

HHSC Funding Priorities for Fiscal Year 2002-03



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Tier One

	<u>FY02-03</u>
GR	\$740.3
All Funds	\$1,961.8

Maintaining Current Services

Medicaid (TDH)

	<u>FY02-03</u>
GR	\$567.2
All Funds	\$1,479.4

Additional funds would cover increased Medicaid costs and caseloads. SB1 assumptions generally hold costs to FY01 levels. Note: Assumes the FMAP for FY03 will not decline below the SB 1 level (60.07%).

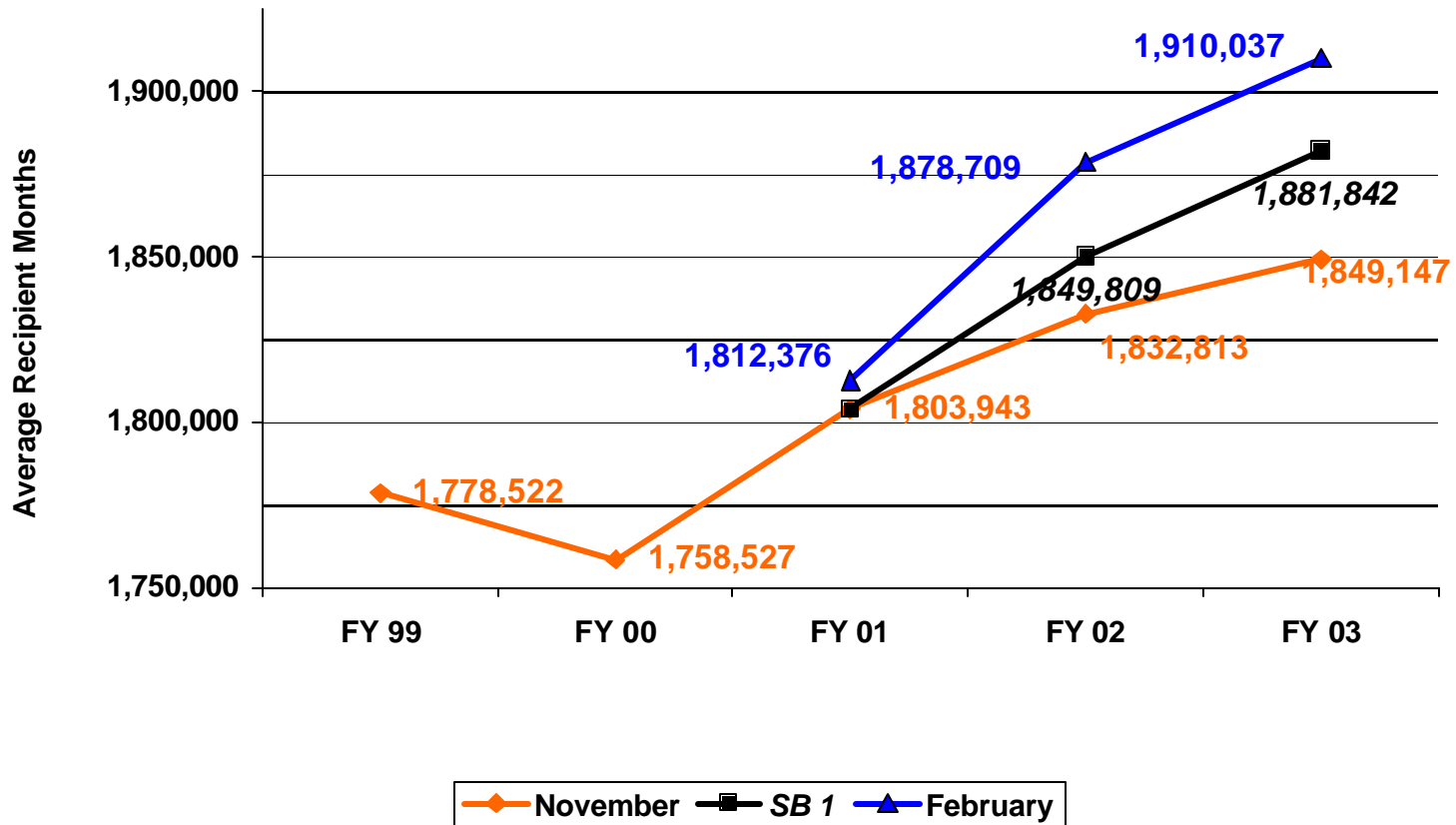
Maintain Acute Medicaid Current Services at TDH

- ▶ Request would fund:
 - Updated caseload forecasts at anticipated cost increases for services paid by NHIC
 - Updated utilization of prescription drugs at anticipated cost increases
 - Updated costs for Medicare-related payments, EPSDT, and Medical Transportation
- ▶ Key Assumptions

	SB1		Requested	
	FY2002	FY2003	FY2002	FY2003
Average Caseload (Recipient Months)	1,849,809	1,881,942	1,878,709	1,910,037
Average Blended Cost per month	\$189.14	\$188.40	\$197.36	\$206.66
Annual Prescriptions Incurred	27,784,015	28,727,517	28,688,095	29,588,651
Average Prescription Cost	\$47.33	\$47.33	\$52.25	\$58.19

