



Presentation to HHSC Council

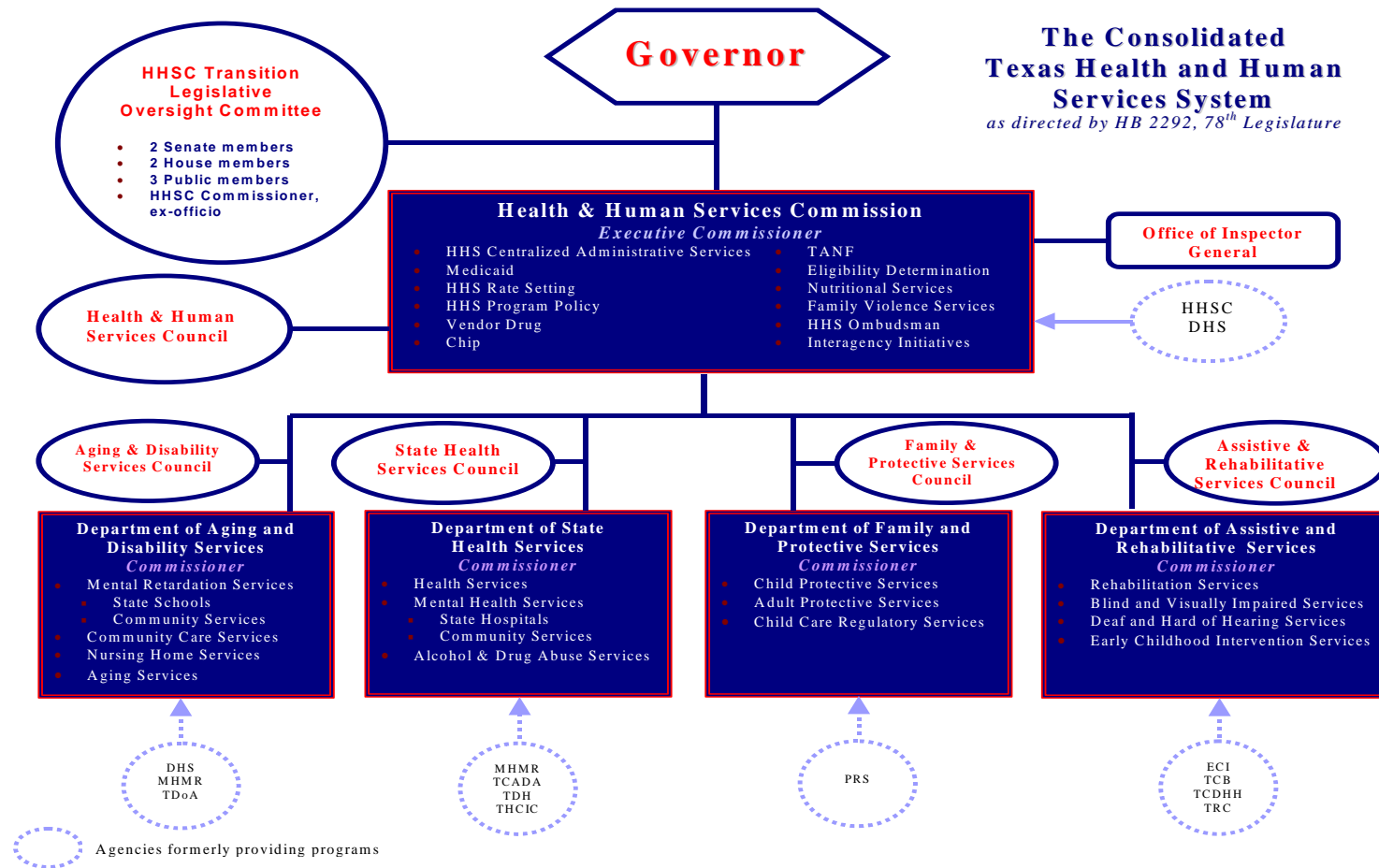
FY 2006-2007
Legislative Appropriations Request

January 5, 2005

Health and Human Services System

- H.B. 2292 set a new direction for improving the delivery of health and human services for Texas
 - Build an organizational structure that is rational
 - Consolidate or better coordinate administrative systems
 - Structure programs based on similar processes to maximize efficiencies in delivery and capitalize on this synergy to improve service delivery
- A renewed focus on measurable performance outcomes that matter
 - Improved client services
 - Reduced administrative costs
- Strengthened accountability and more effective use of tax dollars
- 12 HHS agencies consolidated into 5 agencies

HHS System New Organization



Transition Accomplishments

- New Agencies Created - No Disruption of Client Services:
 - February 1, 2004 - Department of Family and Protective Services
 - March 1, 2004 - Department of Assistive and Rehabilitative Services
 - September 1, 2004 - Department of State Health Services
 - September 1, 2004 - Department of Aging and Disability Services

