



Presentation to the Senate Finance Committee

Department of Aging and Disability Services
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February 11, 2009

Issues for FY2009

- ❑ Budget Shortfall for FY2009 is currently estimated at \$67.4 million General Revenue (GR)
 - \$47.4 million for Federal Medical Assistance Percentage (FMAP)
 - \$20.0 million for Minimum Wage Increases
 - Caseload and Cost Changes will modify this estimate
- ❑ System Improvements
 - State Schools
 - Information Technology (IT)

Issues for FY2010-11

- ❑ Maintaining FY2009 Service Levels
 - Caseload Forecasts
 - Cost Trends (Utilization, Case-Mix, and Inflation)
- ❑ Community Services
 - Expansion of Community Waivers
 - Promoting Independence
 - Preventing Institutionalization
- ❑ System Improvements
 - State Schools
 - Reshaping the System for Providing Services to Individuals with Developmental Disabilities
 - Information Technology (IT)
- ❑ Provider Rates

Factors Driving Agency Budget Needs

- ❑ Caseloads and Costs
 - Represents 94.8 percent of DADS' Budget
 - Small Changes have Big Impacts – 1% change equals \$56 million
- ❑ Continued Movement of Individuals to the Community
 - Waiver Expansion
 - Promoting Independence / Preventing Institutionalization
- ❑ Staffing of Critical Positions
 - Annual Payroll is \$525 million
 - State School
 - Regulatory
 - Access and Intake
 - General Administrative

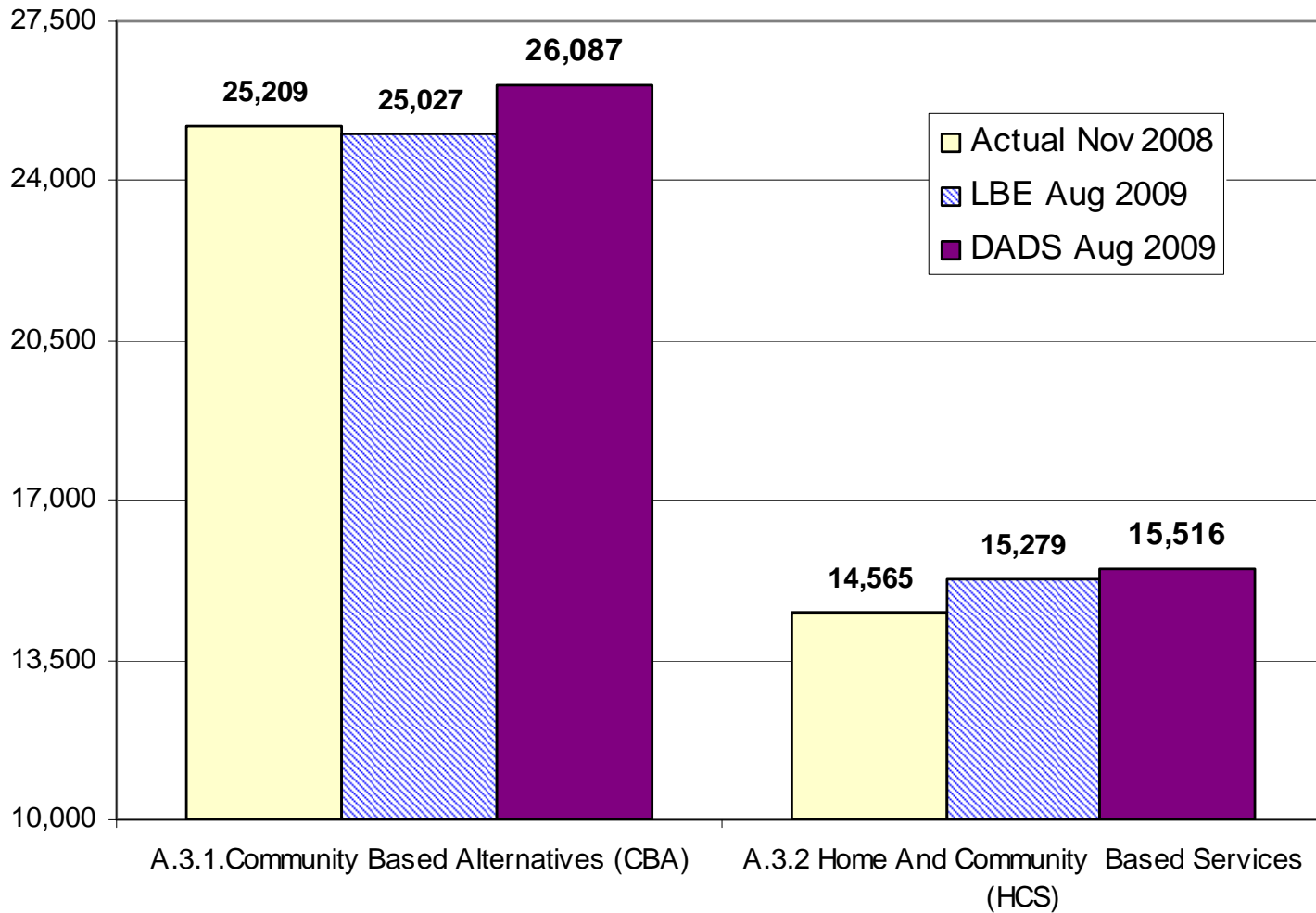
Key Differences – SB1 and Current Services