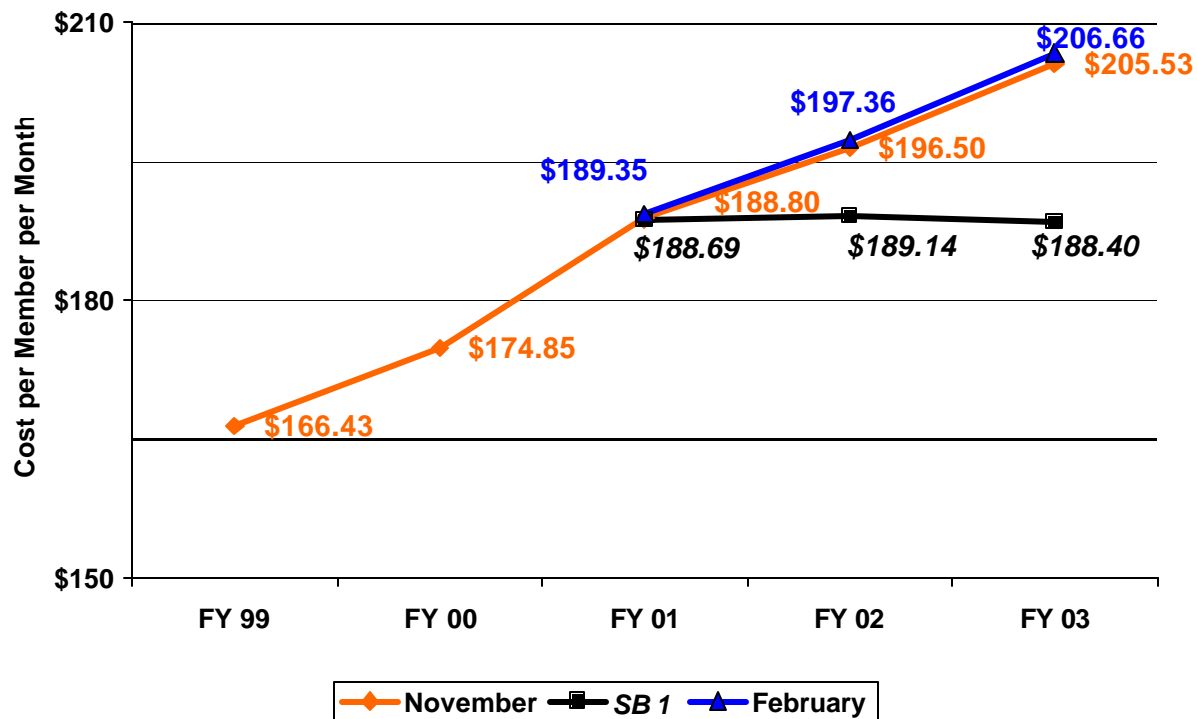
Medicaid Caseload

Comparison of SB 1, November & February Updates



Medicaid Blended* Premium Costs

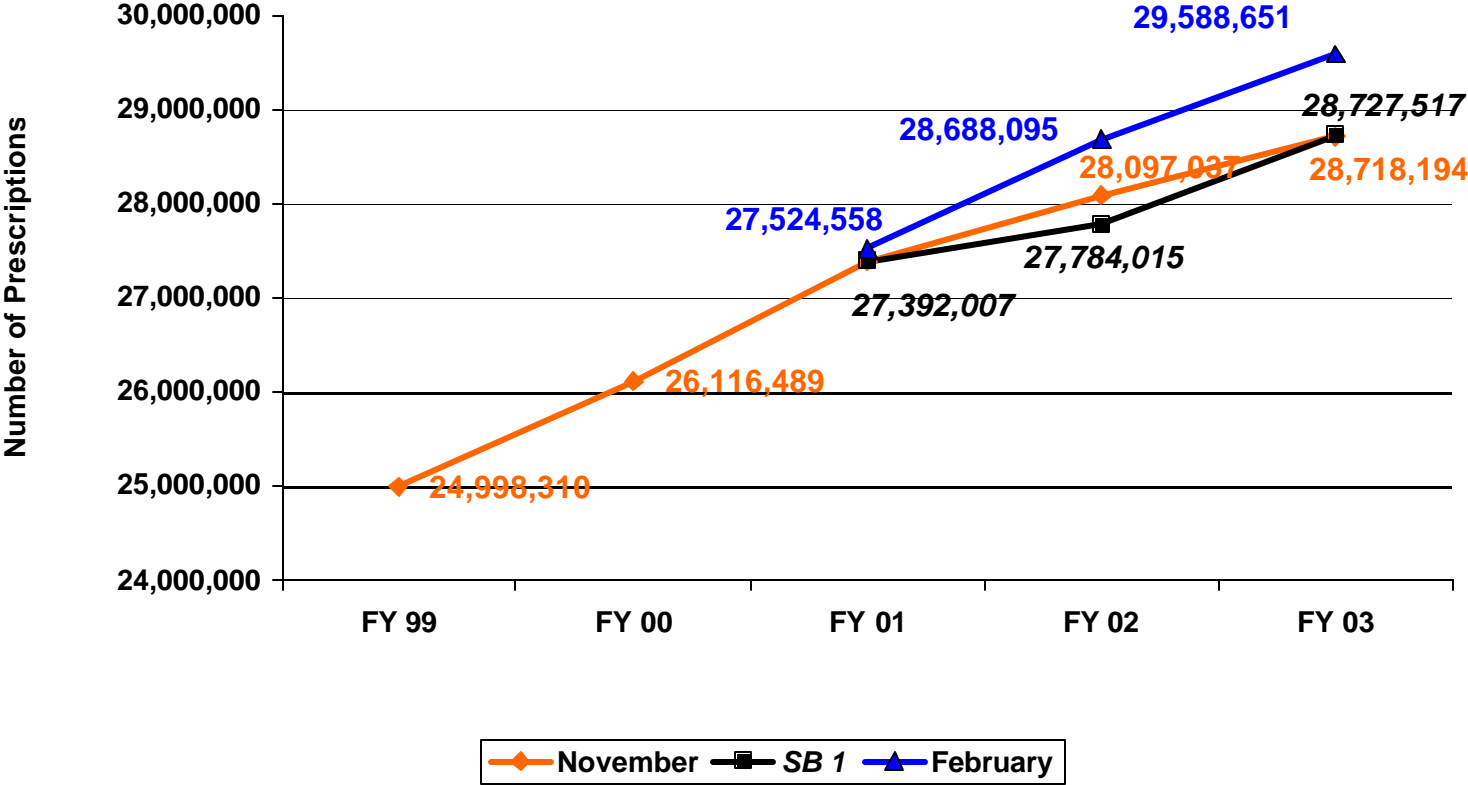
Comparison of SB 1, November & February Updates



* Note: The Blended Premium represents the average monthly cost of Fee-for-Service and Managed Care costs combined.

