

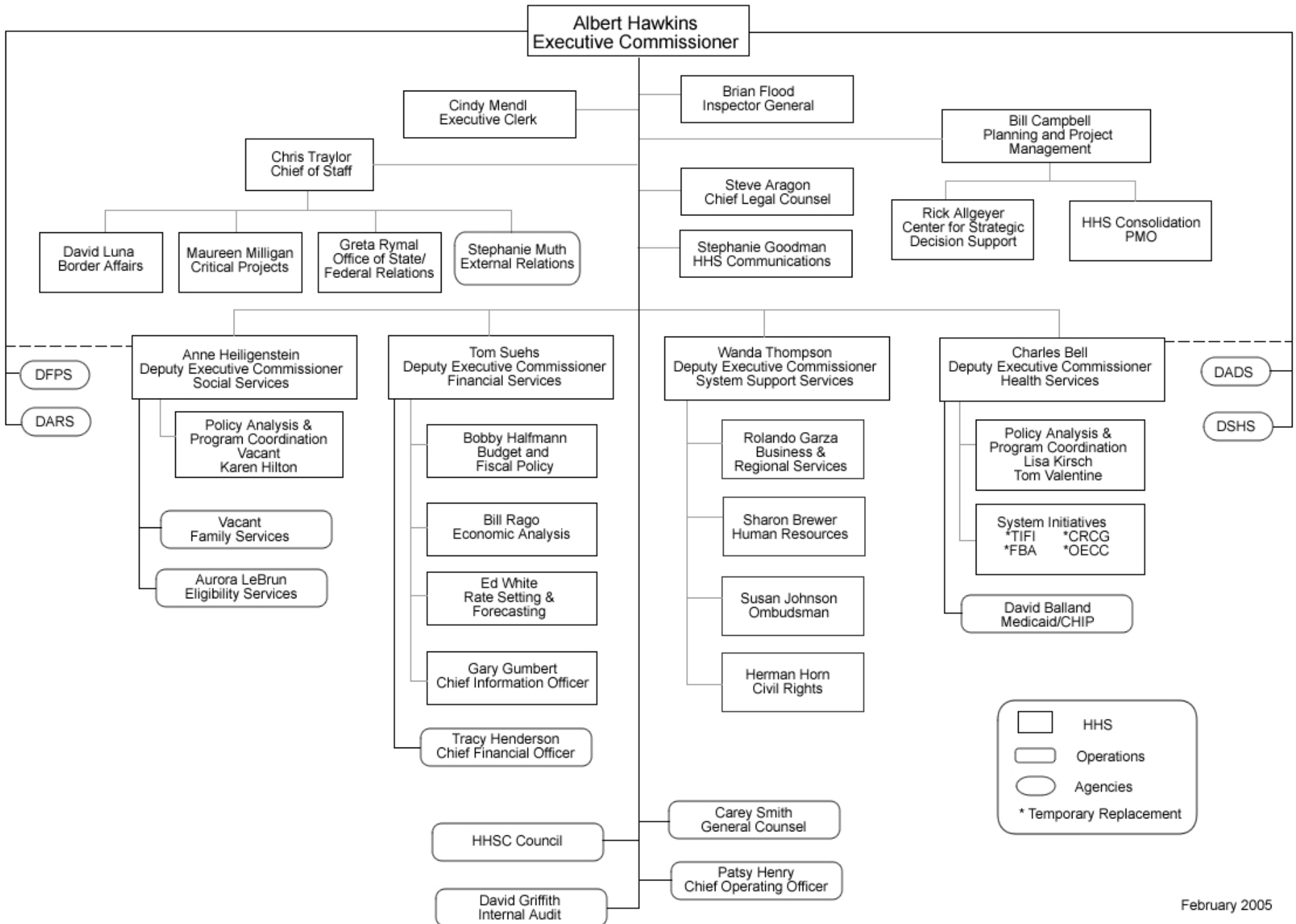


FY 2006-2007 Exceptional Item Requests

**Presented to the House Appropriations
Subcommittee on Health and Human Services**

February 11, 2005

Texas Health and Human Services Commission Organizational Chart



Health and Human Services Commission

Summary Table of Revised Exceptional Item Requests for FY 2006-07

EXCEPTIONAL ITEM	FY 2006		FY 2007		BIENNIAL TOTAL		FY 06	FY 07
	GR/GRD	All Funds	GR/GRD	All Funds	GR/GRD	All Funds	FTEs	FTEs
LBB Recommended	\$ 5,103,373,681	\$ 13,935,680,694	\$ 5,316,526,927	\$ 14,226,820,820	\$ 10,419,900,608	\$ 28,162,501,514	9,218.7	6,067.7
<u>Medicaid 6 months Continuous Eligibility (CE)</u>								
1. Maintain Medicaid Caseload Growth (6 months CE)	\$ 135,897,600	\$ 358,103,099	\$ 216,321,031	\$ 562,633,865	\$ 352,218,631	\$ 920,736,964		
2. Maintain Medicaid Cost Trends (6 months CE)	355,035,266	897,358,560	809,317,838	2,052,082,000	1,164,353,104	2,949,440,560		
3. Restore Medicaid Rates to 2003 Levels (6 months CE)	93,938,205	239,147,341	110,845,142	280,936,887	204,783,347	520,084,228		
<i>Subtotal, Medicaid 6 months CE</i>	<i>584,871,071</i>	<i>1,494,609,000</i>	<i>1,136,484,011</i>	<i>2,895,652,752</i>	<i>1,721,355,082</i>	<i>4,390,261,752</i>		
<u>Medicaid 12 months Continuous Eligibility (CE)</u>								
4. Maintain Medicaid Caseload Growth (12 months CE)	82,351,655	209,825,290	147,288,609	373,282,939	229,640,264	583,108,229		
5. Maintain Medicaid Cost Trends (12 months CE)	5,119,298	13,025,846	23,342,272	59,048,871	28,461,570	72,074,717		
6. Restore Medicaid Rates to 2003 Levels (12 months CE)	1,902,726	4,848,969	3,626,157	9,207,879	5,528,883	14,056,848		
<i>Subtotal, Medicaid 12 months CE</i>	<i>89,373,679</i>	<i>227,700,105</i>	<i>174,257,038</i>	<i>441,539,689</i>	<i>263,630,717</i>	<i>669,239,794</i>		
7. Apply New CHIP Cost Sharing Methodology**	(21,876,218)	0	(22,263,059)	0	(44,139,277)	0		
<u>CHIP 6 months Continuous Eligibility (CE)</u>								
8. Maintain CHIP Caseload Growth (6 months CE)	17,521,407	51,463,893	29,103,121	83,125,168	46,624,528	134,589,061		