- Administrative Consolidations and Improvements:
 - Human Resources Management
 - Office of Civil Rights
 - Procurement
 - Planning and Evaluation
 - Office of Inspector General
 - Financial Services
 - Information Technology
 - Legal Services
 - Ombudsman
 - Leasing Facilities Management

HHSC LAR Policy Guidance and Resulting Actions

- Limits baseline request for GR and GR-related funding to 95 percent of the sum of FY 2004 expenditures and FY 2005 budgeted funding, excluding client services for Medicaid and CHIP
- HHSC Base Request Assumptions
 - **Medicaid**
 - Average monthly caseloads were held at FY 2005 levels
 - 2.9 million estimated for FY 2005 vs. 3.6 million projected for FY 2007
 - Rates for hospitals, physicians, and other specialty providers were maintained at the reduced FY 2005 levels
 - Hospitals at 5 percent reduction
 - Physician and other providers at 2.5 percent reduction
 - **Children's Health Insurance Program (CHIP)**
 - Caseloads were held at the FY 2005 level – 351,849
 - Rates were held at FY 2005 level – 2.5 percent reduction
 - **HHSC excluded caseload growth in the base reduction**
 - The net effect of this approach was to use 2005 caseload at 2005 cost
 - FY 2005 costs reflect the reduction in rates made last legislative session

Medicaid Caseloads

Premium Strategy Risk Group	FY2004	FY2005	FY2006	FY2007
Aged & Medicare Related	320,882	325,375	330,581	335,870
Disabled and Blind	221,711	235,235	246,997	259,347
TANF Child	341,435	326,070	329,331	332,295
TANF Adult	89,927	83,632	84,468	85,229
Pregnant Women	112,234	128,350	136,051	144,214
Newborns	135,922	150,738	165,811	177,418
Expansion Children	666,116	764,701	919,104	1,049,386
Federal Mandate Children	729,103	858,883	1,039,224	1,193,276
Medically Needy	43,731	52,464	58,754	62,854
Risk Group Total	2,661,060	2,925,447	3,310,321	3,639,888
Medicaid Children	1,872,575	2,100,392	2,453,470	2,752,375

Children's Health Insurance Program (CHIP) Caseloads

CHIP General Revenue Group	FY2004	FY2005	FY 2006	FY 2007
Federally Funded	384,563	327,200	368,284	439,200
Legal Immigrants	16,708	15,952	18,029	21,496
TRS Eligible	8,594	8,697	9,537	11,284
GR Group Total	409,865	351,849	395,850	471,980

HHSC - FY 2004-2005

Budget Issues

- Supplemental Appropriations for Medicaid and CHIP Shortfalls
 - Approximately \$619.7 million for Medicaid and \$77.6 million for CHIP
- Sec. 28, Article II, Special Provisions, \$180.1 million General Revenue Reduction
- Contracting of HHS Enterprise Human Resources and Payroll Functions
 - Negotiations with Convergys have been completed and a contract signed
 - Transition will take place over the next 10 months
- Potential Contract with a Pharmacy Benefit Manager in the State's Medicaid CHIP, Kidney Health Care and Children with Special Health Care Needs
 - No final decision

HHSC - FY 2004-2005

Budget Issues

- RFP for Integrated Eligibility Enrollment Services (including Call Centers)
 - Four vendor proposals were received by the September 30, 2004 deadline and three are currently being evaluated.
- Federal cost allocation and enterprise support functions have greatly increased the complexity of financing and funding streams that support HHSC operations.

HHSC - FY 2006-2007

Budget Issues

- 5% Baseline GR Reduction
 - \$34.1 million GR for the biennium allocated across all programs and agency administration except client services related to Medicaid and CHIP
- Impact of Part D Prescription Drug Coverage Under Medicare
 - 100% unmatched state-funded payments to the federal government
- Caseload and Costs Assumptions
 - Medicaid
 - CHIP
- Maintaining Current Services
 - Caseload growth, FMAP and EFMAP, cost trends
- Restoration of Services Reduced or Eliminated
- Decrease Health and Human Service System Waiting and Interest Lists
 - For the biennium, approximately \$46.9 million GR is requested to keep pace with population and \$254.4 million to serve 20% of the current number of people waiting for services.