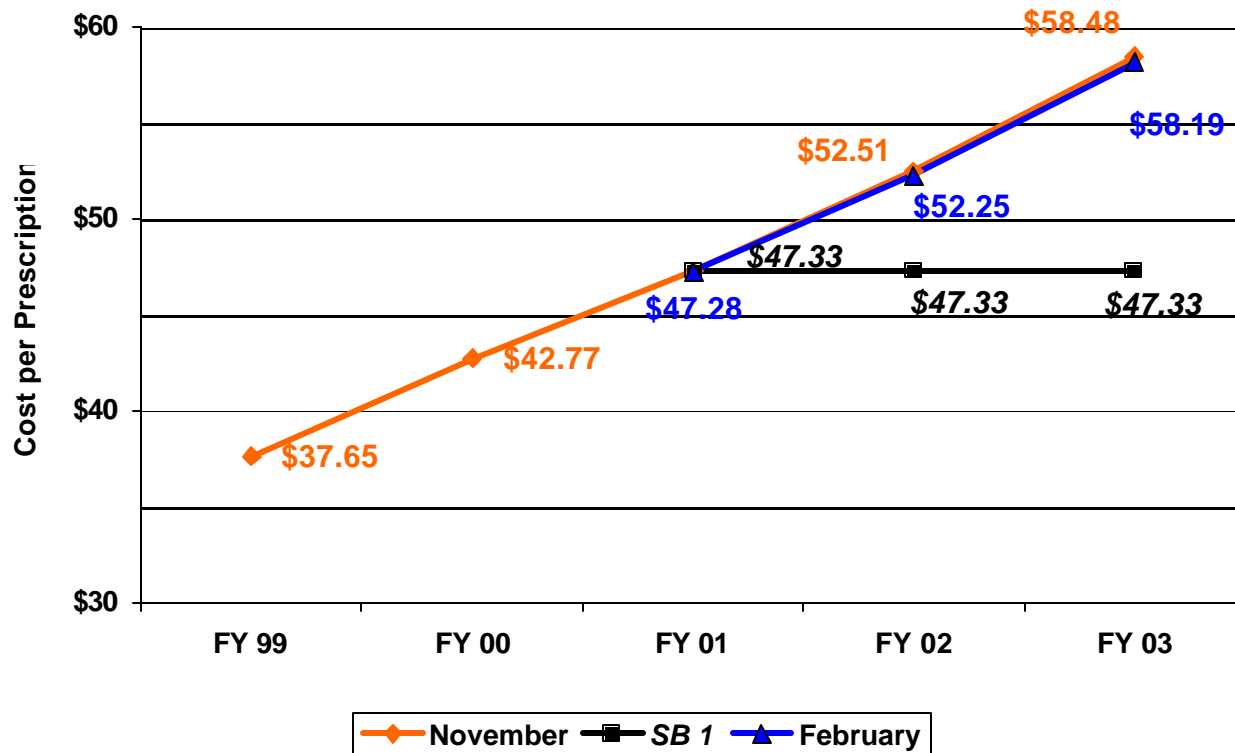
Number of Medicaid Prescriptions

Comparison of SB 1, November & February Updates



Medicaid Vendor Drug Costs

Comparison of SB1, November & February Updates



Children's Health Insurance Program (CHIP) (HHSC)

	<u>FY02-03</u>
GR	\$83.4
All Funds	\$233.3

Additional funds would cover increased CHIP costs as projected February 1, 2001. SB 1 assumptions generally hold costs to FY01 levels. Assumes cost sharing of \$14.3 million would be applied.

Maintain Current Services for Children Insured by CHIP

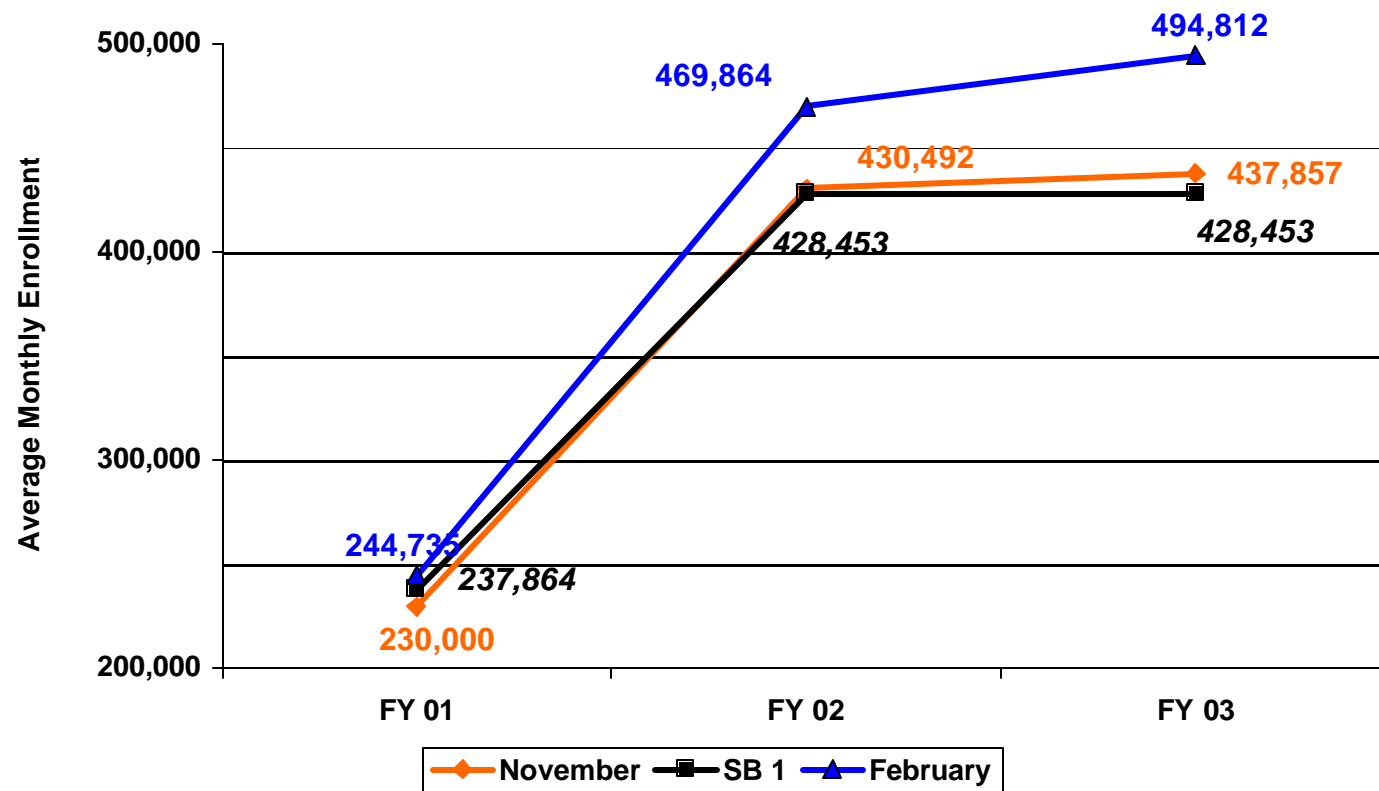
Request would fund:

- ◆ Updated caseload forecasts at anticipated cost increases for children enrolling in CHIP, including children of legal immigrants.
- ◆ Updated caseloads and costs for state employees receiving SKIP

