



# Presentation to the Senate Finance Committee

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Health and Human Services System (HHS)

Legislative Appropriations Request

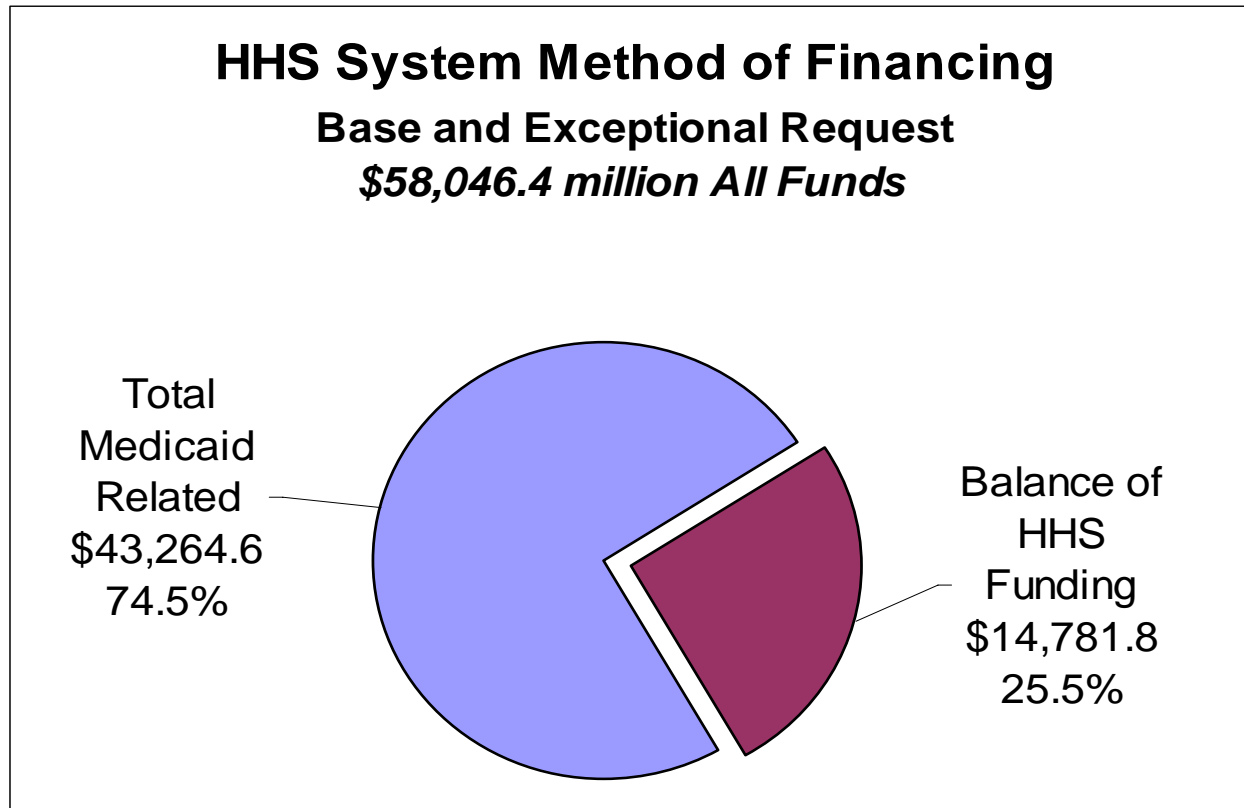
February 7, 2007

## **HHS Funding Risks and Uncertainties**

- **Forecasts and Projections**
- **Federal Issues**
  - Minimum Wage
  - Cost Allocation Plans
- **New Services / Delivery Models**
  - Approval of waivers, state plan amendments
- **Litigation**
- **Disasters**

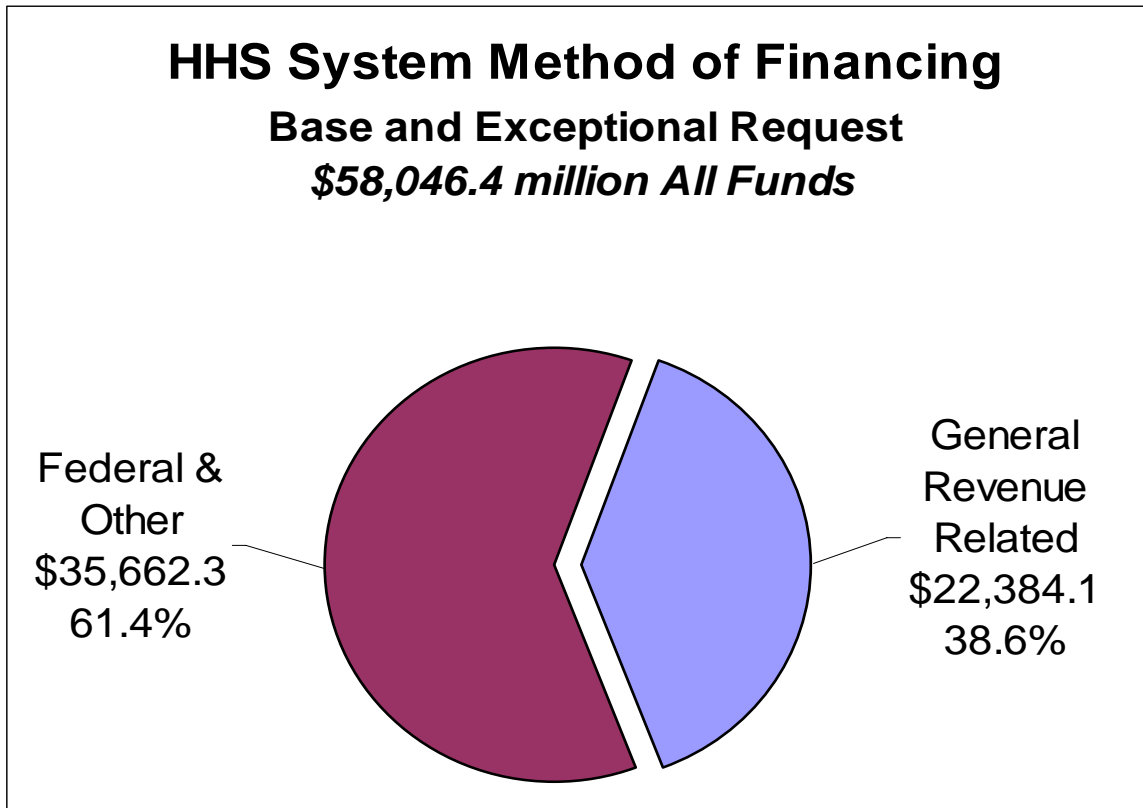
# HHS System Overview

Medicaid represents approximately 75% of HHS Funding.



# HHS System Overview

Federal funds represent approximately 60% of HHS funding.



## **Key Budget Drivers in FY 2008-09:**

- Caseloads
- Costs and Rates
- Federal Program & Financial Requirements
- Professional Staffing
- Technology

# HHS Funding Needs

## LBB Recommended and Exceptional Funding Request

FY 2008 - 2009

(in millions)

| Agency            | LBB Recommendation |                    | Revised Exceptional Item Request |                   | Total Request      |                    |
|-------------------|--------------------|--------------------|----------------------------------|-------------------|--------------------|--------------------|
|                   | GR / GRD           | All Funds          | GR / GRD                         | All Funds         | GR / GRD           | All Funds          |
| DADS              | 4,239.9            | 10,666.5           | 165.7                            | 345.7             | 4,405.6            | 11,012.2           |
| DARS              | 199.5              | 1,125.9            | 23.3                             | 100.8             | 222.8              | 1,226.7            |
| DFPS              | 1,022.1            | 2,379.8            | 107.1                            | 122.3             | 1,129.2            | 2,502.1            |
| DSHS              | 2,469.5            | 5,059.9            | 277.2                            | 352.2             | 2,746.7            | 5,412.1            |
| HHSC              | 11,011.3           | 31,672.4           | 2,635.4                          | 6,677.1           | 13,646.7           | 38,349.5           |
| <b>Total, HHS</b> | <b>\$ 18,942.3</b> | <b>\$ 50,904.5</b> | <b>\$ 3,208.7</b>                | <b>\$ 7,598.1</b> | <b>\$ 22,151.0</b> | <b>\$ 58,502.6</b> |

Note: Totals may not add due to rounding.



# Legislative Appropriations Request

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Health and Human Services Commission

- **LBB funding assumptions for the 2006-07 biennium included financing for the Medicare Part D “Clawback” and the Payoff of August 2007 Deferrals.**
- **Based on HHSC caseload and cost assumptions, funding for the 2006-07 biennium is not sufficient to address both of the above items.**



- **Medicaid and CHIP – \$2.0B GR; \$5.5B AF**
  - Medicaid Cost Growth for 2008-09: \$1.5B GR; \$4.4B AF
  - CHIP Cost Growth for FY 2008-09: \$50.9M GR; \$165.6M AF
  - *Alberto N* Lawsuit Settlement: \$149.2M GR; \$375.7M AF
  - Restore Provider Reimbursement Levels: \$235.6M GR; \$606.3M AF
  - Expand Breast and Cervical Cancer Program: \$19.3M GR; \$57.3M AF
- **Maintaining OES Staffing and Support – \$17.3M GR; \$32.6M AF**
- **HHS Enterprise Waiting/Interest Lists – \$252.3M GR; \$537.9M AF**
- **TANF Cash Assistance Caseloads – \$3.3M GR; \$50.5M AF**
- **Increase Provider Reimbursement – Reference Appendix B**
- **Federal Minimum Wage Legislation – To be determined**

# Exceptional Items Summary

| EXCEPTIONAL ITEM                                      | FY 2008          |                   | FY 2009          |                   | BIENNIAL TOTAL    |                   | FY 08    | FY 09    |
|---|------------------|-------------------|------------------|-------------------|-------------------|-------------------|----------|----------|
|   | GR               | All Funds         | GR               | All Funds         | GR                | All Funds         | FTEs     | FTEs     |
| <b>LBB Recommended</b>                                | \$ 5,417,003,212 | \$ 15,684,057,060 | \$ 5,594,340,154 | \$ 15,988,335,791 | \$ 11,011,343,366 | \$ 31,672,392,851 | 9,229.1  | 9,229.1  |
| <b>Exceptional Items:</b>                             |                  |                   |                  |                   |                   |                   |          |          |
| <b>Essential Services</b>                             |                  |                   |                  |                   |                   |                   |          |          |
| 1 Maintain Medicaid Cost Trends for FY2008-09         | 543,729,180      | 1,831,553,732     | 984,564,982      | 2,551,354,423     | 1,528,294,162     | 4,382,908,155     | -        | -        |
| 2 Maintain CHIP Cost Trends for FY 2008-09            | 19,297,774       | 63,977,068        | 31,633,439       | 101,672,239       | 50,931,212        | 165,649,307       | -        | -        |
| 3 Maintain OES Staffing & Support                     | \$ 18,554,447    | \$ 37,249,585     | (1,288,244)      | (4,670,935)       | 17,266,203        | 32,578,650        | 805.6    | 805.6    |
| 4 Wait and Interest List for Demographic Growth       | 17,500,000       | 27,600,000        | 41,900,000       | 71,700,000        | 59,400,000        | 99,300,000        | 23.1     | 46.9     |
| 5 Fund Alberto N Settlement                           | 71,239,274       | 180,581,176       | 77,975,902       | 195,134,892       | 149,215,176       | 375,716,068       | 99.5     | 99.5     |
| 6 Maintain TANF Cash Assistance Caseload              | 1,498,079        | 22,240,209        | 1,772,803        | 28,247,941        | 3,270,882         | 50,488,150        | -        | -        |
| 7 Maintain HIPAA Compliance                           | 2,625,002        | 7,500,004         | 2,625,002        | 7,500,004         | 5,250,004         | 15,000,008        | -        | -        |
| <b>Critical Services</b>                              |                  |                   |                  |                   |                   |                   |          |          |
| 8 Reduce HHS Waiting/Interest Lists                   | 51,700,000       | 113,700,000       | 141,200,000      | 324,900,000       | 192,900,000       | 438,600,000       | 70.1     | 139.9    |
| 9 Increase Office of Inspector General (OIG) Support  | 3,278,812        | 8,122,492         | 3,278,812        | 8,122,492         | 6,557,624         | 16,244,984        | 85.0     | 85.0     |
| 10 Expand Breast and Cervical Cancer Program          | 7,943,578        | 22,700,175        | 11,319,639       | 34,613,996        | 19,263,217        | 57,314,171        | 2.0      | 2.0      |
| 11 Expand Family Violence Services                    | 1,000,000        | 1,000,000         | 1,000,000        | 1,000,000         | 2,000,000         | 2,000,000         | -        | -        |
| 12 Critical Building Maintenance                      | 1,437,396        | 1,437,396         | -                | -                 | 1,437,396         | 1,437,396         | -        | -        |
| 13 Improve HHS Telecommunications & IT                | 9,915,206        | 18,693,838        | 11,021,476       | 20,477,785        | 20,936,682        | 39,171,623        | -        | -        |
| 14 Facility and Regional Infrastructure               | 623,758          | 623,758           | -                | -                 | 623,758           | 623,758           | -        | -        |
| <b>System Improvements</b>                            |                  |                   |                  |                   |                   |                   |          |          |
| 15 Coordination of Health Services                    | 581,700          | 581,700           | 581,700          | 581,700           | 1,163,400         | 1,163,400         | 3.5      | 3.5      |
| 16 HHS Nurse Retention and Recruitment                | 14,656,968       | 19,608,881        | 17,312,698       | 22,272,099        | 31,969,666        | 41,880,980        | 108.0    | 162.0    |
| 17 Criminal History Checks                            | 470,050          | 940,100           | 470,050          | 940,100           | 940,100           | 1,880,200         | -        | -        |
| 18 EBT Infrastructure and IBC                         | 1,615,354        | 3,326,563         | 2,033,154        | 4,207,011         | 3,648,508         | 7,533,574         | 7.6      | 7.6      |
| 19 Restore Medicaid and CHIP Rates                    | 115,994,588      | 296,383,147       | 119,623,067      | 306,944,817       | 235,617,655       | 603,327,963       | -        | -        |
| 20 Fund Private Urban Hospital UPL                    | 27,000,000       | 68,702,290        | 27,000,000       | 69,000,767        | 54,000,000        | 137,703,057       | -        | -        |
| 21 Replace Non Recurring IGT                          | 58,500,000       | -                 | 58,500,000       | -                 | 117,000,000       | -                 | -        | -        |
| 22 Funding Hospital Financing IGT                     | 26,338,708       | -                 | 26,338,708       | -                 | 52,677,416        | -                 | -        | -        |
| 23 State Funding for Graduate Medical Education (GME) | 40,500,000       | 103,053,435       | 40,500,000       | 103,501,150       | 81,000,000        | 206,554,585       | -        | -        |
| <b>Total Exceptional Items</b>                        | \$ 1,035,999,874 | \$ 2,829,575,549  | \$ 1,599,363,188 | \$ 3,847,500,481  | \$ 2,635,363,061  | \$ 6,677,076,029  | 1,204.4  | 1,352.0  |
| <b>Grand Total of Request with Exceptional Items</b>  | \$ 6,453,003,086 | \$ 18,513,632,609 | \$ 7,193,703,342 | \$ 19,835,836,272 | \$ 13,646,706,427 | \$ 38,349,468,880 | 10,433.5 | 10,581.1 |