HHSC LAR Summary Request

		FY 2004-2005	FY 2006-2007	FY 2006-2007	FY 2006-2007
GOAL		Expend/Budgeted	Base Request	Exceptional Items	Total Request
Goal A	HHS Enterprise Oversight and Policy	1,156,491,420	1,125,138,046	42,468,432	1,167,606,478
Goal B	Medicaid	23,471,668,180	23,332,396,442	8,422,660,942	31,755,057,384
Goal C	CHIP Services	992,065,427	928,111,026	497,720,007	1,425,831,033
Goal D	Encourage Self Sufficiency	934,980,796	916,383,704	14,941,490	931,325,194
Goal E	Program Support	80,253,130	76,907,054	3,806,910	80,713,964
Goal F	Information Technology Projects	143,844,506	60,721,687	73,692	60,795,379
	Total, Agency Request	\$ 26,779,303,459	\$ 26,439,657,959	\$ 8,981,671,473	\$ 35,421,329,432
Method of Financing:					
	General Revenue	\$ 9,362,087,538	\$ 9,758,885,600	\$ 3,636,164,845	\$ 13,395,050,445
	General Revenue - Dedicated	66,328,051	33,559,464	10,921,685	44,481,149
	Earned Federal Funds	7,278,695	6,956,612	264,586	7,221,198
	Federal Funds	16,601,429,277	15,945,771,302	5,331,446,091	21,277,217,393
	Other Funds	742,179,898	694,484,981	2,874,266	697,359,247
	Total, Method of Financing	\$ 26,779,303,459	\$ 26,439,657,959	\$ 8,981,671,473	\$ 35,421,329,432

Appendix

- Summary of Request by Strategy and Method of Finance
- Summary of Exceptional Item Requests

Health and Human Services Commission
FY 2006-2007 Legislative Appropriations Request Baseline Plus Exceptional Items

STRATEGY		FY 2004-2005 Expend/Budgeted	FY 2006-2007 Base Request	FY 2006-2007 Exceptional Items	FY 2006-2007 Total Request
A.1.1	Enterprise Oversight & Policy	\$ 65,668,677	\$ 64,485,998	\$ 2,701,552	\$ 67,187,550
A.1.2	Medicaid/TANF/Food Stamp Eligibility Determination	783,568,966	768,696,620	21,872,354	790,568,974
A.1.3	Long Term Care Financial Eligibility Determination	60,593,556	57,628,208	2,965,358	60,593,566
A.2.1	Office of Inspector General	70,957,860	67,409,966	6,144,058	73,554,024
A.3.1	Consolidated System Support	175,702,361	166,917,254	8,785,110	175,702,364
B.1.1	Aged and Disabled	4,161,285,134	4,364,332,654	920,216,269	5,284,548,923
B.1.2	TANF Adults and Children	1,250,314,836	1,194,625,216	230,220,902	1,424,846,118
B.1.3	Pregnant Women	1,636,497,035	1,760,012,650	377,632,690	2,137,645,340
B.1.4	Children and Medically Needy	5,479,840,609	5,791,950,208	2,378,399,070	8,170,349,278
B.1.5	Medicare Payments	1,338,286,836	1,455,660,235	795,561,379	2,251,221,614
B.1.6	STAR+Plus (Integrated Managed Care)	641,431,510	664,901,018	116,144,970	781,045,988
B.2.1	Cost Reimbursed Services	2,341,810,725	2,336,699,908	585,209,771	2,921,909,679
B.2.2	Medicaid Vendor Drug	4,741,614,975	3,775,466,643	1,798,868,613	5,574,335,256
B.2.3	Medicare Federal Give Back Provision	-	465,255,834	-	465,255,834
B.2.4	Medical Transportation	94,477,990	97,730,091	24,515,116	122,245,207
B.2.5	Family Planning	52,738,050	27,706,346	6,621,626	34,327,972
B.3.1	Health Steps (EPSDT) Medical	254,086,920	122,673,094	34,532,856	157,205,950
B.3.2	Health Steps (EPSDT) Dental	690,828,710	748,608,143	263,049,119	1,011,657,262
B.3.3	Health Steps (EPSDT) Comprehensive Care	786,090,501	524,528,268	235,312,703	759,840,971
B.4.1	State Medicaid Office	2,364,349	2,246,134	656,375,858	658,621,992
C.1.1	CHIP	764,292,755	704,100,978	393,587,537	1,097,688,515
C.1.2	Immigrant Children Health Insurance	29,780,430	30,041,550	18,268,178	48,309,728
C.1.3	School Employee CHIP	15,652,768	16,379,574	9,035,320	25,414,894
C.1.4	CHIP Vendor Drug	165,808,410	160,358,896	72,420,495	232,779,391
C.1.5	State Employee Children Insurance (SKIP)	16,531,064	17,230,028	4,408,477	21,638,505