9. Maintain CHIP Cost Trends (6 months CE)	8,687,110	26,539,418	21,072,498	63,705,097	29,759,608	90,244,515		
10. Restore CHIP Rates to 2003 Levels (6 months CE)	5,172,586	15,802,427	9,247,198	27,955,569	14,419,784	43,757,996		
<i>Subtotal, CHIP 6 months CE</i>	<i>31,381,103</i>	<i>93,805,738</i>	<i>59,422,817</i>	<i>174,785,834</i>	<i>90,803,920</i>	<i>268,591,572</i>		
<u>CHIP 12 months Continuous Eligibility (CE)</u>								
11. Maintain CHIP Caseload Growth (12 months CE)	11,658,491	36,707,839	36,280,963	113,764,729	47,939,454	150,472,568	-	-
12. Provide CHIP Cost Trends (12 months CE)	574,623	1,862,833	3,982,615	12,855,679	4,557,238	14,718,512	-	-
13. Restore CHIP Rates to 2003 Levels (12 months CE)	342,150	1,109,191	1,747,683	5,641,430	2,089,833	6,750,621		
<i>Subtotal, CHIP 12 months CE</i>	<i>12,575,264</i>	<i>39,679,863</i>	<i>42,011,261</i>	<i>132,261,838</i>	<i>54,586,525</i>	<i>171,941,701</i>		
14. Maintain Program Administration and Support	9,658,207	24,226,726	9,422,885	23,656,324	19,081,092	47,883,050	138.6	138.6
15. Restore Medicaid Adult Services (Eliminated in FY04-05)	29,557,005	75,170,409	32,798,990	82,972,400	62,355,995	158,142,809	-	-
16. Partially Restore Services to Medically Needy Clients	17,500,000	44,506,612	17,500,000	44,270,175	35,000,000	88,776,787	-	-
<u>Hospital Reimbursements</u>								
17. Provide State Funding for Graduate Medical Education	20,000,000	20,000,000	20,000,000	20,000,000	40,000,000	40,000,000		
18. Provide State Funding for Hospital Financing	26,338,708	26,338,708	26,338,708	26,338,708	52,677,416	52,677,416		
19. Fund Urban-Non Public Upper Payment Limit Program	27,000,000	68,667,345	27,000,000	68,302,555	54,000,000	136,969,900		
<i>Subtotal, Hospital Reimbursements</i>	<i>73,338,708</i>	<i>115,006,053</i>	<i>73,338,708</i>	<i>114,641,263</i>	<i>146,677,416</i>	<i>229,647,316</i>		
20. Restore TANF Annual Supplemental Payments	0	5,548,920	0	5,540,130	0	11,089,050	-	-
21. Maintain Technology Critical for Agency Functions	4,805,921	15,978,790	3,627,462	12,373,716	8,433,383	28,352,506	11.0	11.0