# Key Measures Comparison

| Select Performance Measures   | Estimated  | Budgeted   | Recommended |            | Exceptional Item |            |
|---|------------|------------|-------------|------------|------------------|------------|
|   | FY2006     | FY2007     | FY2008      | FY2009     | FY2008           | FY 2009    |
| <b>Goal B</b>   |            |            |             |            |                  |            |
| Average Medicaid Acute Care (& STAR+PLUS) Recipient Months Per Month        | 2,783,285  | 2,801,009  | 2,865,192   | 2,939,751  | 2,919,495        | 3,025,607  |
| Average Medicaid Acute Care (& STAR+PLUS) Cost Per Recipient Month          | \$ 204.94  | \$ 207.62  | \$ 208.95   | \$ 209.44  | \$ 231.99        | \$ 241.79  |
| Strategy B.2.2 Total Medicaid Prescriptions Incurred                        | 38,800,769 | 27,257,054 | 28,163,154  | 29,083,675 | 28,570,454       | 29,819,068 |
| <b>Goal C</b>   |            |            |             |            |                  |            |
| Average CHIP Program Recipient Months Per Month                             | 308,762    | 393,802    | 440,677     | 460,225    | 440,677          | 460,225    |
| Average CHIP Program Benefit Cost w/o Rx Recipient Months Per Month         | \$ 83.24   | \$ 97.39   | \$ 97.38    | \$ 97.38   | \$ 100.60        | \$ 104.80  |
| Strategy C.1.4 Average CHIP Programs Benefit Cost with Prescription Benefit | 105.32     | 121.67     | \$ 121.66   | \$ 121.65  | \$ 121.66        | \$ 121.65  |
| Strategy C.1.4 Average Perinate Recipient Months Per Month                  | -          | 70,193     | 95,480      | 101,977    | 95,480           | 101,977    |
| <b>Goal D</b>   |            |            |             |            |                  |            |
| Strategy D.1.1 Average Number of TANF Recipients Per Month                  | 163,769    | 137,068    | 131,820     | 131,820    | 157,010          | 163,616    |
| Strategy D.1.1 Average Number of TANF State-paid Recipients Per Month       | 8,858      | 6,456      | 5,488       | 5,488      | 7,442            | 7,755      |
| Strategy D.2.1 Number of Women and Children Served                          | 81,159     | 87,102     | 87,102      | 87,102     | 90,102           | 90,102     |

## Exceptional Item # 1

### Maintain Medicaid Cost Trends for FY 2008-09

This request is to maintain current services for cost and caseload growth over the assumptions in the appropriations bill as introduced. The overall client services cost growth trend for fiscal year 2008 is 7.1 percent and 6.4 percent for fiscal year 2009 including long-term care costs for STAR+PLUS expansion and drug costs. Additional caseload growth is assumed in fiscal 2008 and fiscal 2009 to be 54,303 and 85,856 average recipient months per month, respectively.

- Acute care medical costs, which include all inpatient and outpatient hospital costs, and all HMO premium payments for the Medicaid Risk Groups and STAR+PLUS account for approximately 57 percent of this exceptional item. Acute care medical costs grow at a rate of approximately 5.5 percent each year of the biennium.

- Vendor drug costs account for 15 percent of the cost growth from fiscal year 2007 to the 2008-09 biennium -- a 10 percent growth rate in 2008 and 11 percent in 2009.

| MOF<br>(\$ in millions) | FY 2008   | FY 2009   | Totals    |
|-------------------------|-----------|-----------|-----------|
| GR Related              | \$543.7   | \$984.6   | \$1,528.3 |
| All Funds               | \$1,831.5 | \$2,551.4 | \$4,382.9 |

|             |  |  |     |
|-------------|--|--|-----|
| <b>FTEs</b> |  |  | N/A |
|-------------|--|--|-----|

| Program Impact                                      | FY 2008 | FY 2009 | Totals |
|---|---------|---------|--------|
| Avg. Medicaid Acute Care Recipient Months per Month | 54,303  | 85,856  |        |
| Avg. Medicaid Acute Care Cost per Recipient Month   | \$23.04 | \$32.35 |        |
|   |         |         |        |

## Exceptional Item # 2

### Maintain CHIP Cost Trends for FY 2008-09

This request would maintain current services funding for CHIP. This request includes the anticipated incremental cost increases above 2007 levels assumed in the bill as introduced. No additional changes were assumed in the CHIP caseload.

Client services in the CHIP program are paid through a capitated rate. Client services include acute care medical services and dental benefits, which were added back into the CHIP program in fiscal year 2006. Funding assumes the projected EFMAP of 72.37 percent for FY 2008 and 72.00 percent for FY 2009 as adjusted for state fiscal years.

| <b>MOF<br/>(\$ in millions)</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|---------------------------------|----------------|----------------|---------------|
| GR Related                      | \$19.3         | \$31.6         | \$50.9        |
| All Funds                       | \$64.0         | \$101.6        | \$165.6       |

|             |  |  |     |
|-------------|--|--|-----|
| <b>FTEs</b> |  |  | N/A |
|-------------|--|--|-----|

| <b>Program<br/>Impact</b>                                    | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|--|----------------|----------------|---------------|
| Avg. CHIP Programs Benefit Cost without Prescription Benefit | \$3.22         | \$7.43         |               |
|  |                |                |               |
|  |                |                |               |
|  |                |                |               |

## Exceptional Item # 3

### Maintain OES Staffing and Support Costs

This request would maintain current staffing in the Office of Eligibility Services of 7,200 positions and reflects the anticipated reduction in the IEE/TIERS contract. It also adjusts costs between FY 2008 and FY 2009 to reflect the anticipated variance in IEE/TIERS contract payments between the two years of the biennium.

This request also takes into account the recommendation in the bill, as introduced, to fund the cash assistance program to TANF two-parent families with unmatched GR, estimated at \$3.1 million GR for the biennium. The eligibility determination costs for these families could no longer be matched with either federal TANF or TANF MOE.

| <b>MOF<br/>(\$ in millions)</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|---------------------------------|----------------|----------------|---------------|
| GR Related                      | \$18.5         | \$(1.2)        | \$17.3        |
| All Funds                       | \$37.2         | \$(4.6)        | \$32.6        |

|             |       |       |     |
|-------------|-------|-------|-----|
| <b>FTEs</b> | 805.6 | 805.6 | N/A |
|-------------|-------|-------|-----|

| <b>Program Impact</b>                  | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|--|----------------|----------------|---------------|
| Average Monthly Number of Case Actions | 3,827          | 3,750          |               |
|  |                |                |               |
|  |                |                |               |
|  |                |                |               |
|  |                |                |               |
|  |                |                |               |

## Exceptional Item # 4

### Wait/Interest Lists – Demographic Growth

This exceptional item requests funding to continue the effort to reduce/eliminate waiting or interest lists for programs 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. Assumes services will increase in proportion to the FY 2007 to FY 2009 demographic growth rate. All are phased in at 25 percent in the first year of the biennium and 75 percent in the second year. Includes funding for 23.1 FTEs in FY 2008 and 46.9 FTEs in FY 2009. Incremental acute care and prescription drug costs are assumed for all programs except non-Medicaid services and In Home and Family Support. \$32.2 million GR and \$72.1 million All Funds.

DARS – Comprehensive Rehabilitation Services and Independent Living Services. \$1.8 million GR and All Funds.

DSHS – Adult Community Mental Health, Child and Adolescent Community Mental Health, and Children with Special Health Care Needs (CSHCN). \$25.4 million GR and All Funds.

| <b>MOF<br/>(\$ in millions)</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|---------------------------------|----------------|----------------|---------------|
| GR Related                      | \$17.5         | \$41.9         | \$59.4        |
| All Funds                       | \$27.6         | \$71.7         | \$99.3        |

|             |      |      |     |
|-------------|------|------|-----|
| <b>FTEs</b> | 23.1 | 46.9 | N/A |
|-------------|------|------|-----|

| <b>Program Impact</b>   | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|---|----------------|----------------|---------------|
| Avg. Number of Clients Served CBA Waiver (DADS)                                   | 327            | 981            | N/A           |
| Avg. Number of Clients Served per Month - CLASS (DADS)                            | 41             | 124            | N/A           |
| Avg. Monthly Number of Consumers Receiving Home & Community-Based Services (DADS) | 149            | 446            | N/A           |
| Number of People Receiving CRS and IL Services (DARS)                             | 90             | 119            | N/A           |
| Number of CSHCN Clients Receiving Medical Services (DSHS)                         | 55             | 55             | N/A           |

Reference Appendix A1 for additional information.

## Exceptional Item # 5 Fund *Alberto N* Settlement

This request would address the requirements of Alberto N. vs. Hawkins lawsuit settlement which was filed in 1999. The plaintiffs are children with disabilities and chronic health conditions who alleged they have been denied medically necessary in-home Medicaid services.

These services include private duty nursing (PDN), personal care services and durable medical equipment (DME). There was an initial settlement in 2002 and a final settlement agreement was reached and approved by the Court in June 2005.

Requested funding would provide for additional hours of private duty nursing, additional hours of primary home care services. The settlement agreement would 1) provide all medically necessary DME, nursing services (either through a home health skilled nurse or a private duty nurse provided through the Comprehensive Care Program at HHSC; 2) provide all necessary personal care services, taking into consideration the parent's needs and competencies; 3) eliminate diagnosis-based criteria for services; 4) revise the method for calculating and allocating the number of PDN and personal care services

| MOF<br>(\$ in millions) | FY 2008 | FY 2009 | Totals  |
|-------------------------|---------|---------|---------|
| GR Related              | \$71.2  | \$78.0  | \$149.2 |
| All Funds               | \$180.6 | \$195.1 | \$375.7 |

|             |      |      |     |
|-------------|------|------|-----|
| <b>FTEs</b> | 99.5 | 99.5 | N/A |
|-------------|------|------|-----|

| Program Impact | FY 2008 | FY 2009 | Totals |
|----------------|---------|---------|--------|
|                |         |         |        |
|                |         |         |        |
|                |         |         |        |

hours; and 5) coordinate nursing and personal care services hours. The State would also be permitted to make changes to the agreement based on changes in federal or state law. Implementation would begin in FY 2007. Amounts exclude any provider rate increases related to this case.

The new FTEs will be at the Department of State Health Services (DSHS) and 57.5 FTEs are required for the assessment requirements and 42 New FTEs would be required for case management.



## Exceptional Item # 6

### Maintain TANF Cash Assistance Caseload

This exceptional item would fully fund the projected caseload of the TANF cash assistance program as well as the two-parent families over the assumptions in the General Appropriations Bill as introduced. The General Revenue request would fund the additional caseload for two-parent program. Additional TANF federal funds requested would fund the additional caseload for TANF basic cash assistance.

Section 13.03 in Article IX would authorize HHSC to request additional TANF federal authority should caseloads increase over appropriated levels, depending upon the availability of those federal TANF balances.

| <b>MOF<br/>(\$ in millions)</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|---------------------------------|----------------|----------------|---------------|
| GR Related                      | \$1.4          | \$1.8          | \$3.2         |
| All Funds                       | \$22.2         | \$28.2         | \$50.4        |

|             |  |  |     |
|-------------|--|--|-----|
| <b>FTEs</b> |  |  | N/A |
|-------------|--|--|-----|

| <b>Program Impact</b>                    | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|--|----------------|----------------|---------------|
| Avg. Number of TANF Recipient per month  | 25,190         | 31,796         | N/A           |
| Avg. number of TANF State-paid per month | 1,954          | 2,267          | N/A           |
|  |                |                |               |
|  |                |                |               |

## Exceptional Item # 7 Maintain HIPAA Compliance

This request would continue HIPAA (Health Insurance Portability and Administration Act) Initiatives that ensure compliance with federal regulations regarding healthcare claims processing. This funding would allow for standardization of electronic claims attachments and the update of federal coding (diagnosis and inpatient procedure codes).