Waiver Comparisons: DADS vs. LBE

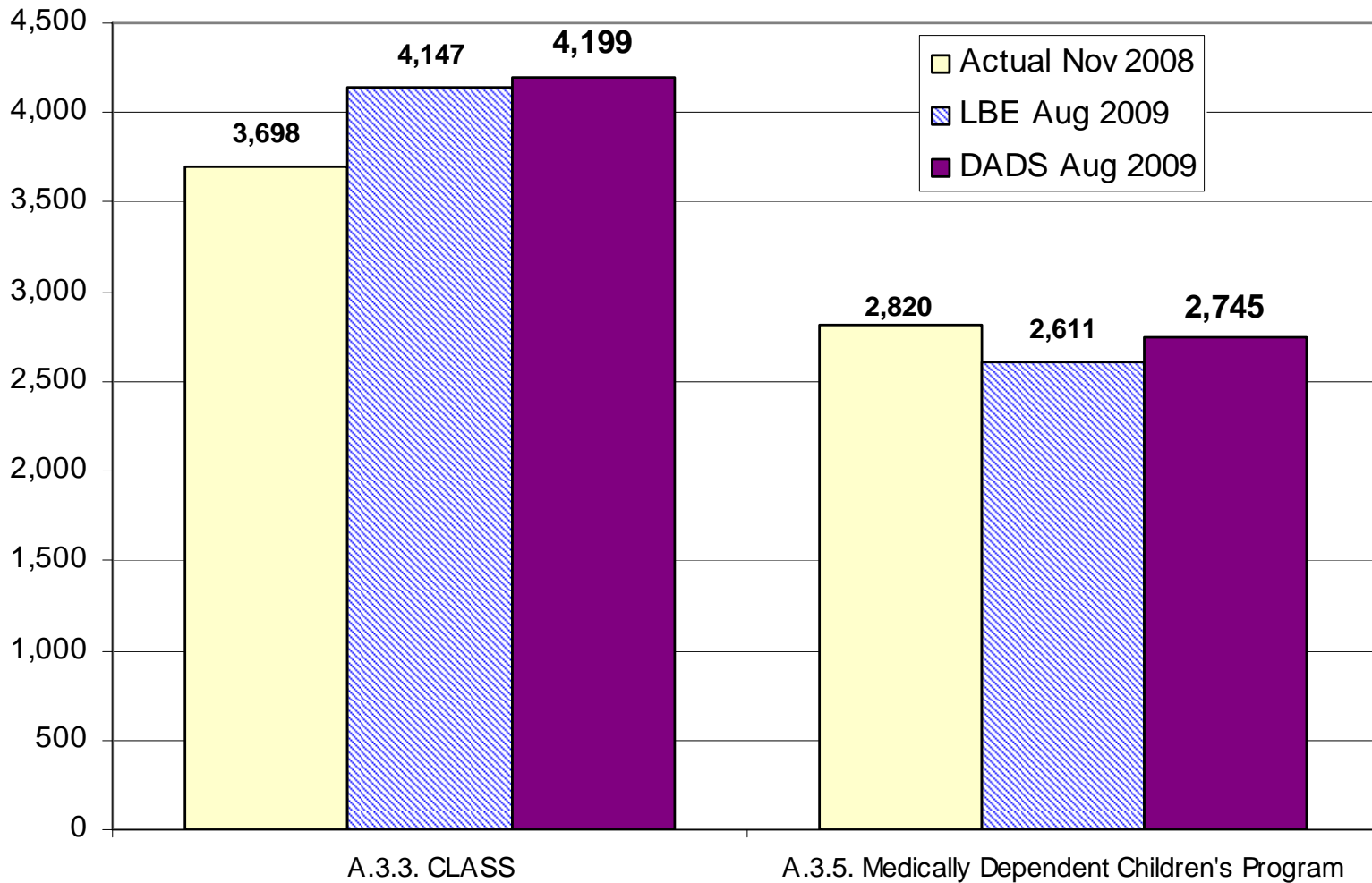
| Caseloads | Actual Nov-08 | LBE Est. Aug-09 | DADS Est. Aug-09 |
|--|--------------------------|--------------------------------|---------------------------------|
| A.3.1.Community Based Alternatives (CBA) | 25,209 | 25,027 | 26,087 |
| A.3.2 Home And Community Based Services (HCS) | 14,565 | 15,279 | 15,516 |
| A.3.3. CLASS | 3,698 | 4,147 | 4,199 |
| A.3.4. Deaf Blind Multiple Disabilities (DBMD) | 151 | 160 | 172 |
| A.3.5. Medically Dependent Children's Program | 2,820 | 2,611 | 2,745 |
| A.3.6 Consolidated Waiver | 163 | 171 | 199 |
| A.3.7. Texas Home Living (TxHmL) | 1,087 | 1,183 | 1,183 |

| Average Monthly Cost | YTD Nov-08 | LBE FY10-11 | DADS FY10-11 |
|--|-----------------------|------------------------|-------------------------|
| A.3.1.Community Based Alternatives (CBA) | \$ 1,447.47 | \$ 1,418.47 | \$ 1,425.00 |
| A.3.2 Home And Community Based Services (HCS) | \$ 3,389.28 | \$ 3,414.57 | \$ 3,414.57 |
| A.3.3. CLASS | \$ 3,176.15 | \$ 2,970.68 | \$ 3,266.00 |
| A.3.4. Deaf Blind Multiple Disabilities (DBMD) | \$ 3,881.00 | \$ 4,115.82 | \$ 3,940.70 |
| A.3.5. Medically Dependent Children's Program | \$ 1,362.31 | \$ 1,296.10 | \$ 1,402.66 |
| A.3.6 Consolidated Waiver | \$ 1,904.43 | \$ 1,862.34 | \$ 1,811.00 |
| A.3.7. Texas Home Living (TxHmL) | \$ 591.17 | \$ 582.68 | \$ 582.68 |