Health and Human Services Commission

Summary Table of Revised Exceptional Item Requests for FY 2006-07

EXCEPTIONAL ITEM	FY 2006		FY 2007		BIENNIAL TOTAL		FY 06	FY 07
	GR/GRD	All Funds	GR/GRD	All Funds	GR/GRD	All Funds	FTEs	FTEs
22. Maintain Support of Integrated Eligibility	17,759,494	40,295,352	53,880,147	118,462,439	71,639,641	158,757,791	344.1	344.1
23. Expand Family Violence Services	1,000,000	1,000,000	1,000,000	1,000,000	2,000,000	2,000,000	-	-
24. Office of Inspector General (OIG) Staff Increases	516,517	1,298,082	516,517	1,298,082	1,033,034	2,596,164	26.0	26.0
25. 2-1-1 Information and Referral (Area Info Centers)	1,529,535	3,500,000	1,529,535	3,500,000	3,059,070	7,000,000	-	-
26. Reduce HHS Waiting/Interest Lists - Demographic Growth	13,990,852	22,465,274	32,981,439	57,112,219	46,972,291	79,577,493	9.7	27.1
27. Reduce HHS Waiting/Interest Lists in 10 Years	71,874,987	160,016,914	185,710,277	445,464,195	257,585,264	605,481,109	67.7	183.9
28. Provider Rate Increases (Medicaid and CHIP)	81,770,762	211,385,366	181,762,774	468,292,168	263,533,536	679,677,534	-	-
29. Improve HHS Contract Management and Oversight	2,121,326	5,439,298	1,622,126	4,159,298	3,743,452	9,598,596	78.0	78.0
30. Medicaid Buy-In	2,099,812	5,278,562	4,199,624	10,557,125	6,299,436	15,835,687		
Total Exceptional Items	\$ 1,021,726,699	\$ 2,581,471,766	\$ 1,988,180,426	\$ 5,033,380,349	\$ 3,009,907,125	\$ 7,614,852,115	597.1	730.7
Grand Total LBB Recommended Plus Exceptional Items	\$ 6,125,100,380	\$ 16,517,152,460	\$ 7,304,707,353	\$ 19,260,201,169	\$ 13,429,807,733	\$ 35,777,353,629	9,815.8	

Texas Health and Human Services Commission

Exceptional Item 1

Maintain Medicaid Caseload Growth (6 months CE)

Request

This request would maintain Medicaid current services by including 6-month continuous eligibility caseload projections that are not served in S.B. 1. Costs continue to be held constant at FY 05 levels.

This funding would provide services to an additional 136,532 children in FY 06 and 219,552 children in FY07. Total projected caseload would be 3,124,110 in FY 06 and 3,356,597 in FY 07. Additional prescriptions would be incurred with the increased caseload.

Funding assumes the projected FMAP change of 60.45 percent for FY 2007.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$358,103,099	\$562,633,865	\$920,736,964
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$135,897,600	\$216,321,031	\$352,218,631
Federal Funds	\$222,205,499	\$346,312,834	\$568,518,333
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Average Medicaid Acute Recipient Mths Months Per Month	136,532	219,552
Total Medicaid Prescriptions Incurred	3,918,946	6,420,351

Texas Health and Human Services Commission

Exceptional Item 2

Maintain Medicaid Cost Trends (6 months CE)

Request

This request would address funding for utilization and inflationary cost increases. These additional funds would be used to cover increases in both Fee-for-Service and Managed Care delivery models. This item does not include a provider rate increase.

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

Generally, FY06-07 cost increases can be attributable to changes in medical technology and adoption of newer, more expensive procedures.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$897,358,560	\$2,052,082,000	\$2,949,440,560
Number of FTEs	14.0	14.0	14.0
Method of Financing:			
General Revenue	\$355,035,266	\$809,317,838	\$1,164,353,104
Federal Funds	\$542,323,294	\$1,242,764,162	\$1,785,087,456
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Medicaid Acute Care Cost Per Recipient Month	\$196.61	\$204.78
Average Cost Per Prescription Incurred	\$ 67.54	\$ 72.21

Texas Health and Human Services Commission

Exceptional Item 3

Restore Medicaid Rates to 2003 Levels (6 months CE)

Request

This request would restore rate reductions incurred this biennium - 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 and Managed Care delivery models.