This is also a capital funding request. Funding for this phase of the project is matched at different match rates.

| <b>MOF<br/>(\$ in millions)</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|---------------------------------|----------------|----------------|---------------|
| GR Related                      | \$2.6          | \$2.6          | \$5.2         |
| All Funds                       | \$7.5          | \$7.5          | \$15.0        |

|             |  |  |     |
|-------------|--|--|-----|
| <b>FTEs</b> |  |  | N/A |
|-------------|--|--|-----|

| <b>Program<br/>Impact</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|---------------------------|----------------|----------------|---------------|
|                           |                |                |               |
|                           |                |                |               |
|                           |                |                |               |
|                           |                |                |               |
|                           |                |                |               |
|                           |                |                |               |
|                           |                |                |               |
|                           |                |                |               |
|                           |                |                |               |

## Exceptional Item # 8 Reduce Waiting/Interest Lists

This exceptional item requests funding to continue the effort to reduce/eliminate waiting or interest lists for programs 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. All are phased in at 25% in the first year of the biennium and 75% in the second year. Includes funding for 70.1 FTEs in FY 2008 and 139.9 FTEs in FY 2009. Incremental acute care and prescription drug costs are assumed for all programs except non-Medicaid services and In Home and Family Support. \$168.7 million GR and \$414.4 million All Funds.

DARS – Comprehensive Rehabilitation Services and Independent Living Services. \$9.3 million GR and All Funds.

DSHS – Adult Community Mental Health, Child and Adolescent Community Mental Health, and Children with Special Health Care Needs (CSHCN). \$14.9 million GR and All Funds.

| <b>MOF<br/>(\$ in millions)</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|---------------------------------|----------------|----------------|---------------|
| GR Related                      | \$51.7         | \$141.2        | \$192.9       |
| All Funds                       | \$113.7        | \$324.9        | \$438.6       |

|             |      |       |     |
|-------------|------|-------|-----|
| <b>FTEs</b> | 70.1 | 139.9 | N/A |
|-------------|------|-------|-----|

| <b>Program Impact</b>   | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|---|----------------|----------------|---------------|
| Avg. Number of Clients Served CBA Waiver (DADS)                                   | 671            | 2,014          | N/A           |
| Avg. Number of Clients Served per Month - CLASS (DADS)                            | 303            | 908            | N/A           |
| Avg. Monthly Number of Consumers Receiving Home & Community-Based Services (DADS) | 1,382          | 4,147          | N/A           |
| Number of People Receiving CRS and IL Services (DARS)                             | 549            | 550            | N/A           |
| Number of CSHCN Clients Receiving Medical Services (DSHS)                         | 524            | 524            | N/A           |

Reference Appendix A2 for additional information.

## Exceptional Item # 9

### Increase Office of Inspector General (OIG) Support

This funding would provide additional staff required in the Office of Inspector General (OIG) and enable the OIG to address increasing workloads as a result of rule changes expanding OIG responsibilities, the Federal Deficit Reduction Act of 2005, fraud and hotline referrals, and implementation of the Texas Homeland Security Strategic Plan.

Some specific areas include 15 new auditors and 16 professional medical staff for Quality Control and Compliance, 15 investigators and staff to support Medicaid Program Integrity, 15 investigators to screen and investigate hotline referrals.

The funding request includes not only the state funding matched directly by Medicaid at HHSC (\$2.6 million GR) but also \$1.5 million GR and \$2.9 million AF for the other four HHS agencies for their related investigation costs. Other HHSC funding of \$1.0 million GR crosses over multiple funding sources.

| MOF<br>(\$ in<br>millions) | FY 2008 | FY 2009 | Totals |
|----------------------------|---------|---------|--------|
| GR Related                 | \$3.3   | \$3.3   | \$6.6  |
| All Funds                  | \$8.1   | \$8.1   | \$16.2 |

|             |      |      |     |
|-------------|------|------|-----|
| <b>FTEs</b> | 85.0 | 85.0 | N/A |
|-------------|------|------|-----|

| Program<br>Impact | FY 2008 | FY 2009 | Totals |
|-------------------|---------|---------|--------|
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## Exceptional Item # 10

### Expand Breast and Cervical Cancer Program

This request would expand the Texas Breast and Cervical Cancer Control (BCCC) Program to include all women in need regardless of the site at which they receive their cancer diagnosis.

The caseload impact of this expansion would be a caseload increase of 1,179 additional women in FY 2008 and 1,197 in FY 2009. As treatment may carry-over past the fiscal year, this estimate assumes that 590 of the women who enter the expansion program in FY 2008 continue in treatment through FY 2009.

The federal financial participation match rate is assumed at 72.49 percent for treatment, however, an estimated \$2,318,621 in FY 2008 and \$2,454,596 in FY 2009 for diagnostic services would not be eligible for federal match due to the existing CDC grant.

The 2 FTEs would be increases in the Office of Eligibility Services for eligibility workers to process the increased caseload.

| <b>MOF<br/>(\$ in millions)</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|---------------------------------|----------------|----------------|---------------|
| GR Related                      | \$8.0          | \$11.3         | \$19.3        |
| All Funds                       | \$22.7         | \$34.6         | \$57.3        |

|             |     |     |     |
|-------------|-----|-----|-----|
| <b>FTEs</b> | 2.0 | 2.0 | N/A |
|-------------|-----|-----|-----|

| <b>Program Impact</b>                                | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|--|----------------|----------------|---------------|
| Unduplicated<br>Additional Clients<br>Post-Expansion | 1,179          | 1,197          |               |
|  |                |                |               |
|  |                |                |               |

## Exceptional Item # 11 Expand Family Violence Services

This request would provide additional funding to improve family violence services in underserved areas of the state and help the Family Violence Program achieve its goal of promoting self-sufficiency, safety, and long-term independence from family violence.

To achieve programmatic goals, HHSC requests exceptional item funding to expand and increase services in the following targeted service areas:

Primary Prevention services that would employ a variety of methods to prevent domestic violence before it occurs. These methods may include both school and community based educational opportunities and prevention of dating violence and bullying.

Transitional Housing services would enable shelters to serve additional clients in crisis by moving clients with less immediate and acute needs into transitional housing.

Legal Services would provide clients with additional assistance in such areas as protective orders, custody disputes, and court appearances.

| \$<br>(in millions) | FY 2008 | FY 2009 | Total<br>Biennium |
|---------------------|---------|---------|-------------------|
| Gen Rev             | \$1.0   | \$1.0   | \$2.0             |
| All Funds           | \$1.0   | \$1.0   | \$2.0             |

|             |  |  |     |
|-------------|--|--|-----|
| <b>FTEs</b> |  |  | N/A |
|-------------|--|--|-----|

| Program<br>Impact                         | FY 2008 | FY 2009 | Total<br>Biennium |
|---|---------|---------|-------------------|
| Number of<br>women and<br>Children Served | 3,000   | 3,000   |                   |
|   |         |         |                   |

Job Training services that support victims in becoming self-sufficient and would include both short and long-term focused training ranging from interviewing skills to assisting victims achieve a college education.

Child Care services that would allow clients to work or attend school in order to become self-sufficient.

## Exceptional Item # 12 Critical Building Maintenance

Several buildings on the Austin State Hospital campus are currently utilized by HHSC and DSHS for administrative offices and enterprise support functions. This request would provide funding to repair and replace existing Life Safety Code deficiencies, missing emergency generators, deteriorated doors and windows, electrical changes, and roofs.

These seven buildings have the potential for renovation and remain viable for this investment at this time. If funding is not secured, the State will probably incur greater future costs for relocation of staff to safer leased property if space in state-owned buildings is unavailable.

This request is not included in any DSHS request for building maintenance and repair of campus hospital facilities.

| MOF<br>(\$ in millions) | FY 2008 | FY 2009 | Totals |
|-------------------------|---------|---------|--------|
| GR Related              | \$1.4   | \$0.0   | \$1.4  |
| All Funds               | \$1.4   | \$0.0   | \$1.4  |

|             |  |  |     |
|-------------|--|--|-----|
| <b>FTEs</b> |  |  | N/A |
|-------------|--|--|-----|

| Program<br>Impact | FY 2008 | FY 2009 | Totals |
|-------------------|---------|---------|--------|
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## Exceptional Item # 13

### Improve HHS Telecommunications & IT

This funding request would support several HHS enterprise initiatives to improve telecommunications and technological systems and security. Requested state funding represents the state share for all five HHS agencies.

The Enterprise Information & IT Asset Management initiative would implement business, asset and IT modeling to capture performance indicators and service level metrics as well as building an on-demand information Management and Data Warehouse capability. This request will fulfill statutory requirements of the 79<sup>th</sup> Legislature stipulated in S.B. 1188, H.B. 2292, and H.B. 151; allow business areas to accurately forecast trends and identify areas for savings; eliminate redundant program reporting applications across HHS programs; provide the capability to respond to changing needs through re-deploying existing workforce and IT assets; provide information about existing IT assets and re-use capability to lower costs for new IT systems. Biennial estimates total \$10.4 million GR and \$20 million All Funds.

The creation of an HHS Security Services Center/Forensics Lab would improve the overall security of HHS IT assets through testing, vulnerability assessments, and

| MOF<br>(\$ in millions) | FY 2008 | FY 2009 | Totals |
|-------------------------|---------|---------|--------|
| GR Related              | \$9.9   | \$11.0  | \$20.9 |
| All Funds               | \$18.7  | \$20.5  | \$39.2 |
| <b>FTEs</b>             |         |         | N/A    |

centralized patch management / vulnerability remediation. Biennial estimates total \$1.2 million GR and \$2.3 million All Funds.

Requested funding would implement Enterprise Identity Management, including single sign-on for all applications needed by an employee and the granting and removal of security accesses based on the position a user is assigned rather than the manual flow of paperwork at the beginning and ending of assignments. Biennial estimates total \$0.7 million GR and \$1.3 million All Funds and would put the HHS Enterprise in compliance with SAO findings.

HHSC would acquire software licenses for application development staff use in developing web-based applications in a Service-Oriented Architecture environment. Biennial estimates total \$0.2 million GR and \$0.4 million All Funds.

The telecommunications enhancement initiative includes regional office PBX enhancements, improved voice mail systems, and the streamlined use of toll-free numbers. The initiative will reduce existing line costs by implementing a seat management approach at an estimated cost of \$35 to \$50 per seat per month. Biennial estimates total \$0.2 million GR and \$0.4 million All Funds.



## Exceptional Item # 14 Facility and Regional Infrastructure

This capital request of \$0.6 million, all funds, is for vehicle replacement for 22 vehicles that will maintain support of DADS State Schools and DSHS State Hospitals as well as HHS regional operations. This request would replace vehicles exceeding the state parameters of mileage in excess of 100,000 miles. Funding would:

- Replace two Trucks and two trailers that deliver frozen food products to the State Schools and Hospitals.
- Replace 2 mini-vans, 2 station wagons, 1 sedan and 1 truck that are currently used by staff at HHSC, DADS and DSHS to provide program and service oversight to State Hospitals and Schools.
- Replace 12 vehicles used in the 11 HHS regions staff for system support tasks. Vehicles are used to deliver mail, office supplies, facilitate moves and support IT tasks.

As the vehicles are depreciated, federal funding would be obtained in future years as Earned Federal Funds.

| MOF<br>(\$ in millions) | FY 2008 | FY 2009 | Totals |
|-------------------------|---------|---------|--------|
| GR Related              | \$0.6   | \$0.0   | \$0.6  |
| All Funds               | \$0.6   | \$0.0   | \$0.6  |

|             |  |  |     |
|-------------|--|--|-----|
| <b>FTEs</b> |  |  | N/A |
|-------------|--|--|-----|

| Program<br>Impact | FY 2008 | FY 2009 | Totals |
|-------------------|---------|---------|--------|
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## Exceptional Item # 15

### Coordination of Health Services

This request would provide staffing and other resources to address the coordination of health services critical to children and individuals with disabilities.

1) Funding would expand the Texas Integrated Funding Initiative (TIFI ) to two additional communities (\$0.3 million annually). This initiative support serious emotionally disturbed children who are at risk of costly out-of-home placements with community and family-based alternatives. TIFI to develop local mental health care systems for children in up to six communities. Four communities have been funded with small amounts of seed money for the past six years and this has provided local entities with the capability of receiving almost \$20 million in federal dollars. These communities have successfully implemented a system change service delivery approach to produce more positive outcomes for children/youth and their families.

2) State funding of \$0.3 million would continue the Early Childhood Comprehensive Systems initiative currently funded through an expiring federal grant to improve communication, coordination and efficiency within and beyond the HHS system of services for children under age six. The funding will support the current FTE and a new FTE, to implement activities across the HHS system, as well as across non-HHS systems, including education and childcare. The additional funding would facilitate a more coordinated and comprehensive

| MOF<br>(\$ in millions) | FY 2008 | FY 2009 | Totals |
|-------------------------|---------|---------|--------|
| GR Related              | \$0.6   | \$0.6   | \$1.2  |
| All Funds               | \$0.6   | \$0.6   | \$1.2  |

|             |     |     |     |
|-------------|-----|-----|-----|
| <b>FTEs</b> | 3.5 | 3.5 | N/A |
|-------------|-----|-----|-----|

system of services that more efficiently meets the needs of children under age six.

