

6.I. Allocation of the Biennial Ten Percent Reduction to Strategies Schedule

Strategy Code / Name

Explanation of Impact to Programs and Revenue Collections

A.1.1. Enterprise Oversight and Policy

The reduction would affect staffing throughout the appropriation. Enterprise and Oversight is responsible for management and oversight of critical projects, initiatives and agencies, such as IEE and DFPS. The ability to handle the volume of critical inquiries and requests for information and provide coverage for senior staff cannot be maintained at the base level. The restored level of staff are needed to provide oversight and direction to enterprise agencies and internal divisions to ensure policy compliance will all federal state and legal requirements. The risk of reduction in staff would effect the timely and appropriate responses to legislative requests, external inquires, internal projects, and program integrity may be at risk without division input and oversight. A reduction would severely impact the Border Affairs program and reduce the amount of services currently provided. A reduction in TOPDD would decimate the Awareness and Education Services and the Technical Assistance provided to the public, legislature, and other governmental organizations as well as significantly limit the ability to hold legislatively mandated meetings with the executive committee.

A.1.2. Integrated Eligibility & Enrollment

The state funds in the IEE strategy decreased by 8% in FY07 from FY06. The FY 2008-09 base request reflects another reduction of 5% from FY07. The workload per FTE in IEE has increased dramatically since FY2002. To reduce the strategy by 283 FTEs (5% of the total strategy FTEs) would increase the workload more, risking higher error rates and non-compliance with timeliness standards. In addition, the strategy has significant contracted services which would be adversely impact federal program compliance, and customer service. The IEE strategy base request assumes no rollouts past the pilot. The resumption of rollouts will have greater short term investment cost for transition and case conversion than requested in the restoration or the base, with savings occurring after the new eligibility system is implemented statewide.

A.2.1. Office of Inspector General

A reduction in OIG would significantly and negatively impact the ability to recover funds which also results in cost avoidance by not having the ability to perform mandated functions. The net result would be that the State would lose more funds than the reduction. The reduction would also result in the loss of 57 FTEs. The greatest lost would be felt in the prevention of Fraud, Waste & Abuse in Medicaid. The Federal government's current focus is implementing a national strategy to deal with the estimated 7% to 10% of fraud, waste, and abuse within Medicaid spending. The CMS Comprehensive Medicaid Plan (MIP) is the first national strategy to detect and prevent Medicaid fraud and abuse in the program's history. The Deficit Reduction Act of 2005 implements Payment Error Rate measurement (PERM) for Medicaid claims in 2007 and all Medicaid and SCHIP programs in 2008, with negative financial ramifications for states with high error rates. With national attention focused on the problem of fraud, waste, and abuse in the Medicaid program, state reduction of resources in this area will have significant fiscal impact.

A.3.1. Consolidated System Support

A reduction in Consolidated Services would result in inefficiencies and decreased program support throughout the HHS enterprise. As a result, service levels provided currently could not be maintained or enhanced. Programs that are most impacted would be Enterprise Information Technology, Enterprise Contract & Procurement Services, Regional Business Services, Ombudsman, the IDR program, Facility support services provided to State Schools and State Hospitals, Human Resources and Civil Rights. These consolidated support functions allow program staff to devote more effort and resources toward improving client services. With these support functions reduced, program staff would again have resources diverted from client services to assist in the performance of the support functions. Restoring staffing levels across the appropriation would result in meeting Federal mandates and maintaining current customer service levels.

B.1.1. Aged and Disabled

A reduction in Medicaid reduces Operating Cost and personnel in HHSC Medicaid and CHIP staff. HHSC staff reductions could jeopardize the management of critical medical programs in Medicaid/CHIP Managed Care, Medicaid Primary Case Management, and Medicaid Fee for Service. Additionally, reduction to the Medicaid Claims Administrator contract could reduce service levels associated with timeliness of claims payment, prior authorization, call center customer waiting times, and compliance with federal HIPAA would be jeopardized.

B.1.2. TANF Adults and Children

A reduction in Medicaid reduces Operating Cost and personnel in HHSC Medicaid and CHIP staff. HHSC staff reductions could jeopardize the management of critical medical programs in Medicaid/CHIP Managed Care, Medicaid Primary Case Management, and Medicaid Fee for Service. Additionally, reduction to the Medicaid Claims Administrator contract could reduce service levels associated with timeliness of claims payment, prior authorization, call center customer waiting times, and compliance with federal HIPAA would be jeopardized.

B.1.3. Pregnant Women

A reduction in Medicaid reduces Operating Cost and personnel in HHSC Medicaid and CHIP staff. HHSC staff reductions could jeopardize the management of critical medical programs in Medicaid/CHIP Managed Care, Medicaid Primary Case Management, and Medicaid Fee for Service. Additionally, reduction to the Medicaid Claims Administrator contract could reduce service levels associated with timeliness of claims payment, prior authorization, call center customer waiting times, and compliance with federal HIPAA would be jeopardized.