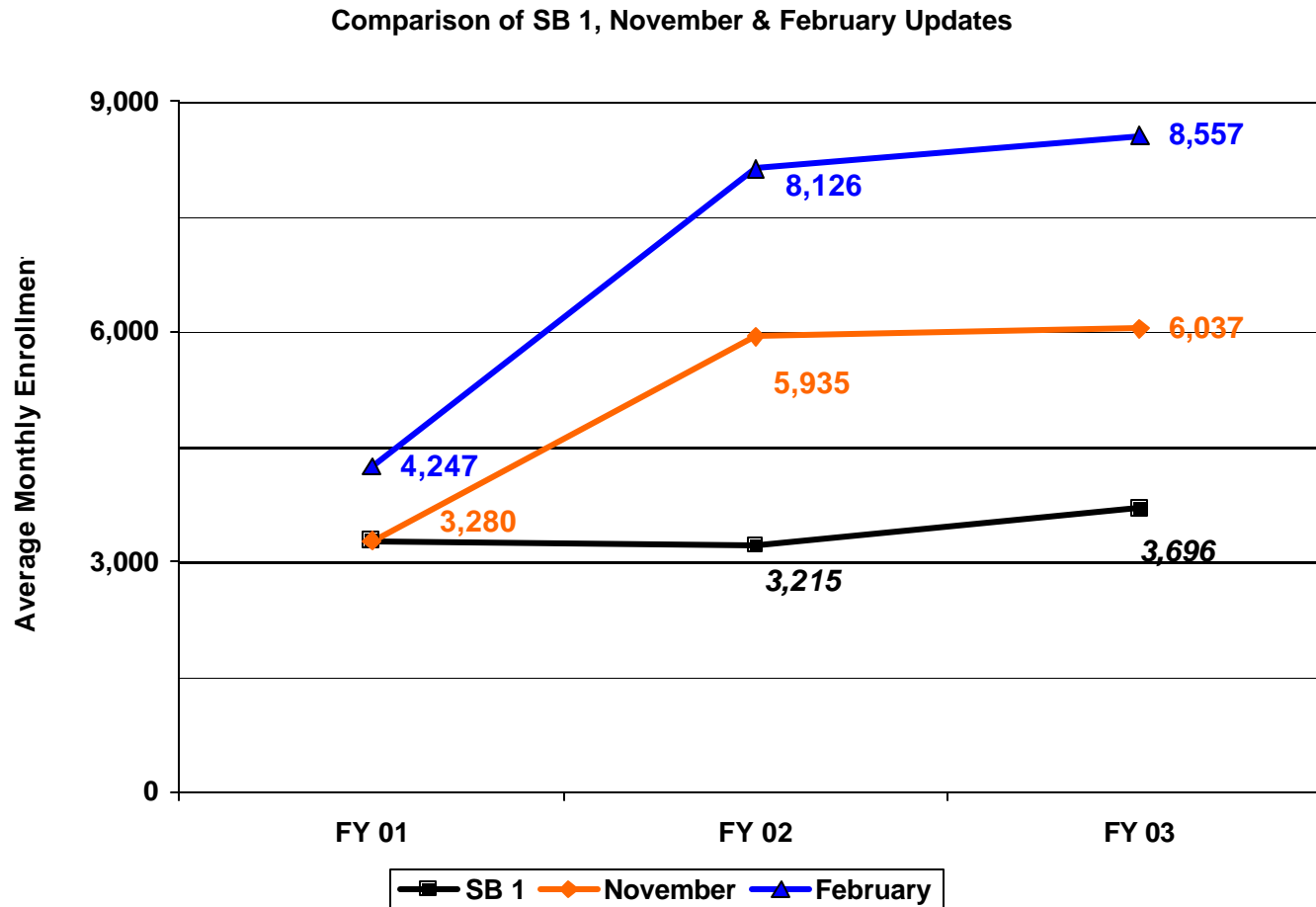
		SB1	Requested	
	FY2002	FY2003	FY2002	FY2003
Average CHIP II Caseload	428,453	428,453	469,864	494,812
Average CHIP II Cost per month	\$108.58	\$108.58	\$107.25	\$112.62