3) Funding of \$0.3 million would establish an Office for Acquired Brain Injury to respond to the increasing number of survivors of traumatic brain injuries (TBI), many of whom face lifelong needs for support. This situation is particularly relevant to servicemen and women who are returning war veterans. With changing demographics and an increasing population of individuals who are permanently disabled by brain injury in Texas, there is a critical unmet need for information and care coordination. By assisting them in identifying services; reducing the need for state funding; accessing available federal grants and resources, this would further provide a central point of contact for services to TBI survivors since services required by survivors are at different agencies across the enterprise.

Access to information and services and support is critical and a liaison is needed between state agencies and federal services to prevent service duplication, to address gaps in services, and to ensure that recommended policy changes are based upon accurate data and assessments.

## Exceptional Item # 16

### HHS Nurse Retention and Recruitment

This item is requested on behalf of DADS, DSHS, and HHSC to improve nurse retention and recruitment throughout the HHS system. Turnover rate of 27 percent for Registered Nurses (RN) and 31 percent for Licensed Vocational Nurses (LVN) in HHS agencies are well above the statewide average of 17 percent for all state employees. Likewise, vacancy rate continue to be high in the area at 17 percent for RNs and 10 percent for LVNs. This exceptional item would increase salaries by an average of 15 percent for 1682 RNs and 1,010 LVNs working in HHS agencies, primarily in state mental health hospitals (DSHS), state schools (DADS), the long term care regulatory function (DADS), and nurse investigators in the HHSC OIG as well as in Medicaid. The share by agency totals \$8.7 million GR and \$17.9 million All Funds for DADS, \$23.0 million GR and All Funds for DSHS, and \$0.2 million GR and \$0.9 million All Funds for HHSC.

This request also includes two additional incentives to assist in recruitment and retention of nurses. Educational stipends would to provide the opportunity for current HHS staff to achieve nursing certification in

| <b>MOF<br/>(\$ in millions)</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|---------------------------------|----------------|----------------|---------------|
| GR Related                      | \$14.7         | \$17.3         | \$32.0        |
| All Funds                       | \$19.6         | \$22.3         | \$41.9        |

|             |       |       |     |
|-------------|-------|-------|-----|
| <b>FTEs</b> | 108.0 | 162.0 | N/A |
|-------------|-------|-------|-----|

| <b>Program Impact</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|-----------------------|----------------|----------------|---------------|
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exchange for a commitment to remain with the state for a specified period of time. This stipend would provide salary and education expenses to support 50 staff pursuing LVN certification, 50 associate RNs, 4 bachelors' - level RNs, and 4 master's level nurses each year. Additionally, a set allocation of \$150 would reimburse nurses for license renewal and/or continuing education cost.

## Exceptional Item # 17 Criminal History Checks

Effective December 1, 2005, the Office of Inspector General's Medical Provider Integrity Unit (MPI) began conducting criminal history checks on all Medicaid provider applicants, including those with ownership and principal interests, using the Department of Public Safety (DPS) secured website, at a cost of \$1.00 per applicant. This process would be completed in FY 2008.

Future Medicaid applicants, including those with ownership and principal interest, would be subject to a nation-wide criminal history check, at a cost of \$48.95 each, through the DPS vendor Identify Identification Services. Criminal history checks will only be required at the time of enrollment. After completion of the initial criminal history check, OIG would be notified electronically if the provider had been arrested at a later date in any state in the nation.

This funding request is eligible for a 50-50 Medicaid match rate.

| <b>MOF<br/>(\$ in millions)</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|---------------------------------|----------------|----------------|---------------|
| GR Related                      | \$0.5          | \$0.4          | \$0.9         |
| All Funds                       | \$0.9          | \$0.9          | \$1.8         |

|             |  |  |     |
|-------------|--|--|-----|
| <b>FTEs</b> |  |  | N/A |
|-------------|--|--|-----|

| <b>Program Impact</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|-----------------------|----------------|----------------|---------------|
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## Exceptional Item # 18 EBT Infrastructure and IBC

This request would maintain support of the Electronic Benefit Transfer (EBT) system and implement the Integrated Benefits (IBC) Card. Texans receiving TANF cash assistance and Food Stamps obtain their benefits electronically. HHSC uses an EBT system, known as the Lone Star Card, to deliver TANF and Food Stamp benefits. The EBT system has not requested new funding since 1999 and is being reprocured during the 2006-07 biennium. The IBC project would integrate the Lone Star Card with the Medicaid Access Card, allowing clients to use a single card for all target programs and provide a platform for expansion to other programs.

The request of \$6.0 million All Funds and \$2.9 million GR would subsidize the EBT system which has been operating for twelve years with no major updates to the central processing hardware or the operating system. In order to ensure compliance with federal Food Stamp Program requirements, the EBT system needs to be migrated to a platform that is fully supported. Maintenance for one of the key components of the current platform is no longer available in the current environment. Migration to a Unix platform

| MOF<br>(\$ in millions) | FY 2008 | FY 2009 | Totals |
|-------------------------|---------|---------|--------|
| GR Related              | \$1.6   | \$2.0   | \$3.6  |
| All Funds               | \$3.3   | \$4.2   | \$7.5  |

|             |     |     |     |
|-------------|-----|-----|-----|
| <b>FTEs</b> | 7.6 | 7.6 | N/A |
|-------------|-----|-----|-----|

| Program Impact | FY 2008 | FY 2009 | Totals |
|----------------|---------|---------|--------|
|                |         |         |        |
|                |         |         |        |

would resolve this issue as well as improve overall system performance and reliability. An additional advantage is that the new system may be easily scaled to adjust to changes in volume or to expand services and programs covered by the Lone Star Card. Funding would also cover variable contract costs such as transaction fees, card issuance and increased call center activity, associated with caseload growth.

The IBC implementation would consolidate cared management functions and would provide savings in future biennia for program operations, card issuance, replacement, and storage. It would provide greater convenience and security for clients and providers. Estimated cost is \$1.5 million All Funds and \$0.7 million GR.

## Exceptional Item # 19 Restore Medicaid and CHIP Rates

This request would restore rate reductions incurred in the 2004-05 biennium from FY 2003 levels - 2.5 percent for medical professionals and 5.0 percent for hospitals. These funds would be used to cover increases in both Fee-for-Service (the traditional health care payment system, where physicians and other providers receive a payment for each unit of service provided) and Managed Care (a system in which the overall care of a patient is overseen by a single provider or organization) delivery models.

Costs associated with Medicaid rate restoration total \$230.5 million GR (\$126.7 million for inpatient hospital, \$16.6 million for outpatient hospital, \$43.1 million for medical professionals, \$3.7 million for pharmacists' dispensing fee, \$1.7 million for ambulance and \$38.8 million for managed care.)

The costs associated with CHIP restoration total \$5.1 million GR for managed care.

| MOF<br>(\$ in millions) | FY 2008 | FY 2009 | Totals  |
|-------------------------|---------|---------|---------|
| GR Related              | \$116.0 | \$119.6 | \$235.6 |
| All Funds               | \$296.4 | \$307.0 | \$603.3 |

|             |  |  |     |
|-------------|--|--|-----|
| <b>FTEs</b> |  |  | N/A |
|-------------|--|--|-----|

| Program Impact   | FY 2008  | FY 2009  | Totals |
|--|----------|----------|--------|
| Avg. CHIP Programs Benefit Cost with Prescription Benefits | \$168.73 | \$180.45 |        |
| Avg. Medicaid Acute Care Cost per RM                       | \$247.38 | \$258.62 |        |
|  |          |          |        |
|  |          |          |        |

## Exceptional Item # 20

### Fund Private Urban Hospital UPL

This request would fund payments to private urban hospitals under the Upper Payment Limit (UPL) Program in the 2008-09 biennium. These payments to high volume hospitals were made during the 2004-05 biennium but no funding was appropriated to continue them during the 2006-07 biennium.

| MOF<br>(\$ in millions) | FY 2008 | FY 2009 | Totals  |
|-------------------------|---------|---------|---------|
| GR Related              | \$27.0  | \$27.0  | \$54.0  |
| All Funds               | \$68.7  | \$69.0  | \$137.7 |

|             |  |  |  |
|-------------|--|--|--|
| <b>FTEs</b> |  |  |  |
|-------------|--|--|--|

| Program Impact | FY 2008 | FY 2009 | Totals |
|----------------|---------|---------|--------|
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## Exceptional Item # 21 Replace Non Recurring IGT

This request restores funding to STAR+PLUS providers for a \$58.5 million GR reduction imposed pursuant to S.B. 1, Article II, Special Provisions, Section 49 (79th Legislature) which was a biennial reduction of \$109.5 million GR.

Requesting replacement of GR in lieu of intergovernmental transfers (IGT) from local hospitals would insure that the transfer occurring in FY 2007 would not reoccur during the 2008-2009 biennium.

| <b>MOF<br/>(\$ in millions)</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|---------------------------------|----------------|----------------|---------------|
| GR Related                      | \$58.5         | \$58.5         | \$117.0       |
| All Funds                       | \$0.0          | \$0.0          | \$0.0         |

|             |  |  |     |
|-------------|--|--|-----|
| <b>FTEs</b> |  |  | N/A |
|-------------|--|--|-----|

| <b>Program<br/>Impact</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>Totals</b> |
|---------------------------|----------------|----------------|---------------|
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## Exceptional Item # 22

### Fund Hospital Financing for IGT

General Revenue funds are requested in lieu of intergovernmental transfers (IGTs) that were assumed in the baseline request from public hospitals as a revenue source to draw down federal funds.

In order to minimize the impact of required provider rate reductions in recent years, the agency was authorized to use IGTs - fund exchanges among or between different levels of government.

| MOF<br>(\$ in millions) | FY 2008 | FY 2009 | Totals |
|-------------------------|---------|---------|--------|
| GR Related              | \$26.3  | \$26.4  | \$52.6 |
| All Funds               |         |         |        |

|             |  |  |     |
|-------------|--|--|-----|
| <b>FTEs</b> |  |  | N/A |
|-------------|--|--|-----|

| Program<br>Impact | FY 2008 | FY 2009 | Totals |
|-------------------|---------|---------|--------|
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## Exceptional Item # 23

### State Funding for GME

This request would provide state funding to support Graduate Medical Education (GME) in teaching hospitals which operate approved medical residency training programs. These teaching hospitals provide physician training, care for the uninsured, conduct medical research, provide highly specialized services, and educate medical students, nurses and other healthcare professionals.


Medicaid GME payments recognize the higher cost incurred by teaching hospitals. Compared to non-teaching hospitals, teaching hospitals treat patients with more complex conditions and provide patient care that is more intensive and technologically sophisticated.

| MOF<br>(\$ in millions) | FY 2008 | FY 2009 | Totals  |
|-------------------------|---------|---------|---------|
| GR Related              | \$40.5  | \$40.5  | \$81.0  |
| All Funds               | \$103.1 | \$103.5 | \$206.6 |

|             |  |  |     |
|-------------|--|--|-----|
| <b>FTEs</b> |  |  | N/A |
|-------------|--|--|-----|

| Program Impact | FY 2008 | FY 2009 | Totals |
|----------------|---------|---------|--------|
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**Appendix A1**