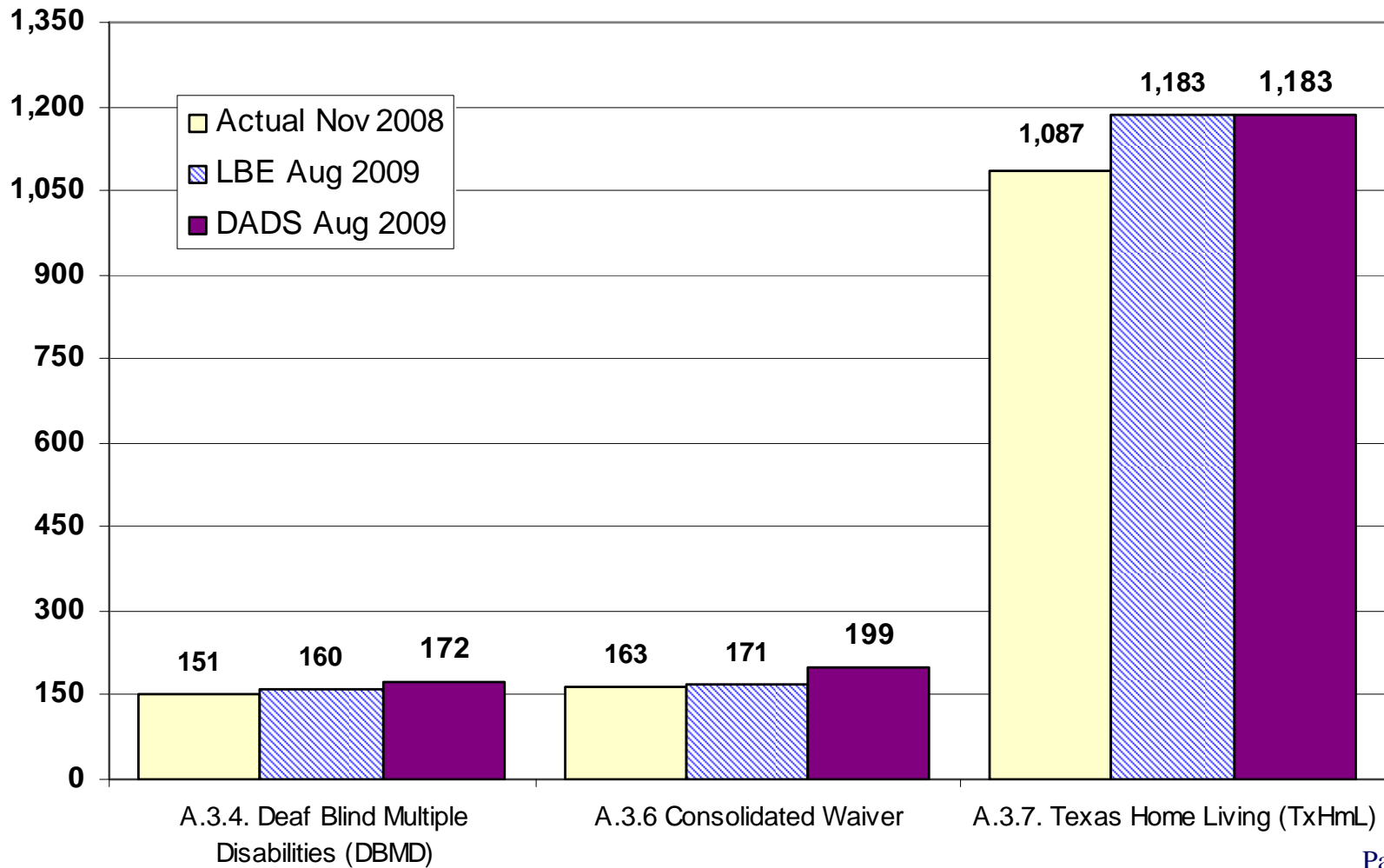
Caseload Variance for CBA and HCS



Caseload Variance for CLASS and MDCP



Caseload Variance for DBMD, CWP, and TxHmL



Exceptional Items Summary

| # | Exceptional Item | Exceptional Item Description | Biennial Total | | FTEs | | Caseloads | |
|---|--|--|-------------------------|--------------------------|-----------------|-----------------|----------------|----------------|
| | | | GR-R | All Funds | FY 2010 | FY 2011 | FY 2010 | FY 2011 |
| DADS Baseline FY2010-11: | | | \$ 5,134,396,765 | \$ 12,274,008,867 | 16,431.0 | 16,431.0 | 304,049 | 308,491 |
| 1 | Maintain FY2009 Non-Entitlement Service Levels | Provides necessary GR funds to address FY2009 Non-Entitlement service levels, particularly for the Waiver Programs | \$ 51,520,569 | \$ 113,742,156 | - | - | 3,567 | 3,588 |
| 2 | Maintain FY2009 Entitlement Service Levels | Provides necessary GR funds to address FY2009 Entitlement Programs' Service Levels for caseloads and costs | \$ 38,839,597 | \$ 94,397,223 | | | 3,075 | 4,502 |
| 3 | Non Rate-related Cost Increases | Provides necessary GR funds to address inflationary costs and increased utilization of services (case-mix) | \$ 53,392,140 | \$ 130,240,784 | | | | |
| 4 | Promoting Independence | Funds the transition of 500 clients from ICF/MRs and 120 Foster Care children to HCS Waiver providers | \$ 16,118,852 | \$ 35,636,700 | - | - | 155 | 465 |
| 5 | MR Safety Net | Restores MR Community Service program funding to FY2003 levels | \$ 31,306,800 | \$ 31,306,800 | - | - | 3,712 | 3,712 |
| 6 | Prevention of Institutionalization | Provides HCS services for 196 individuals to prevent them from entering institutions | \$ 4,553,317 | \$ 11,078,900 | - | - | 49 | 147 |