CHIP Phase II Caseload

Comparison of SB 1, November & February Updates

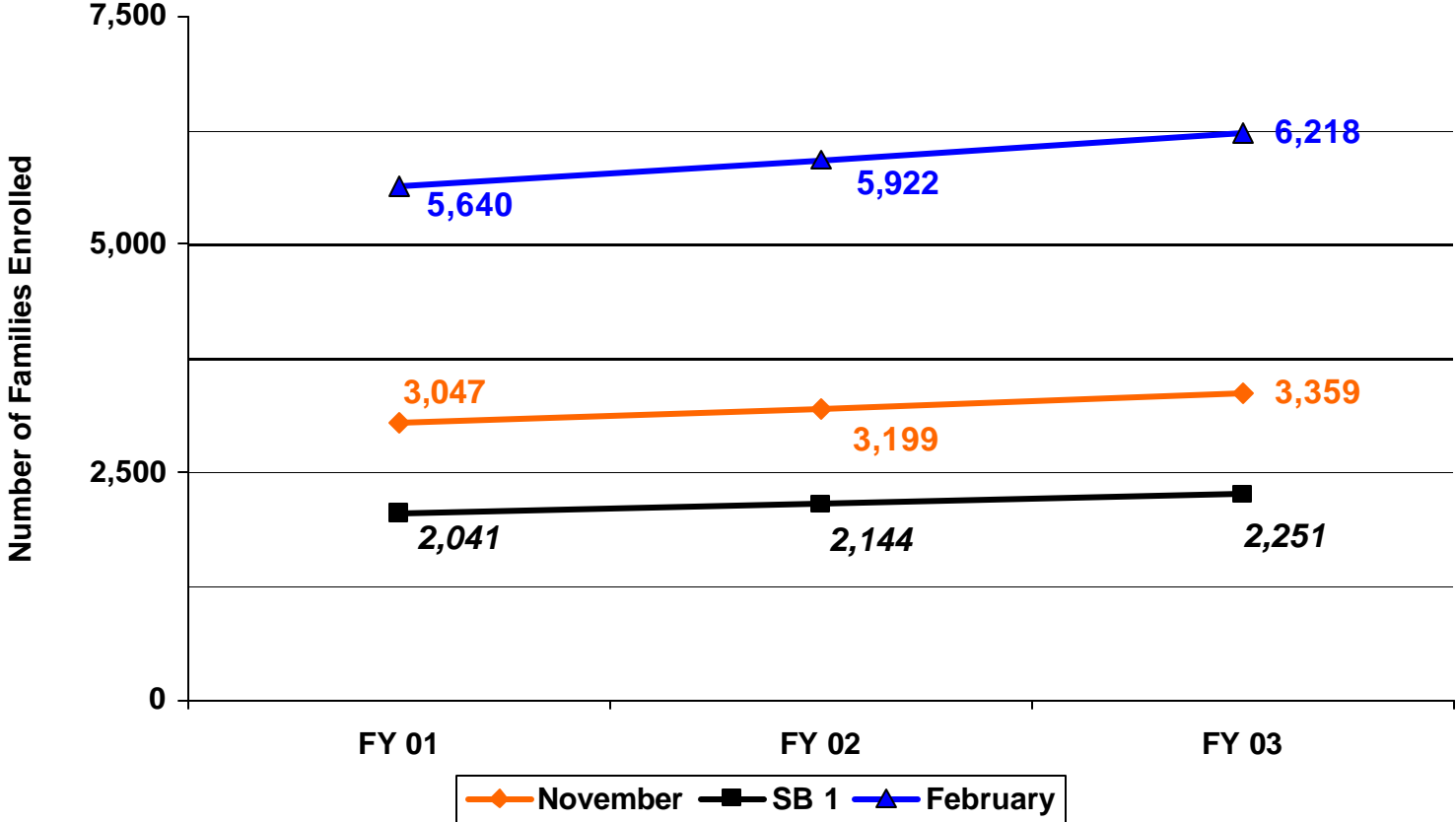


Legal Immigrant Caseload in CHIP



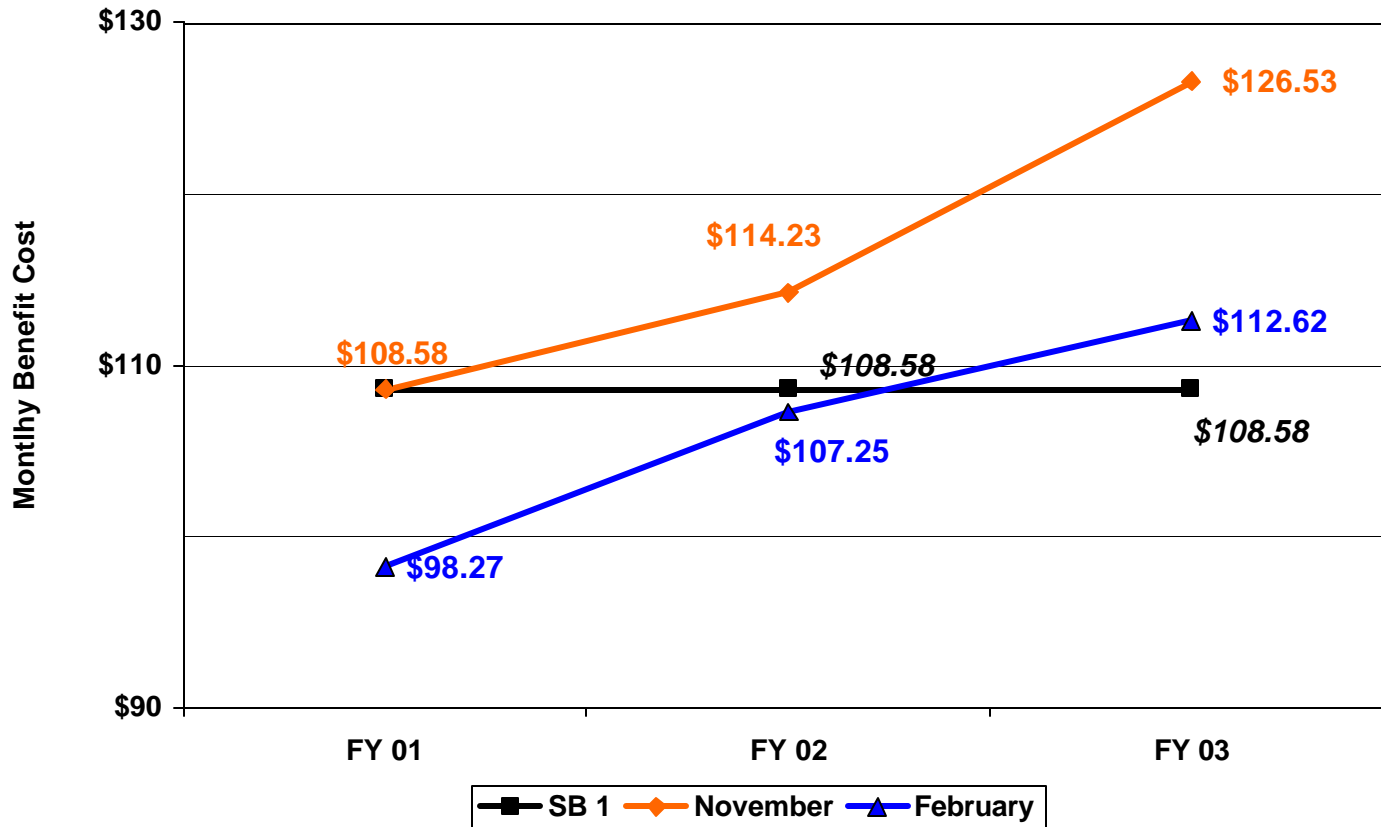
SKIP Family Enrollment

Comparison of SB 1, November & February Updates



CHIP Phase II and Legal Immigrant Costs

Comparison of SB 1, November & February Updates



Women's and Children's Health (TDH)

	<u>FY02-03</u>
GR	\$10.0
All Funds	\$10.0

Requested funding would ensure continued access to community-based health services for women, infants, and children by replacing federal carry forward funding that will be depleted by FY03. Funds will cover 15,000 children and 16,350 women in FY03.

Women and Children's Health - TDH

- ▶ In addition to GR appropriations and the federal block grant allocation, TDH budgets approximately \$10 million of federal carry forward dollars each year for Maternal and Child Health (MCH). The carry forward funds will be depleted at the end of FY02.
- ▶ To maintain the current level of services TDH is requesting \$10 million in FY03, replacing the carry forward funds.
- ▶ Without additional funding, TDH estimates that services would be cut across direct services (prenatal care, child health, family planning, case management, dysplasia, genetics, dental, laboratory) and populations based services (parenting education, breastfeeding initiative, bicycle safety, oral health education) by 12% in FY02-03.