|  |                                   |                         |                         |                                   |                         |                         | <b>FY 2008-2009 LAR</b><br><i>(dollars in millions)</i> |                         |                         |
|---|-----------------------------------|-------------------------|-------------------------|-----------------------------------|-------------------------|-------------------------|---|-------------------------|-------------------------|
| <b>Keep Pace with Population Growth</b>   | <b>FY 2008</b>                    |                         |                         | <b>FY 2009</b>                    |                         |                         | <b>Biennium</b>   |                         |                         |
|   | <b>Avg. Caseload <sup>1</sup></b> | <b>GR (\$ millions)</b> | <b>AF (\$ millions)</b> | <b>Avg. Caseload <sup>1</sup></b> | <b>GR (\$ millions)</b> | <b>AF (\$ millions)</b> | <b>Total Caseload</b>                                   | <b>GR (\$ millions)</b> | <b>AF (\$ millions)</b> |
| Community Based Alternatives (CBA)  | 327                               | \$2.3                   | \$5.7                   | 981                               | \$6.8                   | \$16.6                  | 1,308   | \$9.1                   | \$22.3                  |
| Comm. Living Asst. & Supp. Svcs. (CLASS)  | 41                                | \$0.7                   | \$1.7                   | 124                               | \$2.1                   | \$5.2                   | 165   | \$2.8                   | \$6.9                   |
| Medically Dep. Children's Program (MDCP)  | 28                                | \$0.7                   | \$1.7                   | 83                                | \$2.1                   | \$5.2                   | 111   | \$2.8                   | \$6.9                   |
| Consolidated Waiver Program (CWP) <sup>2</sup>                                    | 3                                 | \$0.0                   | \$0.1                   | 8                                 | \$0.1                   | \$0.3                   | 11  | \$0.1                   | \$0.4                   |
| Deaf-Blind w/ Mult. Disab. Waiver (DBMD)  | 2                                 | \$0.0                   | \$0.1                   | 5                                 | \$0.1                   | \$0.3                   | 7   | \$0.1                   | \$0.4                   |
| Non-Medicaid Services <sup>3</sup>  | 557                               | \$1.3                   | \$1.3                   | 1,671                             | \$3.8                   | \$3.8                   | 2,228   | \$5.1                   | \$5.1                   |
| In-Home & Family Support  | 47                                | \$0.1                   | \$0.1                   | 140                               | \$0.2                   | \$0.2                   | 187   | \$0.3                   | \$0.3                   |
| Home and Community-Based Svcs. (HCS)  | 149                               | \$2.6                   | \$6.6                   | 446                               | \$7.9                   | \$19.7                  | 595   | \$10.5                  | \$26.3                  |
| Texas Home Living (TxHmL)   | 35                                | \$0.4                   | \$0.9                   | 104                               | \$1.0                   | \$2.6                   | 139   | \$1.4                   | \$3.5                   |
| Adult Community Mental Health   | 2,304                             | \$6.1                   | \$6.1                   | 2,304                             | \$12.1                  | \$12.1                  | 4,608   | \$18.2                  | \$18.2                  |
| Child & Adolesc. Community Mental Health  | 311                               | \$1.6                   | \$1.6                   | 311                               | \$3.2                   | \$3.2                   | 622   | \$4.8                   | \$4.8                   |
| Children with Special Health Care Needs (CSHCN)                                   | 55                                | \$0.8                   | \$0.8                   | 55                                | \$1.6                   | \$1.6                   | 110   | \$2.4                   | \$2.4                   |
| Comprehensive Rehabilitative Services   | 19                                | \$0.6                   | \$0.6                   | 17                                | \$0.6                   | \$0.6                   | 36  | \$1.2                   | \$1.2                   |
| Independent Living Services   | 71                                | \$0.3                   | \$0.3                   | 102                               | \$0.3                   | \$0.3                   | 173   | \$0.6                   | \$0.6                   |
| <b>Subtotal</b>   | <b>3,949</b>                      | <b>\$17.5</b>           | <b>\$27.6</b>           | <b>6,351</b>                      | <b>\$41.9</b>           | <b>\$71.7</b>           | <b>10,300</b>   | <b>\$59.4</b>           | <b>\$99.3</b>           |

<sup>1</sup> Average Caseload is an average monthly figure except for Adult Community Mental Health, Child and Adolescent Community Mental Health, Children with Special Health Care Needs, Comprehensive Rehabilitative Services, and Independent Living Services, for which Average Caseload is an annual figure.

<sup>2</sup> CWP draws from waiting/interest lists of five waiver programs: CBA, MDCP, HCS, DBMD, and CLASS.

<sup>3</sup> Non-Medicaid Services include these Title XX and GR funded services: Family Care, Home Delivered Meals, Emergency Response, Adult Foster Care, Special Svcs. for Persons with Disabilities, Residential Care, Client Managed Attendant Care, and Title XX Day Activity & Health Services (DAHS). Waiting / interest List count is a duplicated count of these services.

## Appendix A2

|  |                            |                  |                  |                            |                  |                  | <b>FY 2008-2009 LAR</b><br><i>(dollars in millions)</i> |                  |                  |
|--|----------------------------|------------------|------------------|----------------------------|------------------|------------------|---|------------------|------------------|
| Reduce Waiting / Interest Lists  | FY 2008                    |                  |                  | FY 2009                    |                  |                  | Biennium  |                  |                  |
|  | Avg. Caseload <sup>1</sup> | GR (\$ millions) | AF (\$ millions) | Avg. Caseload <sup>1</sup> | GR (\$ millions) | AF (\$ millions) | Total Caseload  | GR (\$ millions) | AF (\$ millions) |
| Community Based Alternatives (CBA)   | 671                        | \$4.8            | \$11.7           | 2,014                      | \$13.9           | \$34.0           | 2,685   | \$18.7           | \$45.7           |
| Comm. Living Asst. & Supp. Svcs. (CLASS)   | 303                        | \$5.0            | \$12.7           | 908                        | \$15.3           | \$38.2           | 1,211   | \$20.3           | \$50.9           |
| Medically Dep. Children's Program (MDCP)   | 214                        | \$5.2            | \$13.1           | 643                        | \$16.1           | \$40.0           | 857   | \$21.3           | \$53.1           |
| Consolidated Waiver Program (CWP) <sup>2</sup>                                   | -                          | \$0.0            | \$0.0            | -                          | \$0.0            | \$0.0            | -   | \$0.0            | \$0.0            |
| Deaf-Blind w/ Mult. Disab. Waiver (DBMD)   | 1                          | \$0.0            | \$0.1            | 2                          | \$0.0            | \$0.1            | 3   | \$0.0            | \$0.2            |
| Non-Medicaid Services <sup>3</sup>   | 221                        | \$0.5            | \$0.5            | 662                        | \$1.5            | \$1.5            | 883   | \$2.0            | \$2.0            |
| In-Home & Family Support   | 377                        | \$0.7            | \$0.7            | 1,130                      | \$1.8            | \$1.8            | 1,507   | \$2.5            | \$2.5            |
| Home and Community-Based Svcs. (HCS)   | 1,382                      | \$24.4           | \$61.5           | 4,147                      | \$73.2           | \$182.8          | 5,529   | \$97.6           | \$244.3          |
| Texas Home Living (TxHmL)  | 158                        | \$1.6            | \$3.9            | 475                        | \$4.7            | \$11.8           | 633   | \$6.3            | \$15.7           |
| Adult Community Mental Health  | 1,325                      | \$3.5            | \$3.5            | 1,325                      | \$7.0            | \$7.0            | 2,650   | \$10.5           | \$10.5           |
| Child & Adolesc. Community Mental Health   | 144                        | \$0.7            | \$0.7            | 144                        | \$1.5            | \$1.5            | 288   | \$2.2            | \$2.2            |
| Children with Special Health Care Needs (CSHCN)                                  | 524                        | \$0.7            | \$0.7            | 524                        | \$1.5            | \$1.5            | 1,048   | \$2.2            | \$2.2            |
| Comprehensive Rehabilitative Services  | 91                         | \$3.1            | \$3.1            | 92                         | \$3.2            | \$3.2            | 183   | \$6.3            | \$6.3            |
| Independent Living Services  | 458                        | \$1.5            | \$1.5            | 458                        | \$1.5            | \$1.5            | 916   | \$3.0            | \$3.0            |
| <b>Subtotal</b>  | <b>5,869</b>               | <b>\$51.7</b>    | <b>\$113.7</b>   | <b>12,524</b>              | <b>\$141.2</b>   | <b>\$324.9</b>   | <b>18,393</b>   | <b>\$192.9</b>   | <b>\$438.6</b>   |
| <b>Total Request</b>   | <b>9,818</b>               | <b>\$69.2</b>    | <b>\$141.3</b>   | <b>18,875</b>              | <b>\$183.1</b>   | <b>\$396.6</b>   | <b>28,693</b>   | <b>\$252.3</b>   | <b>\$537.9</b>   |

<sup>1</sup> Average Caseload is an average monthly figure except for Adult Community Mental Health, Child and Adolescent Community Mental Health, Children with Special Health Care Needs, Comprehensive Rehabilitative Services, and Independent Living Services, for which Average Caseload is an annual figure.

<sup>2</sup> CWP draws from waiting/interest lists of five waiver programs: CBA, MDCP, HCS, DBMD, and CLASS.

<sup>3</sup> Non-Medicaid Services include these Title XX and GR funded services: Family Care, Home Delivered Meals, Emergency Response, Adult Foster Care, Special Svcs. for Persons with Disabilities, Residential Care, Client Managed Attendant Care, and Title XX Day Activity & Health Services (DAHS). Waiting / interest List count is a duplicated count of these services.

## Appendix B1

### Rate Histories and Rate Change Impacts

**KEY -** A - Access based  
 B - Based on rates from other Medicaid programs  
 BR - Blue Ribbon File of Claims Data  
 CD - Percent of claims data - trend to FY 08/09  
 CR - Cost Reports used for prospective rate - trend to FY 08/09  
 CS - Cost Reports used for interim rate and cost settlement - trend to FY 08/09  
 T - Trending from current rate to FY 08/09  
 M - Based on Medicare rates  
 PA - Pro forma analysis

| Program by Budget Agency                                    | Date of Last Rate Increase (other than rate restoration)                                     | Percent of Last Rate Increase (other than rate restoration)                        | Percent of Rate Reduction FY03-04 | Percent of Rate Reduction Restored | Method of Determining Rate Change | Incremental Cost of 1 Percent Rate Increase |           |           |           |
|---|--|--|-----------------------------------|------------------------------------|-----------------------------------|---|-----------|-----------|-----------|
|   |  |  |                                   |                                    |                                   | 2008  |           | 2009      |           |
|   |  |  |                                   |                                    |                                   | AF  | GR        | AF        | GR        |
| <b>DADS</b>   |  |  |                                   |                                    |                                   |   |           |           |           |
| Access and Intake - Mental Retardation Service Coordination | SFY 2002   | 2.00%  | 1.75%                             | 0.00%                              | CS                                | 0   | 0         | 0         | 0         |
| Community Attendant Services                                | 9/1/2000   | 1.20%  | 1.10%                             | 1.10%                              | CR                                | 3,742,208                                   | 1,470,688 | 4,056,264 | 1,587,216 |
| Community Based Alternatives                                | 9/1/2000   | 2.20%  | 1.10%                             | 1.10%                              | CR                                | 3,727,036                                   | 1,464,725 | 3,727,036 | 1,458,389 |
| Community Living Assistance and Support Services            | 9/1/2002   | 0.04%  | 1.10%                             | 0.00%                              | CR                                | 1,283,740                                   | 504,510   | 1,291,456 | 505,347   |
| Consolidated Waiver Program                                 | 9/1/2000   | 2.20%  | 1.10%                             | 1.10%                              | B                                 | 39,317                                      | 15,452    | 39,317    | 15,385    |
| Day Activity and Health Services - Title XIX                | 9/1/2002   | 1.30%  | 1.10%                             | 1.10%                              | CR                                | 979,600                                     | 384,983   | 1,013,306 | 396,507   |
| Deaf-Blind Multiple Disabilities                            | 9/1/2002   | 0.04%  | 1.10%                             | 1.10%                              | B                                 | 72,493                                      | 28,490    | 72,493    | 28,366    |
| Home and Community-based Services                           | 9/1/1998 - all services;<br>9/1/2001 - services with direct care level staff and foster care | 9/1/1998 - 1.25%;<br>9/1/2001 - various from decrease of 4.4% to increase of 3.23% | 1.10%                             | 0.00%                              | CR                                | 4,816,216                                   | 1,892,773 | 4,816,216 | 1,884,585 |
| Hospice Payments (NF Related Only)                          | 1/1/2006   | 11.75%   | 1.75%                             | 1.75%                              | B                                 | 1,673,358                                   | 657,630   | 1,821,998 | 712,948   |

## Appendix B1

| Program by Budget Agency                          | Date of Last Rate Increase (other than rate restoration) | Percent of Last Rate Increase (other than rate restoration) | Percent of Rate Reduction FY03-04 | Percent of Rate Reduction Restored | Method of Determining Rate Change | Incremental Cost of 1 Percent Rate Increase    |                   |                   |                   |
|---|--|---|-----------------------------------|------------------------------------|-----------------------------------|--|-------------------|-------------------|-------------------|
|   |  |   |                                   |                                    |                                   | 2008   |                   | 2009              |                   |
|   |  |   |                                   |                                    |                                   | AF   | GR                | AF                | GR                |
| <b>DADS (continued)</b>                           |  |   |                                   |                                    |                                   |  |                   |                   |                   |
| Intermediate Care Facilities - Mental Retardation | 9/1/2001 and 11/1/2001                                   | varied between 10% and 13% total increase                   | 1.75%                             | 0.00%                              | CR                                | 3,426,271                                      | 1,346,525         | 3,426,271         | 1,340,700         |
| Medically Dependent Children Program              | 1998   | NA  | 1.10%                             | 1.10%                              | B                                 | 391,805  | 153,979           | 391,805           | 153,313           |
| MR State Schools Services                         | 9/1/2005   | 7.50%   | 0.00%                             | 0.00%                              | CS                                | Increased Operating Costs Included in DADS LAR |                   |                   |                   |
| Non-Medicaid Services - Title XX                  | 9/1/2000   | various   | 0.00%                             | 0.00%                              | CR                                | 736,760  | 736,760           | 736,760           | 736,760           |
| Nursing Facility                                  | 1/1/2006   | 11.75%  | 1.75%                             | 1.75%                              | CR                                | 22,521,880                                     | 8,851,099         | 22,465,540        | 8,790,766         |
| Primary Home Care                                 | 9/1/2000   | 1.20%   | 1.10%                             | 1.10%                              | CR                                | 3,896,804                                      | 1,531,444         | 3,993,880         | 1,562,805         |
| Program of All-inclusive Care for the Elderly     | 1/1/2006   | various   | NA                                | NA                                 | CD                                | 293,387  | 115,301           | 293,387           | 114,802           |
| Promoting Independence Services                   | 9/1/2000   | various   | 1.10%                             | 1.10%                              | B                                 | 903,458  | 355,059           | 966,552           | 378,212           |
| Texas Home Living Waiver                          | 3/1/2004 rates based on HCS                              | 0.00%   | 0.00%                             | 0.00%                              | B                                 | 119,976  | 47,150            | 119,976           | 46,946            |
| <b>Total DADS</b>                                 |  |   |                                   |                                    |                                   | <b>48,624,309</b>                              | <b>19,556,567</b> | <b>49,232,257</b> | <b>19,713,048</b> |
| <b>DARS</b>                                       |  |   |                                   |                                    |                                   |  |                   |                   |                   |
| ECI - Case Mgmt.                                  | FY 2000  | 0.00%   | 0.00%                             | 0.00%                              | CR                                | 0  | 0                 | 0                 | 0                 |
| ECI - Development Rehab Svcs.                     | 4/4/2003   | 63.00%  | 0.00%                             | 0.00%                              | CR                                | 0  | 0                 | 0                 | 0                 |
| <b>Total DARS</b>                                 |  |   |                                   |                                    |                                   | <b>0</b>                                       | <b>0</b>          | <b>0</b>          | <b>0</b>          |