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B.1.4. Children and Medically Needy

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B.1.5. Medicare Payments

A reduction in Medicaid reduces Operating Cost and personnel in HHSC Medicaid and CHIP staff. HHSC staff reductions could jeopardize the management of critical medical programs in Medicaid/CHIP Managed Care, Medicaid Primary Case Management, and Medicaid Fee for Service. Additionally, reduction to the Medicaid Claims Administrator contract could reduce service levels associated with timeliness of claims payment, prior authorization, call center customer waiting times, and compliance with federal HIPAA would be jeopardized.

B.1.6. (EPSDT) Comprehensive Care

A reduction in Medicaid reduces Operating Cost and personnel in HHSC Medicaid and CHIP staff as well as Department of State Health Services Medicaid staff. Maintaining FTEs at the Department of State Health Services is necessary for continued performance of federally mandated services and compliance with the Frew v. Hawkins Consent Decree. HHSC staff reductions could jeopardize the management of critical medical programs in Medicaid/CHIP Managed Care, Medicaid Primary Case Management, and Medicaid Fee for Service. Additionally, reduction to the Medicaid Claims Administrator contract could reduce service levels associated with timeliness of claims payment, prior authorization, call center customer waiting times, and compliance with federal HIPAA would be jeopardized.

B.2.1. Cost Reimbursed Services

A reduction in Medicaid reduces Operating Cost and personnel in HHSC Medicaid and CHIP staff as well as Department of State Health Services Medicaid staff. Maintaining FTEs at the Department of State Health Services is necessary for continued performance of federally mandated services and compliance with the Frew v. Hawkins Consent Decree. HHSC staff reductions could jeopardize the management of critical medical programs in Medicaid/CHIP Managed Care, Medicaid Primary Case Management, and Medicaid Fee for Service. Additionally, reduction to the Medicaid Claims Administrator contract could reduce service levels associated with timeliness of claims payment, prior authorization, call center customer waiting times, and compliance with federal HIPAA would be jeopardized.

B.2.2. Medicaid Vendor Drug

A reduction in Medicaid reduces Operating Cost and personnel in HHSC Medicaid and CHIP staff. HHSC staff reductions could jeopardize the management of critical medical programs in Medicaid/CHIP Managed Care, Medicaid Primary Case Management, and Medicaid Fee for Service. Additionally, reduction to the Medicaid Claims Administrator contract could reduce service levels associated with timeliness of claims payment, prior authorization, call center customer waiting times, and compliance with federal HIPAA would be jeopardized.

B.2.5. Medicaid Family Planning

A reduction in Medicaid reduces Operating Cost and personnel in HHSC Medicaid and CHIP staff as well as Department of State Health Services Medicaid staff. Maintaining FTEs at the Department of State Health Services is necessary for continued performance of federally mandated services and compliance with the Frew v. Hawkins Consent Decree. HHSC staff reductions could jeopardize the management of critical medical programs in Medicaid/CHIP Managed Care, Medicaid Primary Case Management, and Medicaid Fee for Service. Additionally, reduction to the Medicaid Claims Administrator contract could reduce service levels associated with timeliness of claims payment, prior authorization, call center customer waiting times, and compliance with federal HIPAA would be jeopardized.

B.3.1. Health Steps (EPSDT) Medical

A reduction in Medicaid reduces Operating Cost and personnel in HHSC Medicaid and CHIP staff as well as Department of State Health Services Medicaid staff. Maintaining FTEs at the Department of State Health Services is necessary for continued performance of federally mandated services and compliance with the Frew v. Hawkins Consent Decree. HHSC staff reductions could jeopardize the management of critical medical programs in Medicaid/CHIP Managed Care, Medicaid Primary Case Management, and Medicaid Fee for Service. Additionally, reduction to the Medicaid Claims Administrator contract could reduce service levels associated with timeliness of claims payment, prior authorization, call center customer waiting times, and compliance with federal HIPAA would be jeopardized.

B.3.2. Health Steps (EPSDT) Dental

A reduction in Medicaid reduces Operating Cost and personnel in HHSC Medicaid and CHIP staff as well as Department of State Health Services Medicaid staff. Maintaining FTEs at the Department of State Health Services is necessary for continued performance of federally mandated services and compliance with the Frew v. Hawkins Consent Decree. HHSC staff reductions could jeopardize the management of critical medical programs in Medicaid/CHIP Managed Care, Medicaid Primary Case Management, and Medicaid Fee for Service. Additionally, reduction to the Medicaid Claims Administrator contract could reduce service levels associated with timeliness of claims payment, prior authorization, call center customer waiting times, and compliance with federal HIPAA would be jeopardized.