Summary of SB1 Impact

	Current Funding/Caseloads (\$ In Millions)		SB1 Recommendations (In Millions)	
	FY00	FY01	FY02	FY03
Total Funds	\$50.2	\$50.4	\$50.8	\$40.2
Number of Children Served	62,906	79,572	77,345	60,094
Number of Women Served	66,103	81,920	81,748	65,398

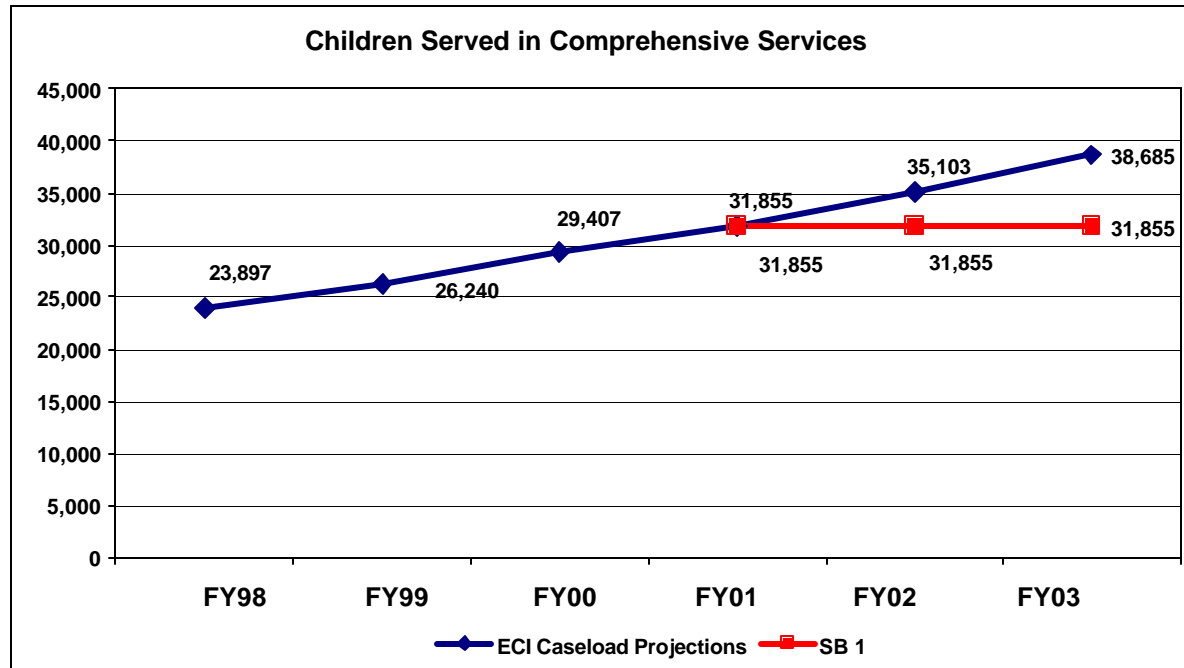
Source: ABEST

Serve All Eligible Children (ECI)

	<u>FY02-03</u>
GR	\$?
All Funds	\$30.0

Requested funds would allow ECI to cover projected caseload growth of approximately 10% each year. Funding would provide comprehensive services for 3,248 infants and toddlers in FY02 and 6,830 in FY03.

ECI Current Services



ECI caseloads are projected to grow by more than 10% per year in FY02-03.

Restore Adult Protective Services Strategy (PRS)

	<u>FY02-03</u>
GR	\$4.9
All Funds	\$4.9

Funding would restore current service levels in APS due to loss of Title XX carry forward funds.

Department of Protective & Regulatory Services

	Budgeted	Fiscal Year		Difference from 2001	
	2001	2002	2003	2002	2002
SB1 Recommended General Revenue	5,924,804	6,089,677	6,091,018	164,873	166,214
Requested Federal Funds	22,194,438	19,253,037	19,216,522	(2,941,401)	(2,977,916)
SB1 Rec. Federal Funds	22,194,438	19,407,516	19,406,176	(2,786,922)	(2,788,262)

- ▶ In FY2000-01, PRS carried forward Title XX funding from prior fiscal years to offset reductions and maintain services.
- ▶ No additional carry-forward funds are available for FY2002-03.
- ▶ Purchased Emergency Client Services were reduced in the FY2002-03 baseline request, since this is the only Adult Protective Services strategy that is not funded with federal entitlement.
- ▶ Funding is requested to restore current service levels in Adult Protective Services.

FUNDING REQUEST	FY2002	FY2003	BIENNIUM
Total	\$2,431,599	\$2,431,599	\$4,863,198
Number of FTEs	0	0	0
Method of Financing:			
General Revenue	\$2,431,599	\$2,431,599	\$4,863,198
Federal Funds	\$0	\$0	\$0

Maintain Current Caseloads (PRS)

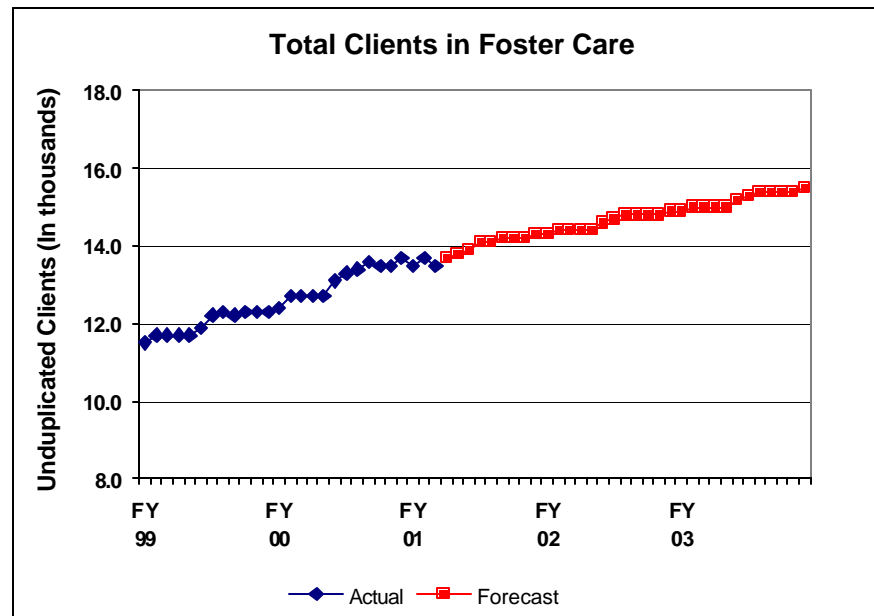
	<u>FY02-03</u>
GR	\$4.9
All Funds	\$14.5

Requested funds would maintain current caseloads per worker in recognition of projected caseload increases. Adds 143 PRS employees in FY02 and 211 in FY03. Assumes utilization of \$3.9 million in TANF and \$2.3 million in CCDF.

Department of Protective & Regulatory Services

Maintain Current Caseloads

- ◆ Funding is requested to maintain current caseloads per worker in recognition of projected caseload increases.
- ◆ Request adds 143 PRS employees in FY2002 and 211 in FY2003.
- ◆ Request assumes utilization of \$3.9 million in TANF and \$2.3 million in CCDF.



TANF (DHS)

	<u>FY02-03</u>
GR	\$?
All Funds	\$46.0

Recent caseload trends indicate a flattening-out and increases of the TANF caseloads.