Funding also uses the projected FMAP change of 60.45 percent for FY 2007.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$239,147,341	\$280,936,887	\$520,084,228
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$93,938,205	\$110,845,142	\$204,783,347
Federal Funds	\$145,209,136	\$170,091,745	\$315,300,881
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Medicaid Acute Care Cost Per Recipient Month	\$201.43	\$209.85

Texas Health and Human Services Commission

Exceptional Item 4

Maintain Medicaid Caseload Growth (12 months CE)

Request

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

This funding would provide services to an additional 132,090 children in FY 06 and 232,370 children in FY07. Total projected caseload would be 3,256,200 in FY 06 and 3,588,967 in FY 07. Additional prescriptions would be incurred with the increased caseload.

Funding assumes the projected FMAP change of 60.45 percent for FY 2007.

Funding Request

	FY 2006	FY 2007	Biennium
Total	\$209,825,290	\$373,282,939	\$583,108,229
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$82,351,655	\$147,288,609	\$229,640,264
Federal Funds	\$127,473,635	\$225,994,330	\$353,467,965
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Average Medicaid Acute Recipient Months Per Month	132,090	232,370
Total Medicaid Prescriptions Incurred	976,167	1,945,197

Texas Health and Human Services Commission

Exceptional Item 5

Maintain Medicaid Cost Trends (12 months CE)

Request

This request would address funding for utilization and inflationary cost increases. These additional funds would be used to cover increases in both Fee-for-Service and Managed Care delivery models. This item does not include a provider rate increase.

Since children tend to be less expensive than other Medicaid clients, when 12-months continuous eligibility is applied, the overall cost per recipient declines slightly.

Generally, FY06-07 cost increases can be attributable to changes in medical technology and adoption of newer, more expensive procedures.

Funding Request

	FY 2006	FY 2007	Biennium
Total	\$13,025,846	\$59,048,871	\$72,074,717
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$5,119,298	\$23,342,272	\$28,461,570
Federal Funds	\$7,906,548	\$35,706,599	\$43,613,147
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Medicaid Acute Care Cost Per Recipient Month	\$192.18	\$197.77
Average Cost Per Prescription Incurred	67.06	71.12

Texas Health and Human Services Commission

Exceptional Item 6

Restore Medicaid Rates to 2003 Levels (12 months CE)

Request

This request would restore rate reductions incurred this biennium - 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 and Managed Care delivery models.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$4,848,969	\$9,207,879	\$14,056,848
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$1,902,726	\$3,626,157	\$5,528,883
Federal Funds	\$2,946,243	\$5,581,722	\$8,527,965
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Medicaid Acute Care Cost Per Recipient Month	\$196.92	\$202.67

Texas Health and Human Services Commission

Exceptional Item 7

Apply New CHIP Cost Sharing Methodology

Request

This request applies the new CHIP Cost Sharing methodology (annual enrollment fees instead of monthly premiums) to the bill as introduced, holding its costs and caseloads constant. The impact of the new methodology would reduce the biennial cost sharing revenue by \$55.1 million. Cost sharing in the Bill as Introduced is considered GR.

With the loss of cost sharing revenue, HHSC would require a biennial tobacco appropriation of \$11 million. The net biennial impact to the state funds is a loss of \$44.1 million. However, the \$11 million can match federal CHIP funds yielding a \$0 All Funds impact.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$0	\$0	\$0
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	(\$21,876,218)	(\$22,263,059)	(\$44,139,277)
Federal Funds	\$21,876,218	\$22,263,059	\$44,139,277
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007

Texas Health and Human Services Commission

Exceptional Item 8

Maintain CHIP Caseload Growth (6 months CE)

Request

This request would maintain CHIP current services by including 6 months continuous eligibility. Costs continue to be held constant at FY 05 levels.

This funding would provide services to an additional 36,036 children in FY 06 and 57,788 children in FY 07 over the HB/SB 1 caseloads. Total projected caseload would be 360,786 in FY 06 and 388,920 in FY 07. Additional prescriptions would be 161,709 in FY 06 and 259,254 in FY 07.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$51,463,893	\$83,125,168	\$134,589,061
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$17,521,407	\$29,103,121	\$46,624,528
Federal Funds	\$33,942,486	\$54,022,047	\$87,964,533
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007
Average CHIP Recipient Months Per Month	36,036	57,788
Total Number of CHIP Prescriptions	161,709	259,254

Texas Health and Human Services Commission

Exceptional Item 9

Maintain CHIP Cost Trends (6 months CE)

