

**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 Statewide Goal/Benchmark: 3 1  
 OBJECTIVE: 1 Medicaid Health Services Service Categories:  
 STRATEGY: 4 Children & Medically Needy Risk Groups Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2005	Est 2006	Bud 2007	BL 2008	BL 2009
<b>Output Measures:</b>						
1	Average Children Recipient Months Per Month	1,657,464.00	1,670,251.00	1,646,313.00	1,747,671.00	1,819,834.00
2	Average Medically Needy Recipient Months Per Month	49,883.00	46,603.00	45,288.00	47,321.00	49,396.00
<b>Efficiency Measures:</b>						
1	Average Children Cost Per Recipient Month	126.92	142.07	153.72	148.90	150.22
2	Average Medically Needy Cost Per Recipient Month	344.00	375.09	397.27	391.68	391.19
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$1,933,122	\$3,137,360	\$3,053,546	\$2,723,954	\$2,716,741
1002	OTHER PERSONNEL COSTS	\$81,701	\$93,958	\$79,054	\$88,414	\$88,182
2001	PROFESSIONAL FEES AND SERVICES	\$78,648,753	\$74,738,910	\$64,516,116	\$56,253,073	\$56,240,232
2002	FUELS AND LUBRICANTS	\$19	\$505	\$434	\$449	\$447
2003	CONSUMABLE SUPPLIES	\$3,098	\$24,043	\$16,169	\$18,030	\$17,932
2004	UTILITIES	\$79,820	\$144,415	\$175,075	\$136,346	\$135,809
2005	TRAVEL	\$35,710	\$38,471	\$39,576	\$19,310	\$19,264
2006	RENT - BUILDING	\$20,801	\$234,789	\$318,569	\$262,240	\$260,769
2007	RENT - MACHINE AND OTHER	\$4,559	\$33,415	\$22,565	\$31,099	\$31,131
2009	OTHER OPERATING EXPENSE	\$510,394	\$424,334	\$273,316	\$295,307	\$294,267
3001	CLIENT SERVICES	\$2,563,927,426	\$2,794,576,048	\$3,093,820,344	\$3,425,435,983	\$3,315,858,018
4000	GRANTS	\$3,088,601	\$4,417,971	\$4,370,502	\$3,947,184	\$3,939,553
5000	CAPITAL EXPENDITURES	\$419,441	\$90,840	\$2,733,302	\$1,275,192	\$1,272,280
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$2,648,753,445</b>	<b>\$2,877,955,059</b>	<b>\$3,169,418,568</b>	<b>\$3,490,486,581</b>	<b>\$3,380,874,625</b>
<b>Method of Financing:</b>						
705	Medicaid Program Income	\$6,301,575	\$2,897,025	\$50,000	\$50,000	\$50,000
758	GR MATCH FOR MEDICAID	\$400,251,236	\$728,808,784	\$946,654,599	\$1,109,384,779	\$1,061,392,272

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GOAL: 2 Medicaid  
 OBJECTIVE: 1 Medicaid Health Services  
 STRATEGY: 4 Children & Medically Needy Risk Groups

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
8024	TOBACCO RECEIPTS MATCH FOR MEDICAID	\$397,753,000	\$277,324,407	\$241,614,856	\$211,260,612	\$211,260,612
8056	SUPPLEMENTAL: GR MATCH FOR MEDICAID	\$0	\$11,548,664	\$0	\$0	\$0
8090	SUP GR MCH (SVINGS NOT ACHVD)	\$73,831,057	\$0	\$0	\$0	\$0
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$878,136,868</b>	<b>\$1,020,578,880</b>	<b>\$1,188,319,455</b>	<b>\$1,320,695,391</b>	<b>\$1,272,702,884</b>
<b>Method of Financing:</b>						
5080	QUALITY ASSURANCE	\$0	\$40,000,000	\$0	\$0	\$0
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)</b>		<b>\$0</b>	<b>\$40,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Method of Financing:</b>						
555	FEDERAL FUNDS					
93.000.100	Uncompensated Care - Hurricane	\$0	\$15,037,222	\$0	\$0	\$0
93.778.000	Medical Assistance Program	\$1,329,913,224	\$1,622,982,796	\$1,930,002,457	\$2,119,491,190	\$2,057,871,741
93.778.100	XIX Hurricane - No Match	\$0	\$39,260,651	\$0	\$0	\$0
CFDA Subtotal, Fund	555	\$1,329,913,224	\$1,677,280,669	\$1,930,002,457	\$2,119,491,190	\$2,057,871,741
8059	SUPPLEMENTAL: FEDERAL FUNDS					
93.778.000	Medical Assistance Program	\$298,714,694	\$79,551,702	\$0	\$0	\$0
CFDA Subtotal, Fund	8059	\$298,714,694	\$79,551,702	\$0	\$0	\$0
<b>SUBTOTAL, MOF (FEDERAL FUNDS)</b>		<b>\$1,628,627,918</b>	<b>\$1,756,832,371</b>	<b>\$1,930,002,457</b>	<b>\$2,119,491,190</b>	<b>\$2,057,871,741</b>
<b>Method of Financing:</b>						
8044	MEDICAID SUBROGATION RECEIPTS	\$29,090,460	\$24,205,100	\$14,757,948	\$14,000,000	\$14,000,000
8062	Approp Receipts-Match for Medicaid	\$20,498,199	\$26,338,708	\$26,338,708	\$26,300,000	\$26,300,000
8064	STABILIZATION: MATCH FOR MEDICAID	\$92,400,000	\$0	\$0	\$0	\$0
8080	Fund No. 6-Medicaid Match	\$0	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000

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GOAL:            2    Medicaid  
 OBJECTIVE:    1    Medicaid Health Services  
 STRATEGY:    4    Children & Medically Needy Risk Groups

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
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		\$141,988,659	\$60,543,808	\$51,096,656	\$50,300,000	\$50,300,000
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					\$3,490,486,581	\$3,380,874,625
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		\$2,648,753,445	\$2,877,955,059	\$3,169,418,568	\$3,490,486,581	\$3,380,874,625
<b>FULL TIME EQUIVALENT POSITIONS:</b>		44.1	63.4	57.4	52.1	52.0

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

This program includes the hospital, physician, and other medical services provided to eligible newborn infants, children above TANF income eligibility criteria (federal mandate and expansion children), and medically needy persons. Services are provided either: 1) through a Fee-For-Service (FFS) fiscal agent arrangement with Affiliated Computer Services (AC or 2) through a managed care health delivery system consisting of two health care delivery models – Primary Care Case Management (PCCM) or an at-risk, capitated health plan – HMO. Under Title XIX, Medicaid medical services are legally mandated entitlement services.

The base request discontinues the CHIP Perinate Program. This strategy includes the children that would have been served under the CHIP Perinate Program. Continuation of the CE Perinate program is requested as an exceptional item.

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.

Projected expenditures for maintaining current 2008-09 cost trends are requested as exceptional items. Provider rate restorations are also requested as exceptional items.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

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GOAL:	2	Medicaid	Statewide Goal/Benchmark:	3	1
OBJECTIVE:	1	Medicaid Health Services	Service Categories:		
STRATEGY:	4	Children & Medically Needy Risk Groups	Service:	17	Income: A.2    Age: B.3

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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. 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. Fiscal year 2008 assumes 13 managed care payments while fiscal year 2009 assumes 11 managed care payments.

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.