DHS Current Services Shortfalls

TANF

- SB1's FY02-03 caseload recommendations for TANF Clients are below the FY02-03 caseloads developed by DHS' staff (based upon February 2001 Update).
Note: SB1 does use DHS' caseload projections from their LAR request for TANF services.
- The overall impact is that Strategy B.1.1, TANF Grants, is under funded by approximately \$46.0 million for FY02-03. Use of TANF MOE (GR) is an alternative funding source.

Summary of TANF Shortfall, based upon the February 2001 Updates:

TANF – Basic	FY01	FY02	FY03	FY02-03
SB1	338,393	333,681	328,111	
February Update	362,473	363,873	366,856	
Difference	(24,080)	(30,192)	(38,745)	
All Funds	\$18.0 million	\$18.4 million	\$27.6 million	\$46.0 million
GR	?	?	?	?

Acuity of Long-Term Care Clients (DHS)

	<u>FY02-03</u>
GR	\$40.8
All Funds	\$102.4

The rise in the number of attendant hours, the increased utilization of services, and the growth in the number of relatively high case-mix individuals will increase the service costs for Long-term Clients. Will affect the Community Care, Nursing Facility/Hospice Payments, and Integrated Service Delivery (STAR+Plus) strategies.

DHS Current Services Shortfalls

► Acuity of Long-term Care Clients

- ◆ In general, the rise in the number of attendant hours, the increase utilization of services, and the growth in the number of relatively high case mix individuals, have all increased the service costs for Long-term Clients. This item is not related to inflation. (Inflation is a separate exceptional item, which is included in Tier 2)

► A.1.1 – Community Care Service

- ◆ Average number of hours of attendant care delivered per Primary Home Care (PHC) client per month will increase by 1.1 percent per year. Average number of half-days delivered per Day Activity and Health Services (DAHS) client will increase by 1.7 percent per year.

► A.1.4 – Nursing Facility and Hospice Payments

- ◆ Trends indicate that the weighted average daily rate per patient day will increase by 0.9 percent per year due to increases in the average “case mix.” The diversion of potential NF clients into community care services, who generally have a higher proportion of lower acuity levels, leaving a higher proportion of individuals in NF who have higher acuity levels.

► A.1.5 – Integrated Service Delivery Systems (STAR+ Plus Managed Care)

- ◆ Increased utilization of PHC and DAHS will also take place in the STAR+ Plus program, expecting to increase by 0.8 percent per year.

Summary of Current Services Shortfall, based upon the February 2001 Updates:

LTC Acuity	FY02	FY03	FY02-03
GR	\$12.3 million	\$28.5 million	\$40.8 million
All Funds	\$30.8 million	\$71.6 million	\$102.4 million

Restore Non-Medicaid Community Care Service Levels (DHS)

	<u>FY02-03</u>
GR	\$7.0
All Funds	\$7.0

Allows DHS to continue non-Medicaid community care services at the FY01 level of 17,455 clients. This request would serve 835 clients per year in Adult Foster Care, Client-managed Attendant Services, Day Activity and Health Services, Emergency Response Services, Home-delivered Meals, Family Care, Residential Care, Respite Care, and Services to Adults with Disabilities.

DHS Current Services Shortfalls

Non-Medicaid Community Care Services

- ◆ Based on the February 2001 Update, DHS expects to serve 17,455 Non-Medicaid Community Care clients in FY01. SB1 recommendations for FY02-03 are 16,620 annually, 835 clients less each year than the FY01 service levels.
- ◆ This item will allow DHS to maintain their Non-Medicaid Community Care Services at the FY01 level of 17,455 clients for FY02-03.

Summary of Current Services Shortfall, based upon the February 2001 Updates:

Non-Medicaid Community Care	FY00 (Exp)	FY01 (Bud)	FY02	FY03	FY02-03
SB1 Recommendations	15,326	17,455	16,620	16,620	
FY02-03 Shortfall from FY01			(835)	(835)	
GR			\$3.5 million	\$3.5 million	\$7.0 million
All Funds			\$3.5 million	\$3.5 million	\$7.0 million

Non-Medicaid Services include: Adult Foster Care, Day Activity and Health Services (DAHS), Emergency Response Services, Home-delivered Meals, Family Care, Residential Care, Respite Care, and Special Services to Adults with Disabilities.

Maintain Current Services – State Facilities (MHMR)

	<u>FY02-03</u>
GR	\$22.1
All Funds	\$34.3

Funding would cover the decertification of specialized beds at Mexia State School, shift differential pay granted for direct care staff at 7 state schools, and cost increases for utilities and drugs at all facilities.

Maintain Current Services- State Schools and State Hospitals (MHMR)

GR
\$22.1 million

All Funds
34.3 million

- ▶ Mexia State School- Thirty-two specialized beds for court commitments will not qualify for federal ICF/MR funds because a more restrictive setting is needed than allowed under current ICF/MR rules. (\$3.5 Million General Revenue).
- ▶ Salaries- Funding would continue shift differential and merit increases authorized in FY01 for seven schools (Austin, Brenham, Denton, Lubbock, Richmond, San Angelo, and San Antonio) that are in areas of low unemployment and are having the most difficulty with turnover issues (\$3.5 Million General Revenue).
- ▶ Utility and Drug Cost- Significant cost increases in utilities and medications are being experienced in MHMR facilities. To maintain the current level of services \$9.7M GR is needed for utilities and \$5.4M GR for drug cost. (\$15.1 Million General Revenue).

Tier Two

	<u>FY02-03</u>
GR	\$620.9
All Funds	\$1,481.7

Rate Increases/Promoting
Independence

Tier 2: Reimbursement Increases/Promoting Independence

Item (Agency)	Biennial Totals		Item description
	GR/GR Ded.	All Funds	
Managed Care contract increases	\$ 42.4	\$ 106.2	This request recognizes the changing case mix and utilization rates that are common to the Medicaid population.
Medicaid Outpatient Reimbursement Rates (TDH)	165.4	416.1	Outpatient and professional services would increase by 6% in both FY02 and FY 03. The increase includes 3% for inflation and 3% for catch-up since reimbursement was frozen from 1992-1999.
Dental Health for Children (TDH)	27.0	67.9	A 19% increase in fees to dental providers would raise fees to 70% of the usual and customary reimbursement. The increase is expected to expand the provider base and lead to more accessible services to the eligible population.
Pharmacy Dispensing Fee (TDH)	8.5	21.2	This request would provide a dispensing fee increase to meet inflation in cost of drugs.