## Appendix B1

| Program by Budget Agency                    | Date of Last Rate Increase (other than rate restoration) | Percent of Last Rate Increase (other than rate restoration) | Percent of Rate Reduction FY03-04 | Percent of Rate Reduction Restored | Method of Determining Rate Change | Incremental Cost of 1 Percent Rate Increase |                         |                  |                         |
|---|--|---|-----------------------------------|------------------------------------|-----------------------------------|---|-------------------------|------------------|-------------------------|
|   |  |   |                                   |                                    |                                   | 2008  |                         | 2009             |                         |
|   |  |   |                                   |                                    |                                   | AF  | GR                      | AF               | GR                      |
| <b>DFPS</b>                                 |  |   |                                   |                                    |                                   |   |                         |                  |                         |
| 24-Hr. Residential Child Care (Foster Care) | 9/1/2005   | 2.78%   | 0.00%                             | 0.00%                              | CR                                | 4,398,424                                   | 1,615,197<br>See note 1 | 4,703,686        | 1,734,683<br>See note 2 |
| <b>Total DFPS</b>                           |  |   |                                   |                                    |                                   | <b>4,398,424</b>                            | <b>1,615,197</b>        | <b>4,703,686</b> | <b>1,734,683</b>        |

|  |           |                                |       |       |   |         |         |         |         |
|--|-----------|--------------------------------|-------|-------|---|---------|---------|---------|---------|
| <b>DSHS</b>  |           |                                |       |       |   |         |         |         |         |
| Children with Special Health Care Needs (CSHCN) - Outpatient Hospital        | NA        | NA                             | 0.00% | 0.00% | B | 32,319  | 32,319  | 44,058  | 44,058  |
| CSHCN - Ambulance Services   | 9/1/1999  | 1.50%                          | 2.50% | 0.00% | B | 909     | 909     | 1,676   | 1,676   |
| CSHCN - ASCs/HASCs   | 9/1/1995  | Changed to Fee Schedule        | 0.00% | 0.00% | B | 2,155   | 2,155   | 2,558   | 2,558   |
| CSHCN - Dental Services  | FY 2001   | 13.50%                         | 2.50% | 0.00% | B | 4,307   | 4,307   | 5,211   | 5,211   |
| CSHCN - Drugs/Biological Fees  | FY 2000   | -2.80%                         | 0.00% | 0.00% | B | 97,037  | 97,037  | 111,437 | 111,437 |
| CSHCN - Durable Medical Equipment, Prosthetics, Orthotics, Supplies (DMEPOS) | FY 2003   | Varies                         | 0.00% | 0.00% | B | 30,643  | 30,643  | 36,252  | 36,252  |
| CSHCN - Home Health Agencies (Therapies)                                     | 11/1/2002 | Change to Statewide Visit Rate | 2.50% | 0.00% | B | 54      | 54      | 64      | 64      |
| CSHCN - Inpatient Hospital - SDA Inflation Only                              | 9/1/2001  | 13.87%                         | 5.00% | 0.00% | B | 131,040 | 131,040 | 168,331 | 168,331 |
| CSHCN - Inpatient Hospital Rebasing  | 9/1/2001  | 13.87%                         | 5.00% | 0.00% | B | 131,040 | 131,040 | 174,097 | 174,097 |

## Appendix B1

| Program by<br>Budget Agency                       | Date of Last<br>Rate Increase<br>(other than rate<br>restoration) | Percent of Last<br>Rate Increase<br>(other than rate<br>restoration) | Percent of Rate<br>Reduction<br>FY03-04 | Percent of Rate<br>Reduction<br>Restored | Method of<br>Determining Rate<br>Change | Incremental Cost of 1 Percent Rate Increase |         |         |         |
|---|---|--|---|--|---|---|---------|---------|---------|
|   |   |  |   |  |   | 2008  |         | 2009    |         |
|   |   |  |   |  |   | AF  | GR      | AF      | GR      |
| <b>DSHS (continued)</b>                           |   |  |   |  |   |   |         |         |         |
| CSHCN - Meals,<br>Transportation, Lodging         | NA  | NA   | 2.50%                                   | 0.00%                                    | Cost                                    | 13,514                                      | 13,514  | 15,446  | 15,446  |
| CSHCN - Physician/<br>Professional Services       | 9/1/1999  | 1.50%  | 2.50%                                   | 0.00%                                    | B                                       | 55,126                                      | 55,126  | 60,638  | 60,638  |
| CSHCN - Private Duty<br>Nursing                   | 9/15/1993   | 32.00%   | 2.50%                                   | 0.00%                                    | B                                       | 5,173                                       | 5,173   | 9,681   | 9,681   |
| Family Planning - DMEPOS                          | FY 2003   | Varies   | 0.00%                                   | 0.00%                                    | B                                       | 3,644                                       | 3,644   | 4,072   | 4,072   |
| Family Planning -<br>Drugs/Biologicals            | FY 2000   | -2.80%   | 0.00%                                   | 0.00%                                    | B                                       | 65,088                                      | 65,088  | 67,626  | 67,626  |
| Family Planning - FQHCs                           | Provider FYE<br>2006  | Medicare Economic<br>Index (MEI) or<br>MEI+1.5%                      | 0.00%                                   | 0.00%                                    | B                                       | 12,563                                      | 12,563  | 13,605  | 13,605  |
| Family Planning - Maternity<br>Service Clinics    | 9/1/1999  | 1.50%  | 2.50%                                   | 0.00%                                    | B                                       | 25,098                                      | 25,098  | 39,819  | 39,819  |
| Family Planning - Outpatient<br>Hospital          | NA  | NA   | 2.50%                                   | 0.00%                                    | B                                       | 904   | 904     | 962     | 962     |
| Family Planning - Physician<br>Services           | 9/1/1999  | 1.50%  | 2.50%                                   | 0.00%                                    | B                                       | 483,558                                     | 483,558 | 502,417 | 502,417 |
| Family Planning - RHCs                            | Provider FYE<br>2006  | Medicare Economic<br>Index (MEI) or<br>MEI+1.5%                      | 0.00%                                   | 0.00%                                    | B                                       | 213   | 213     | 231     | 231     |
| Institutions for Mental Disease                   | 9/1/2002  | 5.35%  | 0.00%                                   | 0.00%                                    | CR                                      | 42,861                                      | 16,844  | 43,132  | 16,877  |
| Maternal and Child Health -<br>Genetics           | 9/1/1999  | 1.50%  | 0.00%                                   | 0.00%                                    | B                                       | 14,152                                      | 14,152  | 18,236  | 18,236  |
| Maternal and Child Health -<br>Physician Services | 9/1/1999  | 1.50%  | 2.50%                                   | 0.00%                                    | B                                       | 130,636                                     | 130,636 | 143,700 | 143,700 |



## Appendix B1

| Program by Budget Agency  | Date of Last Rate Increase (other than rate restoration) | Percent of Last Rate Increase (other than rate restoration) | Percent of Rate Reduction FY03-04 | Percent of Rate Reduction Restored | Method of Determining Rate Change | Incremental Cost of 1 Percent Rate Increase |        |         |        |
|---|--|---|-----------------------------------|------------------------------------|-----------------------------------|---|--------|---------|--------|
|   |  |   |                                   |                                    |                                   | 2008  |        | 2009    |        |
|   |  |   |                                   |                                    |                                   | AF  | GR     | AF      | GR     |
| <b>DSHS (continued)</b>   |  |   |                                   |                                    |                                   |   |        |         |        |
| MH Rehabilitative Services  | 8/31/2004  | Converted to Program Resiliency and Disease Management      | 1.75%                             | 0.00%                              | CS                                | 35,952                                      | 14,129 | 37,457  | 14,657 |
| MH Targeted Case Management   | 8/31/2004  | Converted to Program Resiliency and Disease Management      | 0.00%                             | 0.00%                              | CS                                | 116,879                                     | 45,934 | 125,896 | 49,263 |
| NorthSTAR -- Medicaid Clinical Laboratory Fees - Independent Laboratories | FY 2002  | NA  | 2.50%                             | 0.00%                              | C                                 | 1,616                                       | 635    | 2,144   | 839    |
| NorthSTAR -- Medicaid Inpatient Hospital -- Inflation only                | 9/1/2001   | 13.87%  | 5.00%                             | 0.00%                              | BR                                | 92,066                                      | 36,182 | 95,104  | 37,214 |
| NorthSTAR -- Medicaid Inpatient Hospital -- Rebasing                      | 9/1/2001   | 13.87%  | 5.00%                             | 0.00%                              | BR                                | 92,066                                      | 36,182 | 95,104  | 37,214 |
| NorthSTAR -- MH Rehabilitative Services                                   | 8/31/2004  | Converted to Program Resiliency and Disease Management      | 0.00%                             | 0.00%                              | CS                                | 207,937                                     | 81,719 | 216,641 | 84,772 |
| NorthSTAR -- MH Targeted Case Management                                  | 8/31/2004  | Converted to Program Resiliency and Disease Management      | 0.00%                             | 0.00%                              | CS                                | 57,225                                      | 22,489 | 61,639  | 24,120 |

## Appendix B1

| Program by Budget Agency                     | Date of Last Rate Increase (other than rate restoration) | Percent of Last Rate Increase (other than rate restoration) | Percent of Rate Reduction FY03-04 | Percent of Rate Reduction Restored | Method of Determining Rate Change | Incremental Cost of 1 Percent Rate Increase |                  |                  |                  |
|--|--|---|-----------------------------------|------------------------------------|-----------------------------------|---|------------------|------------------|------------------|
|  |  |   |                                   |                                    |                                   | 2008  |                  | 2009             |                  |
|  |  |   |                                   |                                    |                                   | AF  | GR               | AF               | GR               |
| NorthStar - Physician/ Professional Services | 9/1/1999   | 1.50%   | 2.50%                             | 0.00%                              | B                                 | 85,567                                      | 33,628           | 85,567           | 33,482           |
| <b>Total DSHS</b>                            |  |   |                                   |                                    |                                   | <b>1,971,341</b>                            | <b>1,526,914</b> | <b>2,182,804</b> | <b>1,718,557</b> |

| <b>HHSC</b>  |          |                         |       |       |      |           |           |           |           |
|--|----------|-------------------------|-------|-------|------|-----------|-----------|-----------|-----------|
| Ambulance Services   | 9/1/1999 | 1.50%                   | 2.50% | 0.00% | M    | 737,136   | 289,694   | 765,884   | 299,691   |
| Ambulatory Surgical Center/Hospital Ambulatory Surgical Center | 9/1/1995 | Changed to Fee Schedule | 2.50% | 0.00% | M    | 2,857,569 | 1,123,025 | 2,918,825 | 1,142,136 |
| Birthing Centers   | 9/1/1992 | Changed to Fee Schedule | 2.50% | 0.00% | CD   | 5,355     | 2,105     | 5,578     | 2,183     |
| Children & Pregnant Women - Case Management                    | 1/1/1998 | NA                      | 2.50% | 0.00% | B    | 16,330    | 6,418     | 17,465    | 6,834     |
| CHIP (including perinate)                                      | 9/1/2006 | 10.70%                  | 2.50% | 0.00% | T    | 7,036,211 | 2,150,239 | 7,812,845 | 2,360,757 |
| CHIP Dental  | 5/1/2006 | New Contract            | NA    | NA    | T    | 464,166   | 127,692   | 469,092   | 130,126   |
| Clinical Lab. Fees - DSHS Lab - EPSDT                          | 4/1/2006 | 28.00%                  | 0.00% | 0.00% | CS   | 4,739     | 1,863     | 6,199     | 2,426     |
| Clinical Lab. Fees - DSHS Lab Newborn Screening                | 4/1/2006 | 6.00%                   | 0.00% | 0.00% | CS   | 1,667     | 655       | 1,808     | 708       |
| Clinical Lab. Fees - Independent Labs.                         | FY 2002  | NA                      | 2.50% | 0.00% | CD   | 1,227,628 | 482,458   | 1,628,821 | 637,358   |
| Dental Services - THSteps - CCP                                | FY 2001  | 13.50%                  | 2.50% | 0.00% | A,CD | 5,235,539 | 2,057,567 | 5,759,093 | 2,253,533 |
| Drugs/Biological Fees  | FY 2000  | -2.80%                  | 0.00% | 0.00% | A,CD | 714,490   | 280,794   | 725,524   | 283,898   |
| Durable Medical Equipment, Prosthetics, Orthotics, Supplies    | FY 2003  | Various                 | 0.00% | 0.00% | CD   | 2,319,725 | 911,652   | 2,908,312 | 1,138,022 |

