



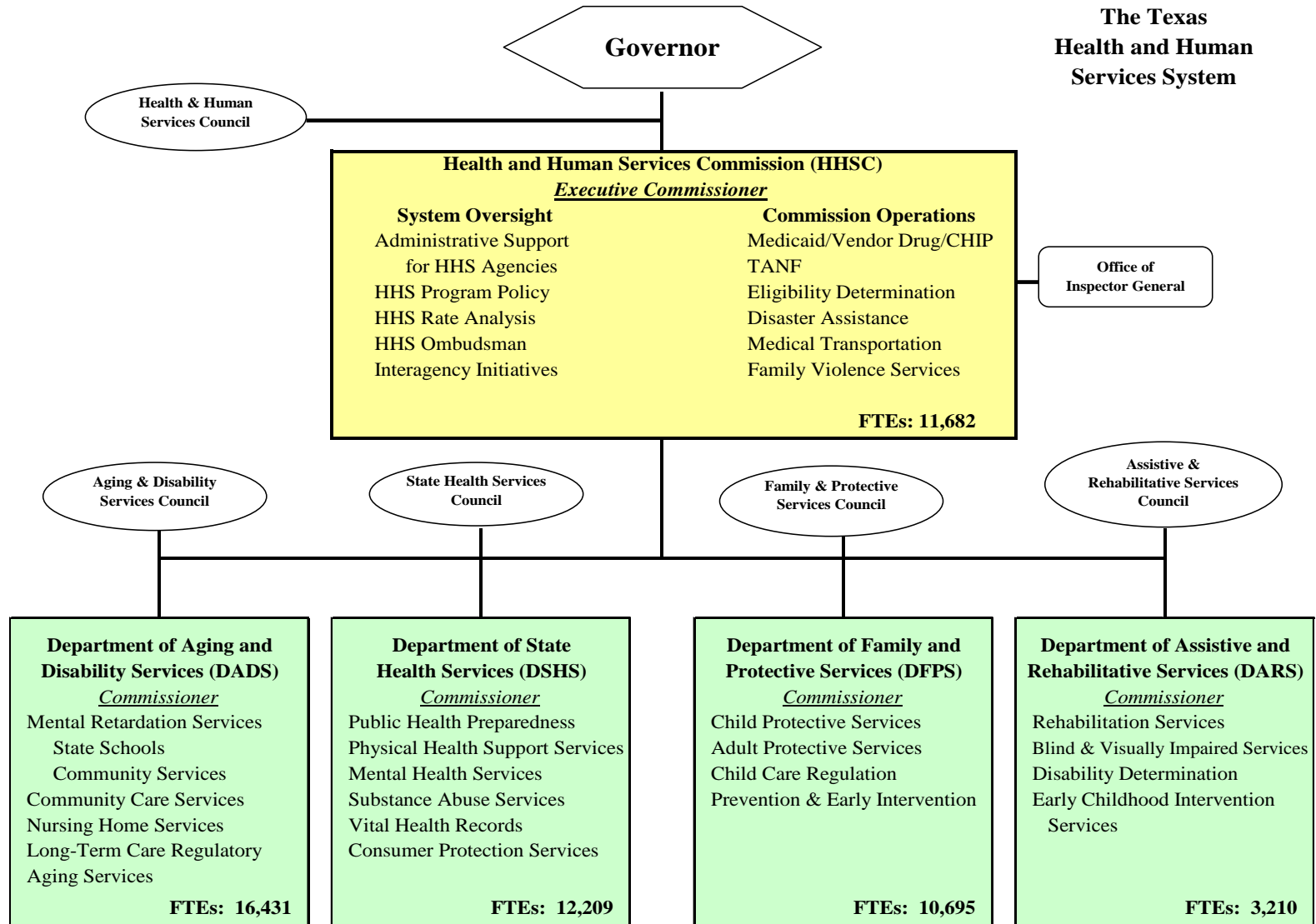
House Committee on Human Services

Albert Hawkins, Executive Commissioner

Joanne Molina, Deputy Executive
Commissioner of Social Services

February 26, 2009

HHS Organization



Note: The Full Time Equivalent (FTE's) positions are the budgeted level for FY 2009.