Tier 2: Reimbursement Increases/Promoting Independence			
Item (Agency)	Biennial Totals		Item description
	GR/GR Ded.	All Funds	
Increase Salaries to Improve Quality (DHS)	154.3	366.3	This item increases wages and benefits to attract and retain qualified community care attendants and nursing home aides.
Inflation for Long-Term Care Services (DHS)	81.1	199.8	This request funds inflation for community care (1.7% per year), nursing facilities (3.4% per year), and STAR-PLUS (1.7% per year for community care, 3.4% per year for nursing facilities, and 4.2% per year for acute care).
Rate Adjust-ICF/MR, HCS, and Rehabilitative Services (MHMR)	24.9	64.1	No rate increases have been granted since 1999. MHMR's request assumes 3% in HCS and ICF-MR per year. Rehabilitative service providers would receive 2% in FY02 and 2.2% in FY03.
Permanency and Family Reunification (PRS)	8.6	16.3	Requested funding would create a 2-tiered rate system for adoption assistance as an incentive for families to adopt children who need higher levels of care.

Tier 2: Reimbursement Increases/Promoting Independence			
Item (Agency)	Biennial Totals		Item description
	GR/GR Ded.	All Funds	
Quality Children & Family Services (PRS)	<u>13.8</u>	<u>31.4</u>	This item would increase rates for foster care providers and adoptive parents of special needs children by 5%.
	\$526.0	\$1,289.3	Subtotal, Reimbursement Increases
Promoting Independence (DHS)	\$ 18.6	\$ 24.5	In response to the Olmstead ruling DHS would increase awareness about community-based services, identify affected populations within nursing facilities, and assist in relocating identified nursing facility residents who are willing and able to transition to community living arrangements. Waiver slots would be increased for CBA (1,061 slots), CLASS (54 slots), and MDCP (225 slots) by FY03. This cost assumes an actual cost of \$28M GR with a savings in Nursing Facilities of \$10M GR. DHS is also requesting a rider to allow this transfer from the NF strategy to the Community Care strategy.
Expansion of HCS (MHMR) (1 of 2)	36.5	88.1	Requested funding would phase-in 325 additional placements from state schools and 864 placements for persons moving from ICF-MR facilities.

Transitional funding for MDCP clients (HHSC)	0.6	0.6	DHS has included 225 MDCP waiver slots by FY03 for the children currently in nursing facilities. However, transitional funds to help families with one-time modifications are needed so these families can successfully transfer to community care.
Transitional funding for HCS clients (HHSC)	0.5	0.5	Funds provide the HCS program with comparable transitional funds as requested for CLASS, CBA and MDCP. This funding would benefit approximately 200 HCS clients.
Foster care for children leaving institutions (HHSC)	3.3	3.3	HHSC recommends development of a new program that offers foster care homes for children that are leaving institutions and cannot return home to their birth families. Currently children who cannot return to their birth families have no alternative but to remain institutionalized. These funds would support approximately 300 placements and outreach for up to 400 families.
Technical Assistance for Foster Care Initiative (HHSC)	0.2	0.2	Since the recruitment and training for the 'no fault' foster care program would be significantly different from the current foster care homes in Texas, funding for proper training and research of best practices is requested.

Project Choice (HHSC)	0.1	0.1	Project Choice is a pilot project that began with HCFA funding. The funding has expired and a new funding stream is required to continue this project. This program provides transitional funding and rent subsidies for approximately 25 individuals converting to community care.
Housing subsidies (HHSC)	4.3	4.3	Many individuals transferring from institutions to community care do not have the means to cover monthly rent for housing. Federal programs provide housing subsidies, but currently have waiting lists. These funds would provide rent subsidies while clients are waiting for federal housing assistance. Clients served in waiver programs at DHS and MHMR would increase by 400 each year of the biennium.
Transportation (HHSC)	0.8	0.8	Clients living in community settings are provided medical transportation through Medicaid; however, non-medical transportation is not available. For successful transition to community care, individuals need access to transportation for grocery or clothes shopping or other non-medical necessities.
Reduce LTC Interest Lists (DHS)	25.1	57.7	Funding, which includes 15.75% of DHS' exceptional item request, would serve approximately 1,114 clients in FY02 and 2,356 clients in FY03 from community care waiting lists. Programs affected include CBA, CLASS, MDCP, Non-Medicaid Community Care, In-Home and Family Support, and Deaf-Blind with Multiple Disabilities waiver.

Tier 2: Reimbursement Increases/Promoting Independence			
Item (Agency)	Biennial Totals		Item description
	GR/GR Ded.	All Funds	
Expansion of HCS (MHMR) (2 of 2)	<u>4.9</u>	<u>12.3</u>	Approximately 25% of the MHMR's request to fund 750 clients on the HCS waiting list and 400 placements on a new mid-range waiver would be covered through this item, thus approximately 288 slots would be filled.
	\$94.9	\$192.4	Subtotal, Promoting Independence
Total Tier 2	<u>\$620.9</u>	<u>\$1,481.7</u>	

Tier Three

FY02-03

GR \$84.7

All Funds \$176.3

Cross Agency HHS Initiatives

Tier 3: Cross Agency Health and Human Service Initiatives			
Item (Agency)	Biennial Totals		Item description
	GR/GR Ded.	All Funds	
Colonias (HHSC)	\$ 8.0	\$ 11.2	This item provides 7 HHS agencies with funds to enhance services to the colonias, including formal promotora training and certification, development of culturally and linguistically appropriate materials, establishment of self-help and advocacy models, and development of best practices.
Enterprise Administrative System (HHSC)	11.6	24.9	HHSC has chosen software to develop integrated HHS financial and human resources systems. Implementation would fulfill the long-term goal of standardizing financial and human resources systems in HHS agencies. DHS currently has a request to utilize enhanced food stamp funds from the FY00-01 biennium to finance their share of the project. If funded with this source, the overall request would be reduced by nearly \$4.5 million in GR.

Tier 3: Cross Agency Health and Human Service Initiatives			
Item (Agency)	Biennial Totals		Item description
	GR/GR Ded.	All Funds	
TIERS Project Software Development & Rollout (DHS)	<u>65.1</u>	<u>140.2</u>	TIERS will replace all systems currently supporting the public assistance eligibility determination process, including the System for Application, Verification, Eligibility, Referrals, and Reporting SAVERR), the Generic Worksheet, and the Long-term Care Worksheet. This request assumes a carry-forward from FY01 of \$16.3 million, of which \$6.3 million is GR.
Total Tier 3	<u>\$ 84.7</u>	<u>\$176.3</u>	

Summary of HHSC Priority Recommendations

Tier Category	Biennial Total (In Millions)	
	GR/GR Dedicated	All Funds
Tier One Maintaining Current Services	\$ 740.3	\$1,961.8
Tier Two Rate Increases/Promoting Independence	620.9	1,481.7
Tier Three Cross-Agency HHS Initiatives	84.7	176.3
TOTAL	\$1,445.9	\$3,619.8