## Appendix B1

| Program by<br>Budget Agency               | Date of Last<br>Rate Increase<br>(other than rate<br>restoration) | Percent of Last<br>Rate Increase<br>(other than rate<br>restoration) | Percent of Rate<br>Reduction<br>FY03-04 | Percent of Rate<br>Reduction<br>Restored | Method of<br>Determining Rate<br>Change | Incremental Cost of 1 Percent Rate Increase |            |            |            |
|---|---|--|---|--|---|---|------------|------------|------------|
|   |   |  |   |  |   | 2008  |            | 2009       |            |
|   |   |  |   |  |   | AF  | GR         | AF         | GR         |
| <b>HHSC (continued)</b>                   |   |  |   |  |   |   |            |            |            |
| Federally Qualified Health Centers        | Provider FYE 2006   | Medicare Economic Index (MEI) or MEI+1.5%                            | 0.00%                                   | 0.00%                                    | CS                                      | 1,266,858                                   | 497,875    | 1,281,025  | 501,265    |
| Genetic Services                          | 9/1/1999  | 1.50%  | 2.50%                                   | 0.00%                                    | CD                                      | 37,059                                      | 14,564     | 43,411     | 16,987     |
| Home Health Services                      | 11/1/2002   | Change to Statewide Visit Rate                                       | 2.50%                                   | 0.00%                                    | A,CD                                    | 1,280,356                                   | 503,180    | 1,391,321  | 544,424    |
| Inpatient Hospital - SDA Inflation Only   | 9/1/2001  | 13.87%   | 5.00%                                   | 0.00%                                    | BR                                      | 49,195,197                                  | 19,333,713 | 50,818,639 | 19,885,333 |
| Inpatient Hospital - SDA Rebasing         | 9/1/2001  | 13.87%   | 5.00%                                   | 0.00%                                    | BR                                      | 40,112,610                                  | 15,764,256 | 41,436,326 | 16,214,034 |
| Maternity Centers                         | 9/1/1999  | 1.50%  | 2.50%                                   | 0.00%                                    | M                                       | 3,565                                       | 1,401      | 5,291      | 2,070      |
| Outpatient Hospital                       | NA  | NA   | 2.50%                                   | 0.00%                                    | CD                                      | 4,771,181                                   | 1,875,074  | 5,177,059  | 2,025,783  |
| Personal Care Services / THSteps-CCP      | New service to begin 09/01/07 (Alberto N.)                        |  | 0.00%                                   | 0.00%                                    | B                                       | 817,833                                     | 321,408    | 836,622    | 327,370    |
| Physician & Professional Services         | 9/1/1999  | 1.50%  | 2.50%                                   | 0.00%                                    | CD                                      | 22,486,940                                  | 8,837,367  | 23,363,933 | 9,142,307  |
| Private Duty Nursing/THSteps - CCP        | 9/15/1993   | 32.00%   | 2.50%                                   | 0.00%                                    | B                                       | 1,552,201                                   | 610,015    | 1,957,593  | 766,006    |
| Renal Dialysis Facilities                 | 9/1/1999  | NA   | 2.50%                                   | 0.00%                                    | CD                                      | 296,111                                     | 116,372    | 298,285    | 116,719    |
| Rural Health Clinics                      | FYE 2006  | Medicare Economic Index (MEI) or MEI+1.5%                            | 0.00%                                   | 0.00%                                    | CD                                      | 1,269,298                                   | 498,834    | 1,292,505  | 505,757    |
| STAR+PLUS -- Community Based Alternatives | 9/1/2000  | 2.20%  | 1.10%                                   | 1.10%                                    | B                                       | 1,902,274                                   | 747,594    | 2,061,432  | 806,638    |

## Appendix B1

| Program by Budget Agency                      | Date of Last Rate Increase (other than rate restoration) | Percent of Last Rate Increase (other than rate restoration) | Percent of Rate Reduction FY03-04 | Percent of Rate Reduction Restored | Method of Determining Rate Change | Incremental Cost of 1 Percent Rate Increase   |                   |                    |                   |
|---|--|---|-----------------------------------|------------------------------------|-----------------------------------|---|-------------------|--------------------|-------------------|
|   |  |   |                                   |                                    |                                   | 2008  |                   | 2009               |                   |
|   |  |   |                                   |                                    |                                   | AF  | GR                | AF                 | GR                |
| <b>HHSC (continued)</b>                       |  |   |                                   |                                    |                                   |   |                   |                    |                   |
| STAR+PLUS -- Day Activity and Health Services | 9/1/2002   | 1.30%   | 1.10%                             | 1.10%                              | B                                 | 38,988  | 15,322            | 42,250             | 16,532            |
| STAR+PLUS -- Primary Home Care                | 9/1/2000   | 1.20%   | 1.10%                             | 1.10%                              | B                                 | 5,531,535   | 2,173,893         | 5,994,341          | 2,345,586         |
| TB Clinics                                    | 9/1/1996   | NA  | 0.00%                             | 0.00%                              | CD                                | 948   | 373               | 998                | 390               |
| <b>Total HHSC</b>                             |  |   |                                   |                                    |                                   | <b>151,183,509</b>  | <b>58,745,402</b> | <b>159,020,476</b> | <b>61,474,873</b> |
| Vendor Drug Dispensing Fees                   | FY 1997  | 15.82%  | 2.50%                             | 0.00%                              | PA                                | The incremental cost of a \$1 increase in the dispensing fee per prescription dispensed for FY 2008 is \$27,485,420 and for FY 2009 is \$28,759,622 All Funds. The impact of this increase is not included in the totals shown above for HHSC or below for HHS. |                   |                    |                   |
| <b>Total HHS</b>                              |  |   |                                   |                                    |                                   | <b>206,177,582</b>  | <b>81,444,080</b> | <b>215,139,223</b> | <b>84,641,162</b> |

note 1                   \$ 10,938,648 If TANF funding is available, up to \$4,494,010 of this amount is eligible for TANF funding the remaining \$6,444,638 must be GR

note 2                   \$ 11,669,020 If TANF funding is available, up to \$4,801,735 of this amount is eligible for TANF funding the remaining \$6,867,285 must be GR

## Appendix B2

| Program by<br>Budget Agency                                 | Percentage Rate Change                         |        | Estimated Cost of Rate Change |             |             |             | Estimated Biennial<br>Cost of Rate Change |             |
|---|--|--------|-------------------------------|-------------|-------------|-------------|---|-------------|
|   | 2008   | 2009   | 2008                          |             | 2009        |             | AF  | GR          |
|   |  |        | AF                            | GR          | AF          | GR          |   |             |
| <b>DADS</b>   |  |        |                               |             |             |             |   |             |
| Access and Intake - Mental Retardation Service Coordination | 0.00%  | 0.00%  | 0                             | 0           | 0           | 0           | 0   | 0           |
| Community Attendant Services                                | 15.24%   | 15.24% | 57,031,244                    | 22,413,279  | 61,817,465  | 24,189,174  | 118,848,709                               | 46,602,453  |
| Community Based Alternatives                                | 16.90%   | 16.90% | 62,986,913                    | 24,753,857  | 62,986,913  | 24,646,779  | 125,973,826                               | 49,400,636  |
| Community Living Assistance and Support Services            | 11.30%   | 11.30% | 14,506,258                    | 5,700,959   | 14,593,450  | 5,710,417   | 29,099,708                                | 11,411,376  |
| Consolidated Waiver Program                                 | 10.40%   | 10.40% | 408,897                       | 160,697     | 408,897     | 160,001     | 817,794                                   | 320,698     |
| Day Activity and Health Services - Title XIX                | 5.00%  | 5.00%  | 4,898,002                     | 1,924,915   | 5,066,531   | 1,982,534   | 9,964,533                                 | 3,907,448   |
| Deaf-Blind Multiple Disabilities                            | 10.50%   | 10.50% | 761,174                       | 299,141     | 761,174     | 297,847     | 1,522,348                                 | 596,989     |
| Home and Community-based Services                           | 9.56%  | 9.56%  | 46,028,580                    | 18,093,835  | 46,028,580  | 18,001,778  | 92,057,160                                | 36,095,613  |
| Hospice Payments (NF Related Only)                          | 19.38%   | 19.38% | 32,429,672                    | 12,744,861  | 35,310,327  | 13,816,931  | 67,739,999                                | 26,561,792  |
| Intermediate Care Facilities - Mental Retardation           | 21.59%   | 21.59% | 73,957,024                    | 29,065,110  | 73,957,024  | 28,939,383  | 147,914,048                               | 58,004,494  |
| Medically Dependent Children Program                        | 29.90%   | 29.90% | 11,714,960                    | 4,603,979   | 11,714,960  | 4,584,064   | 23,429,920                                | 9,188,043   |
| MR State Schools Services                                   | Increased Operating Costs Included in DADS LAR |        |                               |             |             |             |   |             |
| Non-Medicaid Services - Title XX                            | 16.74%   | 16.74% | 12,333,368                    | 12,333,368  | 12,333,368  | 12,333,368  | 24,666,736                                | 24,666,736  |
| Nursing Facility  | 19.38%   | 19.38% | 436,474,039                   | 171,534,297 | 435,382,162 | 170,365,040 | 871,856,201                               | 341,899,337 |
| Primary Home Care   | 15.33%   | 15.33% | 59,737,999                    | 23,477,034  | 61,226,180  | 23,957,804  | 120,964,179                               | 47,434,838  |
| Program of All-inclusive Care for the Elderly               | 4.45%  | 4.45%  | 1,305,571                     | 513,089     | 1,305,571   | 510,870     | 2,611,142                                 | 1,023,959   |
| Promoting Independence Services                             | 17.31%   | 17.31% | 15,638,864                    | 6,146,074   | 16,731,012  | 6,546,845   | 32,369,876                                | 12,692,919  |

## Appendix B2

| Program by<br>Budget Agency  | Percentage Rate Change |         | Estimated Cost of Rate Change |                    |                    |                    | Estimated Biennial<br>Cost of Rate Change |                          |
|--|------------------------|---------|-------------------------------|--------------------|--------------------|--------------------|---|--------------------------|
|  | 2008                   | 2009    | 2008                          |                    | 2009               |                    | AF  | GR                       |
|  |                        |         | AF                            | GR                 | AF                 | GR                 |   |                          |
| <b>DADS (continued)</b>  |                        |         |                               |                    |                    |                    |   |                          |
| Texas Home Living Waiver   | 27.12%                 | 27.12%  | 3,252,465                     | 1,278,544          | 3,252,465          | 1,272,039          | 6,504,930                                 | 2,550,583                |
| <b>Total DADS</b>  |                        |         | <b>833,465,030</b>            | <b>335,043,039</b> | <b>842,876,079</b> | <b>337,314,875</b> | <b>1,676,341,109</b>                      | <b>672,357,914</b>       |
| <b>DARS</b>  |                        |         |                               |                    |                    |                    |   |                          |
| ECI - Case Mgmt.   | 0.00%                  | 0.00%   | 0                             | 0                  | 0                  | 0                  | 0   | 0                        |
| ECI - Development Rehab Svcs.  | 0.00%                  | 0.00%   | 0                             | 0                  | 0                  | 0                  | 0   | 0                        |
| <b>Total DARS</b>  |                        |         | <b>0</b>                      | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>                                  | <b>0</b>                 |
| <b>DFPS</b>  |                        |         |                               |                    |                    |                    |   |                          |
| 24-Hr. Residential Child Care (Foster Care)                              | 3.99%                  | 3.99%   | 17,549,710                    | 6,444,638          | 18,767,707         | 6,921,387          | 36,317,417                                | 13,366,025 See<br>note 3 |
| <b>Total DFPS</b>  |                        |         | <b>17,549,710</b>             | <b>6,444,638</b>   | <b>18,767,707</b>  | <b>6,921,387</b>   | <b>36,317,417</b>                         | <b>13,366,025</b>        |
| <b>DSHS</b>  |                        |         |                               |                    |                    |                    |   |                          |
| Children with Special Health Care Needs<br>(CSHCN) - Outpatient Hospital | 23.93%                 | 23.93%  | 773,394                       | 773,394            | 1,054,314          | 1,054,314          | 1,827,708                                 | 1,827,708                |
| CSHCN - Ambulance Services   | 167.68%                | 167.68% | 152,364                       | 152,364            | 281,032            | 281,032            | 433,396                                   | 433,396                  |
| CSHCN - ASCs/HASCs   | 7.95%                  | 7.95%   | 17,129                        | 17,129             | 20,340             | 20,340             | 37,469                                    | 37,469                   |
| CSHCN - Dental Services  | 10.00%                 | 10.00%  | 43,068                        | 43,068             | 52,113             | 52,113             | 95,181                                    | 95,181                   |
| CSHCN - Drugs/Biological Fees  | 4.40%                  | 4.40%   | 426,962                       | 426,962            | 490,323            | 490,323            | 917,285                                   | 917,285                  |