**Health and Human Services Commission
FY 2006-2007 Legislative Appropriations Request Baseline Plus Exceptional Items**

STRATEGY		FY 2004-2005 Expend/Budgeted	FY 2006-2007 Base Request	FY 2006-2007 Exceptional Items	FY 2006-2007 Total Request
D.1.1	TANF Grants	422,386,845	406,013,728	11,089,050	417,102,778
D.1.2	Nutrition Assistance	430,484,582	430,396,534	88,046	430,484,580
D.1.3	Refugee Assistance	37,558,530	37,530,770	27,762	37,558,532
D.1.4	Disaster Assistance	371,535	-	-	-
D.2.1	Family Violence Services	44,179,304	42,442,672	3,736,632	46,179,304
E.1.1	Central Program Support	22,249,060	21,771,530	938,358	22,709,888
E.1.2	IT Program Support	34,445,410	32,723,140	1,722,270	34,445,410
E.1.3	Other Support Services	-	-	-	-
E.1.4	Regional Program Support	23,558,660	22,412,384	1,146,282	23,558,666
F.1.1	TIERS	123,893,445	51,349,234	-	51,349,234
F.1.2	HHSAS	19,951,061	9,372,453	73,692	9,446,145
Total, Agency Request		\$ 26,779,303,459	\$ 26,439,657,959	8,981,671,473	\$ 35,421,329,432
Method of Financing:					
	General Revenue	\$ 9,362,087,538	\$ 9,758,885,600	\$ 3,636,164,845	\$ 13,395,050,445
	General Revenue - Dedicated	66,328,051	33,559,464	10,921,685	44,481,149
	Earned Federal Funds	7,278,695	6,956,612	264,586	7,221,198
	Federal Funds	16,601,429,277	15,945,771,302	5,331,446,091	21,277,217,393
	Other Funds	742,179,898	694,484,981	2,874,266	697,359,247
Total, Method of Financing		\$ 26,779,303,459	\$ 26,439,657,959	\$ 8,981,671,473	\$ 35,421,329,432

**Health and Human Services Commission
Summary Table of Exceptional Items Included in the FY 2006-2007 Legislative Appropriations Request**

EXCEPTIONAL ITEM	FY 2006		FY 2007		BIENNIAL TOTAL		FY 06 FTEs	FY 07 FTEs
	GR	All Funds	GR	All Funds	GR	All Funds		
1. Maintain Medicaid Caseload Growth	\$ 442,092,303	\$ 1,132,610,376	\$ 817,788,260	\$ 2,095,372,426	\$ 1,259,880,563	\$ 3,227,982,802		
2. FMAP Decline (Medicaid and CHIP)	51,642,223	0	59,278,412	0	110,920,635	0		
3. Maintain Medicaid Cost Trends	388,510,299	985,777,111	837,788,384	2,124,056,282	1,226,298,683	3,109,833,393		
4. Restore Medicaid Rates	83,417,895	210,674,529	93,627,069	236,218,397	177,044,964	446,892,926		
5. Restore 5% Base Reductions	12,769,318	32,448,703	12,796,665	32,529,967	25,565,983	64,978,670	483.9	483.9
6. Maintain CHIP Caseload Growth	17,365,026	56,457,400	47,558,805	154,141,376	64,923,831	210,598,776	-	-
7. Provide CHIP Cost Trends and Rate Restorations	6,028,561	17,513,485	13,697,633	36,940,122	19,726,194	54,453,607		
8. Restore CHIP Services (e.g. Vision, Dental)	23,606,163	72,072,410	29,566,512	90,230,069	53,172,675	162,302,479	-	-
9. Restore Medicaid Services (Eliminated in FY04-05)	49,721,099	125,526,632	52,744,981	133,026,432	102,466,080	258,553,064	-	-
10. Restore TANF Annual Supplemental Payments	0	5,548,920	0	5,540,130	0	11,089,050	-	-
11. Maintain and Increase for Guardianship Grant	419,890	419,890	419,890	419,890	839,780	839,780	2.0	2.0
12. Expand Family Violence Services	1,000,000	1,000,000	1,000,000	1,000,000	2,000,000	2,000,000	-	-
13. Partially Restore Services to Medically Needy Clients	17,500,000	44,180,000	17,500,000	44,140,000	35,000,000	88,320,000	-	-
14. Office of Inspector General (OIG) Staff Increases	516,517	1,298,082	516,517	1,298,082	1,033,034	2,596,164	26.0	26.0
15. 2-1-1 Information and Referral (Area Info Centers)	1,529,535	3,500,000	1,529,535	3,500,000	3,059,070	7,000,000	-	-
16. Reduce HHS Waiting/Interest Lists - Demographic Growth	14,029,701	22,460,275	32,959,921	56,727,358	46,989,622	79,187,633	9.7	27.1
17. Reduce HHS Waiting/Interest Lists in 10 Years	66,992,914	148,411,497	187,554,198	428,658,512	254,547,112	577,070,009	65.7	178.0
18. Provider Rate Increases (Medicaid and CHIP)	81,951,971	210,466,649	181,930,919	467,506,471	263,882,890	677,973,120	-	-
Total	\$1,259,093,415	\$ 3,070,365,959	\$2,388,257,701	\$5,911,305,514	\$ 3,647,351,116	\$ 8,981,671,473	587.3	717.0