Request

This request would maintain CHIP current services by including factors for utilization and inflationary cost increases for the CHIP 6-month continuous eligibility caseload. The biennial costs associated with cost trends is \$29.7 million in GR and \$ 60.5 million in federal funds.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$26,539,418	\$63,705,097	\$90,244,515
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$8,687,110	\$21,072,498	\$29,759,608
Federal Funds	\$17,852,308	\$42,632,599	\$60,484,907
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Average CHIP Children Benefit Costs Per Recipient Month	\$96.99	\$101.83
Average Cost Per CHIP Prescription	\$57.10	\$64.27

Texas Health and Human Services Commission

Exceptional Item 10

Restore CHIP Rates to 2003 Levels (6 months CE)

Request

This request would restore rate reductions of 2.5 percent for CHIP HMOs. The biennial costs associated with cost trends is \$14.4 million in GR and \$ 29.3 million in federal funds.

Funding Request		FY 2006	FY 2007	Biennium
Total		\$15,802,427	\$27,955,569	\$43,757,996
Number of FTEs		0.0	0.0	
Method of Financing:				
General Revenue		\$5,172,586	\$9,247,198	\$14,419,784
Federal Funds		\$10,629,841	\$18,708,371	\$29,338,212
Other		\$0	\$0	\$0

Program Impact	FY 2006	FY 2007
Average CHIP Children Benefit Costs Per Recipient Month	\$98.55	\$103.39
Average Cost Per CHIP Prescription	\$62.70	\$76.13

Texas Health and Human Services Commission

Exceptional Item 11

Maintain CHIP Caseload Growth (12 months CE)

Request

This request would maintain CHIP current services by including 12 months continuous eligibility. Costs continue to be held constant at FY 05 levels.

This funding would provide services to an additional 25,324 children in FY 06 and 78,484 children in FY 07 over the 6 month continuous eligibility caseloads. Total projected caseload would be 386,110 in FY 06 and 467,404 in FY 07. Total prescriptions would increase to 1,731,721 in FY 06 and 2,096,261 in FY 07.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$36,707,839	\$113,764,729	\$150,472,568
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$11,658,491	\$36,280,963	\$47,939,454
Federal Funds	\$25,049,348	\$77,483,766	\$102,533,114
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007
Average CHIP Recipient Months Per Month	25,324	78,484
Total Number of CHIP Prescriptions	113,558	351,938

Texas Health and Human Services Commission

Exceptional Item 12

Provide CHIP Cost Trends (12 months CE)

Request

This request would maintain CHIP current services by including factors for utilization and inflationary cost increases for the CHIP 12-month continuous eligibility caseload. The biennial costs associated with cost trends is \$4.6 million in GR and \$10.2 million in federal funds.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$1,862,833	\$12,855,679	\$14,718,512
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$574,623	\$3,982,615	\$4,557,238
Federal Funds	\$1,288,210	\$8,873,064	\$10,161,274
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007
Average CHIP Children Benefit Costs Per Recipient Month	\$96.99	\$101.83
Average Cost Per CHIP Prescription	\$57.10	\$64.27

Texas Health and Human Services Commission

Exceptional Item 13

Restore CHIP Rates to 2003 Levels (12 months CE)

Request

This request would restore rate reductions of 2.5 percent for CHIP HMOs. The biennial costs associated with cost trends is \$2.1 million in GR and \$4.7 million in federal funds.

Funding Request		FY 2006	FY 2007	Biennium
Total		\$1,109,191	\$5,641,430	\$6,750,621
Number of FTEs		0.0	0.0	
Method of Financing:				
General Revenue		\$342,150	\$1,747,683	\$2,089,833
Federal Funds		\$767,041	\$3,893,747	\$4,660,788
Other		\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Average CHIP Children Benefit Costs Per Recipient Month	\$98.55	\$103.39
Average Cost Per CHIP Prescription	\$62.70	\$76.13

Texas Health and Human Services Commission

Exceptional Item 14

Maintain Program and Administrative Support

Request

This request would restore the five percent reduced from the base funding request which totals \$17.2 million general revenue and other S.B. 1 reductions totaling \$1.9 million GR. Agency program support and administration functions consolidated across the enterprise would be affected by this restoration, including the Office of Inspector General and the Office of Health Services.

Funding reductions would reduce the ability to maintain program accountability and oversight. Workloads would increase which could cause errors and reduce responsiveness. Reductions in funding related to State Schools and Hospitals could reduce support of those facilities in areas such as property maintenance and risk management which ultimately could affect certification of those facilities.