## Appendix B2

| Program by<br>Budget Agency   | Percentage Rate Change |         | Estimated Cost of Rate Change |            |            |            | Estimated Biennial<br>Cost of Rate Change |            |
|---|------------------------|---------|-------------------------------|------------|------------|------------|---|------------|
|   | 2008                   | 2009    | 2008                          |            | 2009       |            | AF  | GR         |
|   |                        |         | AF                            | GR         | AF         | GR         |   |            |
| <b>DSHS (continued)</b>   |                        |         |                               |            |            |            |   |            |
| CSHCN - Durable Medical Equipment,<br>Prosthetics, Orthotics, Supplies (DMEPOS) | 7.55%                  | 7.55%   | 231,356                       | 231,356    | 273,705    | 273,705    | 505,061                                   | 505,061    |
| CSHCN - Home Health Agencies (Therapies)  | 8.41%                  | 8.41%   | 450                           | 450        | 537        | 537        | 987                                       | 987        |
| CSHCN - Inpatient Hospital - SDA Inflation Only                                 | 16.78%                 | 16.78%  | 2,198,851                     | 2,198,851  | 2,824,600  | 2,824,600  | 5,023,451                                 | 5,023,451  |
| CSHCN - Inpatient Hospital Rebasing   | 20.78%                 | 20.78%  | 2,723,011                     | 2,723,011  | 3,617,738  | 3,617,738  | 6,340,749                                 | 6,340,749  |
| CSHCN - Meals, Transportation, Lodging  | 3.90%                  | 3.90%   | 52,706                        | 52,706     | 60,238     | 60,238     | 112,944                                   | 112,944    |
| CSHCN - Physician/ Professional Services  | 2.50%                  | 5.00%   | 137,814                       | 137,814    | 303,190    | 303,190    | 441,004                                   | 441,004    |
| CSHCN - Private Duty Nursing  | 70.15%                 | 70.15%  | 362,864                       | 362,864    | 679,154    | 679,154    | 1,042,018                                 | 1,042,018  |
| Family Planning - DMEPOS  | 7.55%                  | 7.55%   | 27,510                        | 27,510     | 30,741     | 30,741     | 58,251                                    | 58,251     |
| Family Planning - Drugs/Biologicals   | 645.71%                | 645.71% | 42,027,843                    | 42,027,843 | 43,666,929 | 43,666,929 | 85,694,772                                | 85,694,772 |
| Family Planning - FQHCs   | 4.23%                  | 4.23%   | 53,143                        | 53,143     | 57,551     | 57,551     | 110,694                                   | 110,694    |
| Family Planning - Maternity Service Clinics                                     | 52.70%                 | 52.70%  | 1,322,655                     | 1,322,655  | 2,098,462  | 2,098,462  | 3,421,117                                 | 3,421,117  |
| Family Planning - Outpatient Hospital   | 23.93%                 | 23.93%  | 21,634                        | 21,634     | 23,016     | 23,016     | 44,650                                    | 44,650     |
| Family Planning - Physician Services  | 2.50%                  | 5.00%   | 1,208,895                     | 1,208,895  | 2,512,084  | 2,512,084  | 3,720,979                                 | 3,720,979  |
| Family Planning - RHCs  | 4.23%                  | 4.23%   | 902                           | 902        | 977        | 977        | 1,879                                     | 1,879      |
| Institutions for Mental Disease   | 10.06%                 | 10.06%  | 431,184                       | 169,455    | 433,906    | 169,788    | 865,090                                   | 339,243    |
| Maternal and Child Health - Genetics  | 17.14%                 | 17.14%  | 242,570                       | 242,570    | 312,561    | 312,561    | 555,131                                   | 555,131    |

## Appendix B2

| Program by<br>Budget Agency  | Percentage Rate Change |         | Estimated Cost of Rate Change |                   |                   |                   | Estimated Biennial<br>Cost of Rate Change |                    |
|--|------------------------|---------|-------------------------------|-------------------|-------------------|-------------------|---|--------------------|
|  | 2008                   | 2009    | 2008                          |                   | 2009              |                   | AF  | GR                 |
|  |                        |         | AF                            | GR                | AF                | GR                |   |                    |
| <b>DSHS (continued)</b>  |                        |         |                               |                   |                   |                   |   |                    |
| Maternal and Child Health - Physician Services                               | 2.50%                  | 5.00%   | 326,590                       | 326,590           | 718,499           | 718,499           | 1,045,089                                 | 1,045,089          |
| MH Rehabilitative Services   | 0.93%                  | 0.93%   | 334,357                       | 131,402           | 348,353           | 136,311           | 682,710                                   | 267,713            |
| MH Targeted Case Management  | 106.17%                | 106.17% | 12,409,064                    | 4,876,762         | 13,366,409        | 5,230,276         | 25,775,473                                | 10,107,038         |
| NorthSTAR -- Medicaid Clinical Laboratory Fees<br>- Independent Laboratories | 15.80%                 | 15.80%  | 25,532                        | 10,034            | 33,876            | 13,256            | 59,407                                    | 23,289             |
| NorthSTAR -- Medicaid Inpatient Hospital --<br>Inflation only                | 16.78%                 | 16.78%  | 1,544,867                     | 607,133           | 1,595,847         | 624,455           | 3,140,714                                 | 1,231,588          |
| NorthSTAR -- Medicaid Inpatient Hospital --<br>Rebasing                      | 20.78%                 | 20.78%  | 1,913,131                     | 751,860           | 1,976,264         | 773,312           | 3,889,395                                 | 1,525,172          |
| NorthSTAR -- MH Rehabilitative Services                                      | 0.93%                  | 0.93%   | 193,381                       | 75,999            | 201,476           | 78,838            | 394,858                                   | 154,837            |
| <b>DSHS (continued)</b>  |                        |         |                               |                   |                   |                   |   |                    |
| NorthSTAR -- MH Targeted Case Management                                     | 106.17%                | 106.17% | 6,075,539                     | 2,387,687         | 6,544,260         | 2,560,769         | 12,619,800                                | 4,948,456          |
| NorthStar - Physician/ Professional Services                                 | 2.50%                  | 5.00%   | 213,918                       | 84,070            | 427,836           | 167,412           | 641,754                                   | 251,482            |
| <b>Total DSHS</b>  |                        |         | <b>75,492,684</b>             | <b>61,446,113</b> | <b>84,006,331</b> | <b>68,832,519</b> | <b>159,499,015</b>                        | <b>130,278,633</b> |



## Appendix B2

| Program by<br>Budget Agency                                    | Percentage Rate Change |         | Estimated Cost of Rate Change |             |             |             | Estimated Biennial<br>Cost of Rate Change |             |
|--|------------------------|---------|-------------------------------|-------------|-------------|-------------|---|-------------|
|  | 2008                   | 2009    | 2008                          |             | 2009        |             | AF  | GR          |
|  |                        |         | AF                            | GR          | AF          | GR          |   |             |
| <b>HHSC</b>  |                        |         |                               |             |             |             |   |             |
| Ambulance Services   | 167.68%                | 167.68% | 123,602,962                   | 48,575,964  | 128,423,477 | 50,252,107  | 252,026,439                               | 98,828,071  |
| Ambulatory Surgical Center/Hospital Ambulatory Surgical Center | 7.95%                  | 7.95%   | 22,717,673                    | 8,928,046   | 23,204,658  | 9,079,983   | 45,922,331                                | 18,008,028  |
| Birthing Centers   | 18.75%                 | 18.75%  | 100,415                       | 39,463      | 104,581     | 40,923      | 204,996                                   | 80,386      |
| Children & Pregnant Women - Case Management                    | 60.99%                 | 60.99%  | 995,982                       | 391,421     | 1,065,203   | 416,814     | 2,061,185                                 | 808,235     |
| CHIP (including perinate)                                      | Trend                  | Trend   |                               |             |             |             |   |             |
| CHIP Dental  |                        |         |                               |             |             |             |   |             |
| Clinical Lab. Fees - DSHS Lab - EPSDT                          | 30.08%                 | 30.08%  | 142,559                       | 56,026      | 186,468     | 72,965      | 329,027                                   | 128,991     |
| Clinical Lab. Fees - DSHS Lab Newborn Screening                | 8.48%                  | 8.48%   | 14,137                        | 5,556       | 15,336      | 6,001       | 29,473                                    | 11,557      |
| Clinical Lab. Fees - Independent Labs.                         | 15.80%                 | 15.80%  | 19,396,519                    | 7,622,832   | 25,735,371  | 10,070,251  | 45,131,890                                | 17,693,083  |
| Dental Services - THSteps - CCP                                | 10.00%                 | 10.00%  | 52,355,388                    | 20,575,667  | 57,590,927  | 22,535,330  | 109,946,315                               | 43,110,997  |
| Drugs/Biological Fees  | 4.40%                  | 4.40%   | 3,143,754                     | 1,235,495   | 3,192,307   | 1,249,150   | 6,336,061                                 | 2,484,645   |
| Durable Medical Equipment, Prosthetics, Orthotics, Supplies    | 7.55%                  | 7.55%   | 17,513,920                    | 6,882,971   | 21,957,754  | 8,592,069   | 39,471,674                                | 15,475,040  |
| Federally Qualified Health Centers                             | 4.23%                  | 4.23%   | 5,358,811                     | 2,106,013   | 5,418,735   | 2,120,351   | 10,777,546                                | 4,226,364   |
| Genetic Svcs.  | 17.14%                 | 17.14%  | 635,189                       | 249,629     | 744,060     | 291,151     | 1,379,249                                 | 540,780     |
| Home Health Services   | 8.41%                  | 8.41%   | 10,767,793                    | 4,231,743   | 11,701,009  | 4,578,605   | 22,468,802                                | 8,810,347   |
| Inpatient Hospital - SDA Inflation Only                        | 16.78%                 | 16.78%  | 825,495,412                   | 324,419,697 | 852,736,761 | 333,675,894 | 1,678,232,172                             | 658,095,591 |
| Inpatient Hospital - SDA Rebasing                              | 20.78%                 | 20.78%  | 833,540,040                   | 327,581,236 | 861,046,861 | 336,927,637 | 1,694,586,900                             | 664,508,872 |

## Appendix B2

| Program by<br>Budget Agency                   | Percentage Rate Change  |        | Estimated Cost of Rate Change |                      |                      |                      | Estimated Biennial<br>Cost of Rate Change |                      |
|---|---|--------|-------------------------------|----------------------|----------------------|----------------------|---|----------------------|
|   | 2008  | 2009   | 2008                          |                      | 2009                 |                      | AF  | GR                   |
|   |   |        | AF                            | GR                   | AF                   | GR                   |   |                      |
| <b>HHSC (continued)</b>                       |   |        |                               |                      |                      |                      |   |                      |
| Maternity Centers                             | 52.70%  | 52.70% | 187,870                       | 73,833               | 278,827              | 109,105              | 466,697                                   | 182,938              |
| Outpatient Hospital                           | 23.93%  | 23.93% | 114,174,354                   | 44,870,521           | 123,887,020          | 48,476,991           | 238,061,374                               | 93,347,512           |
| Personal Care Services / THSteps-CCP          | 46.05%  | 46.05% | 37,661,211                    | 14,800,856           | 38,526,444           | 15,075,398           | 76,187,655                                | 29,876,253           |
| Physician & Professional Services             | 2.50%   | 5.00%  | 56,217,350                    | 22,093,419           | 116,819,667          | 45,711,536           | 173,037,017                               | 67,804,954           |
| Private Duty Nursing/THSteps - CCP            | 70.15%  | 70.15% | 108,886,884                   | 42,792,545           | 137,325,117          | 53,735,318           | 246,212,001                               | 96,527,864           |
| Renal Dialysis Facilities                     | 6.01%   | 6.01%  | 1,779,628                     | 699,394              | 1,792,693            | 701,481              | 3,572,321                                 | 1,400,875            |
| Rural Health Clinics                          | 4.23%   | 4.23%  | 5,369,130                     | 2,110,068            | 5,467,295            | 2,139,353            | 10,836,425                                | 4,249,421            |
| STAR+PLUS -- Community Based Alternatives     | 16.90%  | 16.90% | 32,148,437                    | 12,634,336           | 34,838,195           | 13,632,186           | 66,986,632                                | 26,266,522           |
| STAR+PLUS -- Day Activity and Health Services | 5.00%   | 5.00%  | 597,687                       | 234,891              | 647,694              | 253,443              | 1,245,381                                 | 488,334              |
| STAR+PLUS -- Primary Home Care                | 15.33%  | 15.33% | 27,657,675                    | 10,869,466           | 29,971,705           | 11,727,928           | 57,629,379                                | 22,597,394           |
| TB Clinics                                    | 3.51%   | 3.51%  | 3,327                         | 1,308                | 3,502                | 1,370                | 6,829                                     | 2,678                |
| <b>Total HHSC</b>                             |   |        | <b>2,300,464,107</b>          | <b>904,082,394</b>   | <b>2,482,681,667</b> | <b>971,473,336</b>   | <b>4,783,145,774</b>                      | <b>1,875,555,730</b> |
| Vendor Drug Dispensing Fees                   | The incremental cost of a \$1 increase in the dispensing fee per prescription dispensed for FY 2008 is \$27,485,420 and for FY 2009 is \$28,759,622. The impact of this increase is not included in the totals shown below above for HHSC or below for HHS. |        |                               |                      |                      |                      |   |                      |
| <b>Total HHS</b>                              |   |        | <b>3,226,971,531</b>          | <b>1,307,016,185</b> | <b>3,428,331,784</b> | <b>1,384,542,117</b> | <b>6,655,303,315</b>                      | <b>2,691,558,302</b> |

note 3 If TANF funding is available, up to \$2,328,647 of this amount is eligible for TANF funding the remaining \$3,335,417 must be General Revenue