Services




TEXAS
Health and Human
Services System