<u>Summary</u>	GR	All Funds
> Medicaid	\$ 3,159,923,267	\$ 7,766,403,300
> CHIP	163,470,810	497,720,007
> Waiting Lists	301,536,734	656,257,642
> All Others	22,420,305	61,290,524
Totals	\$ 3,647,351,116	\$ 8,981,671,473

Note: Exceptional Items Are Not Shown in Priority Order

Texas Health and Human Services Commission

Exceptional Item 1

Maintain Medicaid Caseload Growth

Request

This request would maintain Medicaid current services by including caseload projections that are not served in the base request. Pursuant to current state law 12 month continuous eligibility for Medicaid children is reflected in the caseload numbers. Costs continue to be held constant at FY 05 levels.

This funding would provide services to an additional 384,874 children in FY 06 and 714,441 children in FY07. Total projected caseload would be 3,310,321 in FY 06 and 3,639,888 in FY 07.

The costs associated with 12 month continuous eligibility is \$228.7 million GR.

Funding does not assume the projected FMAP change.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$1,132,610,376	\$2,095,372,426	\$3,227,982,802
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$442,092,303	\$817,788,260	\$1,259,880,563
Federal Funds	\$690,518,073	\$1,277,584,166	\$1,968,102,239
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007
Average Medicaid Acute Recipient Mths Months Per Month	384,874	714,441
Total Medicaid Prescriptions Incurred	3,223,063	5,673,412
Medicaid Acute Care Cost Per Recipient Month	\$179.69	\$175.50

Texas Health and Human Services Commission

Exceptional Item 2

FMAP Decline for Medicaid and CHIP

Request

The federal match rate for Medicaid and CHIP is anticipated to decrease which means the state share would increase. The match rate is referred to as the FMAP, Federal Medical Assistance Percentage, and is determined by the federal government.

In the baseline request for 2006-07, the FMAP was held constant at the FFY 2005 level, 60.87 percent. This request would correct the baseline and first exceptional item request for the projected FMAP decline. The FFY 2006 FMAP is estimated at 60.35 percent and is held constant for FFY 2007. The FMAP for FFY 2007 will not be determined until the Fall of 2005.

CHIP has an enhanced match rate which is calculated from the Medicaid FMAP. For CHIP, the EFMAP in FFY2005 is 72.61 percent and 72.25 percent for both FFY2006-07.

The Medicaid change request totals \$109.0 million and \$2.6 million for CHIP. Subsequent to the development of the LAR the match rate for FFY 2006 was finalized at 60.66 percent for Medicaid and 72.46 percent for CHIP.

There is no measure impact for this request.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$0	\$0	\$0
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$51,642,223	\$59,278,412	\$110,920,635
Federal Funds	(\$51,642,223)	(\$59,278,412)	(\$110,920,635)
Other			\$0

Program Impact	FY 2006	FY 2007
None		

Texas Health and Human Services Commission

Exceptional Item 3

Maintain Medicaid Cost and Utilization Trends

Request

This request would maintain Medicaid current services by including factors for utilization and inflationary cost increases. These additional funds would be used to cover increases in both Fee-for-Service and Managed Care delivery models. This item does not include a provider rate increase.

Funding also uses the projected FMAP change of 60.35 percent. While the program has implemented several cost containment initiatives to control drug costs, such as PDL, general inflationary increases for the cost of prescriptions are beyond the control of the Medicaid Vendor Drug Program. Increases in the cost per prescription are primarily due to increases in the use of newer drugs that generally cost more than the predecessor drugs.

Generally, FY006-07 cost increases can be attributable to changes in medical technology and adoption of newer, more expensive procedures.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$985,777,111	\$2,124,056,282	\$3,109,833,393
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$388,510,299	\$837,788,384	\$1,226,298,683
Federal Funds	\$597,266,812	\$1,286,267,898	\$1,883,534,710
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007
Medicaid Acute Care Cost Per Recipient Month	\$188.25	\$192.39
Average Cost Per Prescription	\$66.55	\$71.01

Texas Health and Human Services Commission

Exceptional Item 4

Restore Medicaid Rates

Request

This request would restore rate reductions incurred in FY04 of 2.5% for hospitals and professionals and an additional rate decrease in FY05 of 2.5% for hospitals. These funds would be used to cover increases in both Fee-for-Service and Managed Care delivery models.

The state funding for hospital totals \$60.9 million and \$69.0 million during the 2006-07 biennium and \$22.5 million and \$24.6 million for other providers. Funding also uses the projected FMAP change of 60.35 percent.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$210,674,529	\$236,218,397	\$446,892,926
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$83,417,895	\$93,627,069	\$177,044,964
Federal Funds	\$127,256,634	\$142,591,328	\$269,847,962
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Medicaid Acute Care Cost Per Recipient Month	\$192.30	\$196.54

Texas Health and Human Services Commission

Exceptional Item 5

Restore 5% Reduction

Request

This request would restore the 5 percent reduced from the base funding request which totals \$25.6 million general revenue. This represents a portion of the \$34.1 million reduced from the base. All agency program support and administration would be affected by this restoration, including the Guardianship Program, the Office of Inspector General, Eligibility Services, Medicaid/CHIP Division and Family Violence Services. Workload and caseloads per worker would increase which could increase error rates and reduce responsiveness.