| 7 | AAA - Benefits Counseling | Provides benefit counseling services for individuals under the age of 60 | \$ 3,000,000 | \$ 3,000,000 | - | - | - | - |
| 8 | PACE Expansion | Funds 150 additional PACE slots | \$ 3,156,374 | \$ 7,674,907 | - | - | 118 | 150 |
| 9 | State Schools | Covers capital budget items related to furnishings, equipment replacement, and repair/renovations at State School facilities | \$ 8,503,571 | \$ 80,137,880 | - | - | - | - |
| 10 | Survey and Certification FTEs | Provides additional Regulatory staff to visit all HCS residential and Foster Care / Companion sites | \$ 2,312,866 | \$ 4,625,731 | 32.0 | 35.0 | - | - |
| 11 | IT - Automation / System Modifications | Replacement of several old "legacy" applications at DADS that are no longer supported by vendors or not compatible with current Hardware or Software | \$ 11,305,738 | \$ 22,474,139 | - | - | - | - |
| Grand Total, DADS Exceptional Items | | | \$ 224,009,824 | \$ 534,315,220 | 32.0 | 35.0 | 10,676 | 12,564 |
| Grand Total, DADS Exceptional Items + Baseline | | | \$ 5,358,406,589 | \$ 12,808,324,087 | 16,463.0 | 16,466.0 | 314,725 | 321,055 |

EI #1 – Maintain FY2009 Non-Entitlement Services

Non-Entitlement Programs that were ramping up in FY2009

- Interest Lists
- Legislative Initiatives
 - Promoting Independence
 - Deficit Reduction Act- Money Follows the Person
 - State School Movement

| (\$ in Millions) | FY 2010 | FY 2011 | Biennium |
|--------------------|---------|---------|----------|
| General Revenue | \$26.0 | \$25.5 | \$51.5 |
| All Funds | \$57.1 | \$56.6 | \$113.7 |
| Individuals Served | 3,567 | 3,588 | |