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B.3.3. (EPSDT) Comprehensive Care

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B.4.1. State Medicaid Office

A reduction in Medicaid reduces Operating Cost and personnel in HHSC Medicaid and CHIP staff. HHSC staff reductions could jeopardize the management of critical medical programs in Medicaid/CHIP Managed Care, Medicaid Primary Case Management, and Medicaid Fee for Service. Additionally, reduction to the Medicaid Claims Administrator contract could reduce service levels associated with timeliness of claims payment, prior authorization, call center customer waiting times, and compliance with federal HIPAA would be jeopardized.

C.1.1. CHIP

A reduction in CHIP reduces Operating Cost and personnel in HHSC Medicaid and CHIP staff. HHSC staff reductions could jeopardize the management of critical medical programs in CHIP Managed Care and dental services.

C.1.4. CHIP Perinatal

The reduction in this strategy eliminates the CHIP perinatal program because the required funding for FY 2008-09 exceeds the funding base of only eight months in FY 2006-07. CHIP perinate is to be implemented in January 2007. The reduction costs the State more as these CHIP perinates would now be born Medicaid eligible which requires a higher match.

D.1.1. TANF Grants

Based on current caseload forecasts and eligibility criteria, a reduction in the TANF program would reduce funding for the TANF State Paid (SP) program below the level necessary to fund TANF grants to eligible two-parent households. Needy families in this population, including children, would no longer receive monthly TANF SP benefits which help them to meet their basic needs and encourage the maintenance of two-parent families. Also, adult TANF SP family members would no longer be eligible for TANF-funded workforce services which promote job preparation and work as a means of ending needy families' dependence on government assistance.

D.1.3. Refugee Assistance

State funds appropriated to the Refugee Assistance program are used to reimburse providers for medical services provided to a refugee who is later determined to be ineligible for the Medicaid program. The number of refugees determined to be ineligible after medical services are provided has been declining resulting in less need for state funding in this appropriation. Therefore, there is anticipated to be no impact on the Refugee Assistance program from this reduction of the majority of the state funding currently appropriated.

D.2.1. Family Violence Services

The Family Violence Program - If this budget is reduced by the proposed amount, the current level of program support staff would not be sustainable. In order to comply with state & federal requirements, program support staff is critical to collect and review client data. These staff positions require specific technical expertise and knowledge that are not within the scope of work for family violence program staff in other areas of the agency. Additionally, noncompliance with state and federal requirements such as contractor monitoring, technical assistance to contractors, and reporting requirements would negatively impact program performance. Reductions in the Texas Council on Family Violence contract, which the Family Violence Program has a state and federal requirement to contract with, would reduce the number of training events and technical assistance across the state, impacting service quality to clients.

E.1.1. Central Program Support

The impact of the reduction would cross all support areas of HHSC (Accounting, Budget, Contract Management, External Relations, Internal Audit, and Legal). Reductions would increase inefficiencies and errors by delaying travel reimbursement to employees or other payments, lengthening the time to develop rules and contracts for programs, lengthening time to respond to internal and external requests for program and financial information, reducing financial, contractual and audit oversight of programs and purchases, reducing the recovery of Food Stamp and TANF overpayments and errors, and delaying submissions of state and federal reports. These inefficiencies in support to programs could indirectly impact how programs and contractors directly support clients and providers.

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E.1.2. IT Program Support

Reductions in Medicaid Agency Applications would (1) reduce contractor resources (by four months of man hours) to enhance and maintain IT applications; (2) Eliminate some IT licenses for emerging and current technologies causing some applications to go without manufacturer support; and (3) reduce data center services thereby diminishing the ability to support program areas. Reductions in Central Automation would reduce the ability to (1) maintain ongoing support for Blackberry server licenses. (2) replace, maintain, and procure infrastructure components - storage tapes, network switches, UPS units, routers. (3) maintain ongoing license support and maintenance for critical applications - GoToMyPC, Active Folders, BMC Remedy Help Desk and Asset Management. The HIPAA reduction decreases technical oversight to the Medicaid/Chip services contracts which could result in errors in implementations and/or rework due to missed requirements or limited testing and potential federal civil monetary penalties and loss of federal financial participating funds for Medicaid or CHIP from failure to ensure HIPAA compliance.

E.1.4. Regional Program Support

During 2007, HHSC consolidated regional program support staff across the enterprise to more efficiently support HHS regional program staff. Since 2007 was the only base year that reflects this consolidation within the LAR, restoration to the 2007 base funding is needed to fully restore regional program support. Implementing the proposed reduction will result in a reduction of FTE's causing ineffectiveness of the efficiencies achieved by consolidation. A budget reduction would impact the support of regional program staff in the following areas: (1) ability to maintain contracts related to facility and equipment leases, security, utilities and temporary employment agency staff; (2) ability to maintain ongoing support of monthly services for purchase of office supplies, telephone service, blackberry and pagers for internal and external access and correspondence; and (3) ability to arrange/process program staff travel to assist clients, attend training and for administrative staff to participate in various HUB forums/outreach events. Additionally, regional IT deskside support and telephone support staff would be reduced resulting in inefficiencies in programmatic and administrative work that properly-functioning automation systems normally provide. Services to clients and other HHS customers