The ability to provide support services to the HHS and the other HHS agencies would improve with this restoration funding.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$32,448,703	\$32,529,967	\$64,978,670
Number of FTEs	483.9	483.9	
Method of Financing:			
General Revenue	\$12,769,318	\$12,796,665	\$25,565,983
Federal Funds	\$19,679,385	\$19,733,302	\$39,412,687
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007

Texas Health and Human Services Commission

Exceptional Item 6

Maintain CHIP Caseload Growth

Request

This request would maintain CHIP current services by including caseload projections that are not served in the base request. Pursuant to current state law 12 month continuous eligibility for CHIP is reflected in the caseload numbers. Costs continue to be held constant at FY 05 levels.

This funding would provide services to an additional 44,001 children in FY 06 and 120,131 children in FY 07 over the FY05 caseload of 351,849. Total projected caseload would be 395,850 in FY 06 and 471,980 in FY 07. Total prescriptions would be 1,725,578 in FY 06 and 1,939,033 in FY 07.

The costs associated with 12 month continuous eligibility is \$50.4 million GR.

Funding also uses the projected EFMAP change of 72.25 percent.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$56,457,400	\$154,141,376	\$210,598,776
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$17,365,026	\$47,558,805	\$64,923,831
Federal Funds	\$39,092,374	\$106,582,571	\$145,674,945
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007
Average CHIP Recipient Months Per Month	44,001	120,131
Total Number of CHIP Prescriptions	153,685	367,050

Texas Health and Human Services Commission

Exceptional Item 7

Provide CHIP Cost Trends and Rate Restorations

Request

This request would maintain CHIP current services by including factors for utilization and inflationary cost increases and restore rates reduced during the 2004-05 biennium. The biennial costs associated with cost trends is \$15.3 million in GR and \$54.7 million in All Funds. The biennial costs associated with rate restoration is \$5.3 million in GR and \$16.2 million in All Funds.

Funding also uses the projected EFMAP change of 72.25 percent.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$17,513,485	\$36,940,122	\$54,453,607
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$6,028,561	\$13,697,633	\$19,726,194
Federal Funds	\$11,484,924	\$23,242,489	\$34,727,413
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Average CHIP Benefit Cost Per Prescriptions Per Recipient Month	\$80.46	\$80.46
Average Cost Per CHIP Prescription	\$57.18	\$64.02

Texas Health and Human Services Commission

Exceptional Item 8

Restore CHIP Services

Request

This request would restore services that were eliminated from the CHIP program during the 2004-05 biennium. Restored services include vision, dental health, hospice, home nursing, and chiropractic.

The biennial cost to restore vision is \$8.1 million GR, \$44.6 million GR for dental benefits, and \$0.5 million GR for hospice, skilled nursing facility, and chiropractic services.

Funding also uses the projected EFMAP change of 72.25 percent.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$72,072,410	\$90,230,069	\$162,302,479
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$23,606,163	\$29,566,512	\$53,172,675
Federal Funds	\$48,466,247	\$60,663,557	\$109,129,804
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Average CHIP Benefit Cost without Prescriptions Per Recipient Month	\$95.63	\$96.39

Texas Health and Human Services Commission

Exceptional Item 9

Restore Medicaid Services

Request

This funding would provide to Medicaid-eligible adults the services (mental health, eyeglasses, hearing aids, chiropractic, and foot care) which were eliminated during the 2004-05 biennium. Graduate Medical Education would be restored to \$40 Million GR and \$101.0 million AF for the biennium, and increase of \$40 million GR over the base request.

Specific service costs for the biennium for Medicaid Fee for Service are estimated at: mental health services - \$40.5 million GR & \$102.3 million AF ; psychologists - \$4.9 million GR \$12.4 million AF; chiropractors - \$0.9 million & \$2.2 million AF; podiatrists -\$4..3 million GR & \$10.9 million AF; hearing aids - \$1.3 million GR & \$3.2 million AF; and vision care - \$5.7 million GR & \$14.4 million AF. Estimated increased cost per month per recipient would be \$1.92

Amounts include adjustments for the managed care impact is estimated at \$2.1 million for STAR and \$12.1 million for Star+Plus. Funding also uses the projected FMAP change of 60.35 percent.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$125,526,632	\$133,026,432	\$258,553,064
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$49,721,099	\$52,744,981	\$102,466,080
Federal Funds	\$75,805,533	\$80,281,451	\$156,086,984
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Medicaid Acute Care Cost Per Recipient Month	TBD	TBD

Texas Health and Human Services Commission

Exceptional Item 10

Restore TANF Annual Supplemental Payments to \$60

Request

This request would restore the \$60 annual supplement payment to families receiving Temporary Assistance to Needy Families (TANF). During the 2004-05 biennium this payment was reduced by half from \$60 to \$30.