Additionally, reductions in program and administrative support would negatively impact the ability to audit for contractor fraud, arrange for efficient space utilization process personnel actions, purchase and deliver supplies (including food for state schools and hospitals, office supplies, lab and medical supplies, etc.), pay vendors and review and process contracts in a timely manner, and assume telephone and computer connectivity for state workers and clients.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$24,226,726	\$23,656,324	\$47,883,050
Number of FTEs	138.6	138.6	
Method of Financing:			
General Revenue	\$9,658,207	\$9,422,885	\$19,081,092
Federal Funds	\$13,214,369	\$12,879,289	\$26,093,658
Other	\$1,354,150	\$1,354,150	\$2,708,300

Program Impact	FY 2006	FY 2007

Texas Health and Human Services Commission

Exceptional Item 15

Restore Medicaid Adult Services (Eliminated in FY 04-05)

Request

This funding would provide to Medicaid-eligible adults the services (mental health, eyeglasses, hearing aids, chiropractic, and foot care) that were eliminated during the 2004-05 biennium.

Specific service costs for the biennium for Medicaid Fee for Service are estimated at: mental health services and psychologists - \$44.6 million GR and \$113.2 million AF ; chiropractors - \$0.8 million and \$2.1 million AF; podiatrists -\$4.3 million GR & \$10.8 million AF; hearing aids - \$1.2 million GR & \$3.2 million AF; and vision care - \$5.6 million GR & \$14.2 million AF.

Amounts include adjustments for the managed care impact estimated at \$5.8 million GR for STAR and STAR+PLUS and \$14.6 million All Funds.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$75,170,409	\$82,972,400	\$158,142,809
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$29,557,005	\$32,798,990	\$62,355,995
Federal Funds	\$45,613,404	\$50,173,410	\$95,786,814
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007

Texas Health and Human Services Commission

Exceptional Item 16

Partially Restore Eligibility to Medically Needy Clients

Request

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

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

Funding also uses the projected FMAP change of 60.45 percent for FY 2007.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$44,506,612	\$44,270,175	\$88,776,787
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$17,500,000	\$17,500,000	\$35,000,000
Federal Funds	\$27,006,612	\$26,770,175	\$53,776,787
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007

Texas Health and Human Services Commission

Exceptional Item 17

Provide State Funding for Graduate Medical Education

Request

This request would provide state funding to support Graduate Medical Education (GME) in teaching hospitals throughout the state. Graduate Medical Education would be restored to \$40 Million GR for the biennium. There is no impact to federal funds as the bill as introduced already assumes matched federal funds with appropriated receipts transferred from local public hospitals.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$20,000,000	\$20,000,000	\$40,000,000
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$20,000,000	\$20,000,000	\$40,000,000
Federal Funds			\$0
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007

Texas Health and Human Services Commission

Exceptional Item 18

Provide State Funding for Hospital Financing

Request

This request would replace intergovernmental transfers from public hospitals with state funding. This transfer began during the 2002-03 biennium. Restoring state funding was requested in lieu of a provider rate increase for in-patient hospital reimbursement.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$26,338,708	\$26,338,708	\$52,677,416
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$26,338,708	\$26,338,708	\$52,677,416
Federal Funds			\$0
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007

Texas Health and Human Services Commission

Exceptional Item 19

Fund Urban Non-Public Upper Payment Limit (UPL)

Request

This request would fund urban non-public hospital payments under the Upper Payment Limit (UPL) program. This program is being implemented during the 2004-05 biennium and reimburses high volume hospitals. The annual cost is \$27 million GR and over \$41 million federal.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$68,667,345	\$68,302,555	\$136,969,900
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$27,000,000	\$27,000,000	\$54,000,000
Federal Funds	\$41,667,345	\$41,302,555	\$82,969,900
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007

Texas Health and Human Services Commission

Exceptional Item 20

Restore TANF Annual Supplemental Payments

Request

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

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

Funding for this payment is 100 percent TANF federal funds.

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

Program Impact

Amount of Annual Grant

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

Texas Health and Human Services Commission

Exceptional Item 21

Maintain Technology Critical to Agency Functions

Request

This request would fund two capital projects. It would maintain the funding and support for the Health and Human Services Administrative System (HHSAS) for all five HHS agencies. The administrative systems are responsible for delivery of mission critical business functions such as payments, appropriation and organizational budgets, purchasing, asset management, payroll, and interfaces with the Comptroller Systems. Funding provides project oversight, system security, testing, hosting of financials and HR systems, upgrade to version 8.8, and the annual statewide PeopleSoft licensing fee. The biennial cost of HHSAS is \$1.7 million GR and \$9.4 million All Funds.