Programs Impacted

- Community Based Alternatives
- HCS
- CLASS
- DBMD
- MDCP
- CWP
- TxHmL

EI #2 – Maintain FY2009 Entitlement Service Levels

- ❑ Entitlement Programs that were growing in FY2009
 - Caseload Forecasts
 - Costs Forecasts

- ❑ Programs Impacted
 - Primary Home Care
 - Community Attendant Services
 - Day Activity Health Services
 - PACE
 - Nursing Facilities
 - Hospice
 - ICF-MRs

| (\$ in Millions) | FY 2010 | FY 2011 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$17.7 | \$21.1 | \$38.8 |
| All Funds | \$43.0 | \$51.4 | \$94.4 |

| | | | |
|--------------------|-------|-------|--|
| Individuals Served | 3,075 | 4,502 | |
|--------------------|-------|-------|--|

EI #3 – Non Rate-related Cost Increases

Cost Increases

- Acuity / Case Mix
- Inflation

Programs Impacted

- Medicaid Waivers
- Medicaid Entitlements
- Non-Medicaid Services

| (\$ in Millions) | FY 2010 | FY 2011 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$18.1 | \$35.3 | \$53.4 |
| All Funds | \$44.0 | \$86.2 | \$130.2 |

EI #4 – Promoting Independence

- ❑ This exceptional item requests \$16.1 million in GR funds for the biennium to move:

- 500 persons from large and medium community Intermediate Care Facilities for Persons with Mental Retardation (ICF-MRs)
- 120 children aging out of foster care at the Department of Family and Protective Services (DFPS)

to the Home and Community-Based Services (HCS) waiver program by the end of FY2011.

- ❑ Funding is also requested for Relocation Services for additional 500 Individuals (250 each fiscal year) to assist their movement into community services.
- ❑ It is imperative that the infrastructure, which provides the foundation for these programs, keeps pace with the program growth in order to ensure and protect the safety and well being of people receiving our services.
- ❑ Programs Impacted
 - Waiver Services
 - Promoting Independence

| (\$ in Millions) | FY 2010 | FY 2011 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$4.8 | \$11.3 | \$16.1 |
| All Funds | \$9.8 | \$25.8 | \$35.6 |

| | | | |
|--------------------|-----|-----|--|
| Individuals Served | 405 | 715 | |
|--------------------|-----|-----|--|

EI #5 – Safety Net Services

- ❑ This exceptional item restores GR funding to FY2003 funding levels for services for individuals with mental retardation.
- ❑ The restored funds will provide the following services: Independent Living, Employment Services, Day Training, Therapies, Respite, and In-Home Family and Support Services.
- ❑ Programs Impacted
 - Community Services for individuals with mental retardation
 - In-Home and Family Support Services for individuals with Mental Retardation

| (\$ in Millions) | FY 2010 | FY 2011 | Biennium |
|--------------------|---------|---------|----------|
| General Revenue | \$15.6 | 15.7 | \$31.3 |
| All Funds | \$15.6 | \$15.7 | \$31.3 |
| Individuals Served | 3,712 | 3,712 | |

EI #6 – Prevention of Institutionalization

- ❑ This exceptional item provides HCS services for 196 individuals to prevent them from entering institutions:

- 100 children
- 96 individuals in emergency and crisis situations

- ❑ Programs Impacted

- HCS Waiver Services

| (\$ in Millions) | FY 2010 | FY 2011 | Biennium |
|--------------------|---------|---------|----------|
| General Revenue | \$1.2 | \$3.4 | \$4.6 |
| All Funds | \$2.9 | \$8.2 | \$11.1 |
| Individuals Served | 49 | 147 | |