The number of recipients would remain the same as in the base request as only the grant amount would increase. The number of children receiving the annual payment is 184,964 in FY 2006 and 184,671 in FY 2007.

Funding for this payment is 100 percent TANF federal funds.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$5,548,920	\$5,540,130	\$11,089,050
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue			\$0
Federal Funds	\$5,548,920	\$5,540,130	\$11,089,050
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Amount of Annual Grant	\$60.00	\$60.00

Texas Health and Human Services Commission

Exceptional Item 11

Maintain and Increase Guardianship Grants

Request

This request would maintain the increase in Guardianship Grants implemented during FY 2005 in response to the effort to address Adult Protective Service issues. This request would also increase that funding level from \$250,000 in FY 2005 to \$500,000 each year of the 2006-07 biennium.

The number of grants provided would increase from 7 in FY 2005 to 12 each year of the biennium. Funding would increase the number elderly and disabled adults receiving guardianship assistance.

Additional staffing needs would support the increased contract monitoring and program oversight.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$419,890	\$419,890	\$839,780
Number of FTEs	2.0	2.0	
Method of Financing:			
General Revenue	\$419,890	\$419,890	\$839,780
Federal Funds			\$0
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007
Number of Guardianship Assistance Grants	5	5

Texas Health and Human Services Commission

Exceptional Item 12

Expand Family Violence Services

Request

This request would increase funding for family violence assistance. Funding would be used to expand services to unserved parts of the state and provide a minimum threshold of core services in outlying areas costing \$50,000 per county. An estimated 3,753 additional clients would be served each year.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$1,000,000	\$1,000,000	\$2,000,000
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$1,000,000	\$1,000,000	\$2,000,000
Federal Funds			\$0
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Number of Women and Children Served	3,753	3,753

Texas Health and Human Services Commission

Exceptional Item 13

Partially Restore Eligibility to Medically Needy Clients

Request

This request would partially restore the medically needy eligibility to adults in the Medicaid program as a placeholder for a pending recommendation on restoring the program under a new state plan amendment. The eligibility for adults was eliminated during the 2004-05 as this is coverage is not federally required. Eligibility for children in the medically needy program was maintained.

Generally adults incur medical expenses that would make them eligible for Medicaid as they "spend down" their income. The number of adults served and associated costs would depend on the scope of the waiver.

Funding also uses the projected FMAP change of 60.35 percent.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$44,180,000	\$44,140,000	\$88,320,000
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$17,500,000	\$17,500,000	\$35,000,000
Federal Funds	\$26,680,000	\$26,640,000	\$53,320,000
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007
Medicaid Acute Care Cost Per Recipient Month	TBD	TBD
Average Medicaid Acute Recipient Mths Months Per Month	TBD	TBD

Texas Health and Human Services Commission

Exceptional Item 14

Provide OIG Staffing Increases

Request

This funding would provide additional staff required in the Office of Inspector General (OIG) because staff workloads have increased due to the development and implementation of technological tools (TADS), involvement in subpoena powers granted to OIG (HB 2292, Section 2.20), additional legal duties which include forfeiture of assets and surety bonds from providers, and increased referral to Sanctions division from OIG audit staff.

The Office of Attorney General (OAG) Medicaid Fraud Control Unit has increased from 36 staff to 110 during the 2003-04 biennium. OIG staff must also increase to meet the increased referrals from OAG.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$1,298,082	\$1,298,082	\$2,596,164
Number of FTEs	26.0	26.0	
Method of Financing:			
General Revenue	\$516,517	\$516,517	\$1,033,034
Federal Funds	\$781,564	\$781,564	\$1,563,128
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Number of Provider and Recipient Investigations	200	200

Texas Health and Human Services Commission

Exceptional Item 15

Information and Referral 2-1-1 Area Information Centers

Request

This request would fund grants to the 2-1-1 Area Information Centers to supplement increased volume of calls and workload.

It is assumed that the request could be matched with available federal funding for information and referral functions.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$3,500,000	\$3,500,000	\$7,000,000
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$1,529,535	\$1,529,535	\$3,059,070
Federal Funds	\$1,970,465	\$1,970,465	\$3,940,930
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007

Texas Health and Human Services Commission

Exceptional Item 16

Reduce Waiting/Interest Lists with Demographic Growth

Request

This exceptional item requests funding to keep pace with population growth in programs with waiting or interest lists at the Department of Aging and Disability Services (DADS), the Department of Assistive and Rehabilitative Services (DARS) and the Department of State Health Services (DSHS) as follows:

DADS: Home and community care waivers, non-Medicaid services, and the In Home & Family Support program.