The request would also support agency infrastructure maintenance which includes server replacement and mainframe migration for aging systems, and seat management for employees (predominantly in the Eligibility Determination program) that transferred to HHSC due to the consolidation. Denial of this request could result in clients not receiving benefits for which they are eligible and staff having inadequate equipment to conduct business. The biennial cost is \$6.9 million GR and \$15.9 million All Funds.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$15,978,790	\$12,373,716	\$28,352,506
Number of FTEs	11.0	11.0	
Method of Financing:			
General Revenue	\$4,805,921	\$3,627,462	\$8,433,383
Federal Funds	\$6,333,384	\$4,760,814	\$11,094,198
Other	\$4,839,485	\$3,985,440	\$8,824,925

Program Impact	FY 2006	FY 2007

Texas Health and Human Services Commission

Exceptional Item 22

Support Implementation of Integrated Eligibility

Request

This request would restore funding for 1) the five percent reduction assumed in the base LAR - \$6.6 million GR and 2) Rider 54 reduction of \$65.1 million GR for the biennium.

The rider reduction was based on the initial business case for Integrated Eligibility. HHSC would need the flexibility with the restored funding to implement Integrated Eligibility with the best possible outcomes for the State and for the client.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$40,295,352	\$118,462,439	\$158,757,791
Number of FTEs	344.1	344.1	
Method of Financing:			
General Revenue	\$ 17,759,494	\$53,880,147	\$71,639,641
Federal Funds	\$ 22,535,858	\$64,582,292	\$87,118,150
Other	\$0	\$0	\$0

Program Impact	FY 2006	FY 2007
Average Cost Per Eligibility Determination	31.54	30.45
Accuracy Rate of Benefits Issued: TANF	94.00	94.00
Accuracy Rate of Benefits Issued: Food Stamps	94.00	94.00
Percent of Eligibility Decisions Completed on Time	97.42%	97.42%

Texas Health and Human Services Commission

Exceptional Item 23

Expand Family Violence Services

Request

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

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

Program Impact

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

Texas Health and Human Services Commission

Exceptional Item 24

Office of Inspector General (OIG) Staff Increases

Request

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

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

Funding Request	FY 2006	FY 2007	Biennium
Total	\$1,298,082	\$1,298,082	\$2,596,164
Number of FTEs	26.0	26.0	50.0
Method of Financing:			
General Revenue	\$516,517	\$516,517	\$1,033,034
Federal Funds	\$781,564	\$781,564	\$1,563,128
Other	\$0	\$0	\$0

Program Impact

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

Texas Health and Human Services Commission

Exceptional Item 25

2-1-1 Information and Referral (Area Information Centers)

Request

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

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

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

Program Impact	FY 2006	FY 2007

Texas Health and Human Services Commission

Exceptional Item 26

Reduce Waiting/Interest Lists with Demographic Growth

Request

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

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

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

DARS: Comprehensive Rehabilitation Services and Independent Living Services.

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

This request was prepared by DADS, DSHS, and DARS and coordinated by HHSC.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$22,465,274	\$57,112,219	\$79,577,493
Number of FTEs	9.7	27.1	
Method of Financing:			
General Revenue	\$13,990,852	\$32,981,439	\$46,972,291
Federal Funds	\$8,474,422	\$24,130,780	\$32,605,202
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Average Number of Clients Served CBA Waiver (DADS)	307	920
Average Number of Clients Served per Month - CLASS (DADS)	22	66
Average Monthly Number of Consumers Receiving MR Waiver Services (DADS)	141	341
Number of People Receiving DRS Supported IL Services (DARS)	25	51
Number of CSHCN Clients Receiving Medical Services (DSHS)	66	132

Texas Health and Human Services Commission

Exceptional Item 27

Reduce Waiting/Interest Lists in 10 Years

Request

For DADS, this funding would reduce current (as of November 2004) waiting/interest lists by 20 percent over the FY 2006-2007 biennium and is part of a plan to completely eliminate the DADS waiting/interest lists over time for CBA, CLASS, MDCP, HCS, Non-Medicaid Services and In Home and Family Support.