EI #7 – AAA Benefits Counseling

- ❑ To expand the scope of the Area Agencies on Aging (AAAs) to provide benefits counseling and advance life-planning services to individuals under age 60. The expansion would allow AAAs to provide individual assistance and community awareness about aging well, including assistance with public and private benefits that can support long-term care needs, including:
 - Assistance with long-term care insurance, financial planning, and the need for advance planning documents such as wills and powers of attorney
 - Community-wide awareness activities about the Long-term Care Insurance Partnership, Own Your Future and other aging well initiatives
- ❑ Programs Impacted
 - Non-Medicaid Services

| (\$ in Millions) | FY 2010 | FY 2011 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$1.5 | \$1.5 | \$3.0 |
| All Funds | \$1.5 | \$1.5 | \$3.0 |

EI #8 – PACE Site Expansion

- ❑ This exceptional item requests 150 additional slots for the Program of All-Inclusive Care for the Elderly (PACE) program.
- ❑ DADS currently operates two PACE sites, in El Paso and Amarillo, with an additional third site in Lubbock anticipated to come on-line in December 2009.
- ❑ Programs Impacted
 - Program of All-Inclusive Care for the Elderly (PACE)

| (\$ in Millions) | FY 2010 | FY 2011 | Biennium |
|--------------------|---------|---------|----------|
| General Revenue | \$1.4 | \$1.8 | \$3.2 |
| All Funds | \$3.4 | \$4.3 | \$7.7 |
| Individuals Served | 118 | 150 | |

EI #9 – State School Improvements

- ❑ DADS is a provider of services through the operation of the State Schools.
- ❑ We are obligated to provide these services in a manner that meets the needs, safety, and well being of the residents, and ensures maintaining Medicaid certification (and thus Medicaid funding).
- ❑ Physical infrastructure at State Schools to ensure ICF-MR certification. This would include:
 - Life-safety code requirements
 - Roofs
 - Heating, Ventilation, and A/C (HVAC)
 - Plumbing
 - Electrical
- ❑ The replacement of old and damaged equipment and furniture
- ❑ Increased “Best Practices” training and technical assistance at all State Schools
- ❑ Programs Impacted
 - State Schools

| (\$ in Millions) | FY 2010 | FY 2011 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$4.2 | \$4.3 | \$8.5 |
| All Funds | \$22.5 | \$57.6 | \$80.1 |

EI #10 – Survey and Certification FTEs

- ❑ This item requests an additional 35 FTEs to conduct annual surveys of all 3-4 bed HCS residences and HCS Foster/Companion Care homes.
- ❑ Currently, there are 34 FTEs in the Survey and Certification Program. Each initial and annual HSC certification review includes a visit to a sample of residences of individuals who receive HCS services.
- ❑ Programs Impacted
 - Facility and Community-Based Regulation

| (\$ in Millions) | FY 2010 | FY 2011 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$1.1 | \$1.2 | \$2.3 |
| All Funds | \$2.3 | \$2.3 | \$4.6 |
| FTEs | 32.0 | 35.0 | |

EI #11 – IT Automation/System Modification

- ❑ This item requests the replacement of several “legacy” applications at DADS, where either the hardware or software is no longer supported by vendors or it is not compatible with current hardware or software:

| (\$ in Millions) | FY 2010 | FY 2011 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$5.3 | \$6.0 | \$11.3 |
| All Funds | \$9.5 | \$13.0 | \$22.5 |

- DADS Authorization System (SAS / CARE Consolidation)
 - LTSS Data Mart
 - QRS Enhancement
 - State School Telecommunications
 - Data Encryption and Security
 - Budget Job Number (BJN) Replacement
 - The Nursing Facility Administrator (NFA) Licensure Database
 - Licensing and Certification
- ❑ DADS also will be included in a number of HHS Enterprise technology requests, primarily the messaging/collaboration and HHS telephony projects

HHSC's Exceptional Items Affecting DADS

☐ In HHSC's LAR

- Increase Community Services (Interest List)
- Medical Professional Recruitment and Retention
- Vehicles
- Information Technology
- Data Center Service Increased Costs

☐ In HHSC's Consolidated Budget

- Rate Increases for Providers and Direct-care Staff
- Staff Recruitment and Retention