The home and community care waivers include Community Based Alternatives (CBA), Community Living Assistance and Support Services (CLASS), Medically Dependent Children's Program (MDCP), Consolidated Waiver Program (CWP), Deaf-Blind with Multiple Disabilities (DBMD), Home and Community Based Services (HCS), and Texas Home Living (TxHmL).

DARS: Comprehensive Rehabilitation Services and Independent Living.

DSHS: Adult Community Mental Health, Child and Adolescent Community Mental Health, and Children with Special Health Care Needs (CSHCN).

This request was prepared by DADS, DSHS, and DARS and coordinated by HHSC. Additional detail will be provided on all programs with waiting/interest lists.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$22,460,275	\$56,727,358	\$79,187,633
Number of FTEs	9.7	27.1	
Method of Financing:			
General Revenue	\$14,029,701	\$32,959,921	\$46,989,622
Federal Funds	\$8,430,574	\$23,767,437	\$32,198,011
Other	\$0	\$0	\$0

Selected Program Impact

	FY 2006	FY 2007
Average Number of Clients Served CBA Waiver (DADS)	307	920
Average Number of Clients Served per Month - CLASS (DADS)	22	66
Average Monthly Number of Consumers Receiving MR Waiver Services (DADS)	102	290
Number of People Receiving DRS Supported IL Services (DARS)	25	51
Number of CSHCN Clients Receiving Medical Services (DSHS)	66	132

Texas Health and Human Services Commission

Exceptional Item 17

Reduce Waiting/Interest Lists in 10 Years

Request

For DADS, this funding would reduce current waiting/interest lists by 20% over the FY 2006-2007 biennium and is part of a plan to completely eliminate the DADS waiting/interest lists over time for CBA, CLASS, MDCP, HCS, Non-Medicaid Services and In Home and Family Support.

For DSHS, this funding would reduce the current Adult Community Mental Health waiting/interest list by 52%, the Children and Adolescent Community Mental Health waiting/interest list by 42%, and the Children with Special Health Care Needs waiting/interest list by 87% over the FY 2006-2007 biennium.

For DARS, this funding would reduce current waiting/interest list for Comprehensive Rehabilitation and Independent Living by 97% over the FY 2006-2007 biennium.

When combined with the Keep Pace with Population Growth Exceptional Item, this funding would eliminate many of the HHS waiting/interest lists. This request was prepared by DADS, DSHS, and DARS and coordinated by HHSC. Additional detail will be provided on all programs with waiting/interest lists.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$148,411,497	\$428,658,512	\$577,070,009
Number of FTEs	65.7	178.0	
Method of Financing:			
General Revenue	\$66,992,914	\$187,554,198	\$254,547,112
Federal Funds	\$81,418,583	\$241,104,314	\$322,522,897
Other	\$0	\$0	\$0

Selected Program Impact

	FY 2006	FY 2007
Average Number of Clients Served CBA Waiver (DADS)	1,806	5,420
Average Number of Clients Served per Month - CLASS (DADS)	361	1,082
Average Monthly Number of Consumers Receiving MR Waiver Services (DADS)	1,383	3,938
Number of People Receiving DRS Supported IL Services (DARS)	382	763
Number of CSHCN Clients Receiving Medical Services (DSHS)	32	56

Texas Health and Human Services Commission

Exceptional Item 18

Provider Rate Increases

Request

Of the requested funds, \$63.7 million state, (\$21.2 million in FY06 and \$42.5 million in FY07) is for Medicaid hospitals outpatient services. The Medicaid professional services represent 178.6 million state (\$59.5 million in FY06 and \$119.1 million in FY07). CHIP inpatient and outpatient is the remaining amount requested of \$21.6 million state (\$6.3 million in FY06 and \$15.3 million in FY07).

This request would partially offset inflationary costs and reduce the reimbursement disparity between Medicaid and Medicare. Currently, Medicaid professional rates lag Medicare rates by about 25%. Increasing professional rates will help to ensure continued access to health care for Medicaid recipients.

The request would provide a 5 percent increase each year for CHIP HMO providers. For Medicaid providers the annual increase would be 4.6 percent for outpatient hospitals and 5.0 percent for physicians, dentists and other professionals.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$210,466,649	\$467,506,471	\$677,973,120
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$81,951,971	\$181,930,919	\$263,882,890
Federal Funds	\$128,514,678	\$285,575,552	\$414,090,230
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Medicaid Acute Care Cost Per Recipient Month	\$196.30	\$204.46
Average CHIP Benefit Without Prescriptions Per Recipient Month	\$99.66	\$104.65