For DSHS, this funding would reduce the current Adult Community Mental Health waiting/interest list by 22 percent, the Children and Adolescent Community Mental Health waiting/interest list by 34 percent, and the Children with Special Health Care Needs current waiting/interest list by 73 percent over the FY 2006-2007 biennium. For DARS, this funding would reduce current waiting list for Comprehensive Rehabilitation Services and Independent Living Services by 94 percent over the FY 2006-2007 biennium. When combined with the Keep Pace with Population Growth Exceptional Item, this funding would eliminate many of the current HHS waiting/interest lists, including Comprehensive Rehabilitation Services and Independent Living Services at DARS; Adult Community Mental Health, Children and Adolescent Community Mental Health, and Children With Special Health Care Needs at DSHS; and the Deaf-Blind with Multiple Disabilities waiver program at DADS. This request was prepared by DADS, DSHS, and DARS and coordinated by HHSC.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$160,016,914	\$445,464,195	\$605,481,109
Number of FTEs	67.7	183.9	
Method of Financing:			
General Revenue	\$71,874,987	\$185,710,277	\$257,585,264
Federal Funds	\$88,141,927	\$259,753,918	\$347,895,845
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Average Number of Clients Served CBA Waiver (DADS)	1,806	5,420
Average Number of Clients Served per Month - CLASS (DADS)	361	1,082
Average Monthly Number of Consumers Receiving MR Waiver Services (DADS)	1,335	4,005
Number of People Receiving DRS Supported IL Services (DARS)	382	763
Number of CSHCN Clients Receiving Medical Services (DSHS)	350	350

Texas Health and Human Services Commission

Exceptional Item 28

Provider Rate Increases (Medicaid and CHIP)

Request

Of the requested funds, \$63.7 million state, (\$21.2 million in FY06 and \$42.5 million in FY07) is for Medicaid hospital outpatient services. The Medicaid professional services represent 178.6 million state (\$59.5 million in FY06 and \$119.1 million in FY07). CHIP inpatient and outpatient is the remaining amount requested of \$21.2 million state (\$6.0 million in FY06 and \$15.1 million in FY07).

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

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

Funding Request	FY 2006	FY 2007	Biennium
Total	\$211,385,366	\$468,292,168	\$679,677,534
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$81,770,762	\$181,762,774	\$263,533,536
Federal Funds	\$129,614,604	\$286,529,394	\$416,143,998
Other	\$0	\$0	\$0

Program Impact

	FY 2006	FY 2007
Medicaid Acute Care Cost Per Recipient Month	\$200.97	\$210.59
Average CHIP Benefit Cost Per Recipient Month	\$102.58	\$111.65

Texas Health and Human Services Commission

Exceptional Item 29

Improve HHS Contract Management and Oversight

Request

Funding Request

	FY 2006	FY 2007	Biennium
Total	\$5,439,298	\$4,159,298	\$9,598,596
Number of FTEs	78.0	78.0	78.0
Method of Financing:			
General Revenue	\$2,121,326	\$1,622,126	\$3,743,452
Federal Funds	\$3,317,972	\$2,537,172	\$5,855,144
Other	\$0	\$0	\$0

This request would provide funding to improve contract management practices and oversight across the five HHS agencies. The funding would be allocated as follows:

DADS: \$ 923,871 GR and \$ 2,309,677 AF and 15 FTEs
 DARS: \$ 165,982 GR and \$ 414,955 AF and 4 FTEs
 DFPS: \$ 588,923 GR and \$ 1,784,616 AF and 15 FTEs
 DSHS: \$ 816,270 GR and \$ 1,774,500 AF and 15 FTEs
 HHSC: \$ 1.248.406 GR and \$ 3.314.848 AF and 29 FTEs

Program Impact

FY 2006	FY 2007

Rationale/Justification for Sufficient Contract Resources

- Adequate oversight of the procurement process;
- Weakness in contract management could negatively impact delivery of client services;
- Sufficient resources to devote to management of high risk contracts;
- Sufficient resources to provide timely and adequate audit coverage for contracted services;
- Greater emphasis on quality focused contract monitoring that improves provider accountability;
- Inadequate or lack of training could result in staff with insufficient skills to manage complex and high risk contracts;
- Allows for implementation of best practices that result in improvement of contract performance;and
- Sufficient resources improves the ability to integrate consumer contact as part of the contract monitoring process.

Texas Health and Human Services Commission

Exceptional Item 30

Implement Medicaid Buy - In Project

Request

This request would provide funding to implement a Medicaid Buy-In Program. Estimates are still being developed.

The buy-in would allow working persons with disabilities to earn up to 250 percent of the Federal Poverty Level (based on income with resource disregards) while paying a premium based on their income level. An estimated 3,397 eligibles would participate in the program.

Funding Request	FY 2006	FY 2007	Biennium
Total	\$5,278,562	\$10,557,125	\$15,835,687
Number of FTEs	0.0	0.0	
Method of Financing:			
General Revenue	\$2,099,812	\$4,199,624	\$6,299,436
Federal Funds	\$3,178,750	\$6,357,501	\$9,536,251
Other	\$0	\$0	\$0

Program Impact

FY 2006	FY 2007