As of: 09-01-2008

Health and Human Services Commission (HHSC)

Program Areas:

- Texas Medicaid Program
- Children's Health Insurance Program (CHIP)
- Temporary Assistance for Needy Families (TANF)
- Supplemental Nutrition Assistance Program (Food Stamps)
- Family Violence Program
- Immigration and Refugee Affairs
- Disaster Assistance

Support functions consolidated at HHSC:

- Human Resources
- Administrative Procurement/Contracting
- Planning and Evaluation
- HHS Rate Setting
- Office of Inspector General
- Strategic Planning
- Civil Rights
- Leasing and Facilities Management

Partially consolidated functions:

- Financial Services
- Legal Services
- Information Technology
- Ombudsman

Key Programs Overview

- **Temporary Assistance for Needy Families (TANF)** - Provides time-limited cash assistance to needy dependent children and the parents or relatives with whom they are living.
- **Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps)** - An entitlement program that provides a monthly benefit to qualified applicants.
- **Medicaid** - Provides guaranteed medical coverage to eligible needy persons.
- **Children's Health Insurance Program (CHIP)** - Provides medical coverage to eligible children up to age 19, who are not already insured.

Both the Federal and State governments have a role in the design and funding of the TANF program:

- At the federal level, the U.S. Department of Health and Human Services, Administration for Children and Families (ACF) regulates the program.
- In Texas, administration of the program is shared between the Texas Health and Human Services Commission (HHSC) and the Texas Workforce Commission (TWC).
 - HHSC is responsible for TANF eligibility determination, eligibility-related policies, and making cash assistance payments.
 - TWC is responsible for work-related policies and for delivering employment services through Local Workforce Development Boards.

TANF is funded by both state and federal funds:

- Federal funds are given to the State in the form of a TANF block grant.
- The TANF block grant has an annual cost-sharing requirement for States, referred to as maintenance of effort or MOE.
- The Texas Legislature determines the amount of state and federal TANF block grant funds appropriated to the TANF cash assistance program and how much is allocated to other TANF funded programs.

TANF Recipients

TANF cash assistance program assists needy dependent children and the parents or relatives with whom they are living.

- The most common form of TANF assistance is a monthly grant. The amount of the grant is based on family size and income.
- The TANF-State Program (TANF-SP) helps children living in two-parent households whose parents meet the income and resource guidelines for TANF.
- The TANF-Basic Program helps child-only or single parent families with federal dollars.
- TANF households are also eligible to receive Medicaid benefits and SNAP benefits.
- TANF benefits are time limited.
- Adult recipients must sign a Personal Responsibility Agreement (PRA)

In Texas, the most common TANF caretaker is an approximately 30-year old female with 1 or 2 children under age 12. She is unemployed and has no other income, and receives a monthly TANF grant of \$208 or less, for less than 12 consecutive months.

TANF Eligibility:

- Family resources cannot exceed \$1,000
- Net income cannot exceed specified levels (currently \$188 a month for a family of three)
- Children must meet age, citizenship, relationship, and residence requirements
- In order to receive benefits, adult TANF applicants must sign a Personal Responsibility Agreement (PRA)

The PRA requires recipients to agree to:

- Participate in the TWC Choices Employment Program, unless exempt
 - Cooperate with the child support program requirements
 - Not voluntarily quit a job
 - Not abuse drugs or alcohol
 - Attend parenting skills classes, if referred
 - Obtain medical screenings for their children
 - Ensure that their children are immunized and attending school
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TANF Eligibility (cont.)

- Households that do not comply with the PRA are sanctioned:
 - Lose cash assistance for one month or until cooperation (whichever is longer)
 - Non-cooperation for two consecutive months results in denial of TANF eligibility and the family must demonstrate 30 days of compliance before receiving cash assistance
 - Adult household members lose Medicaid coverage* for one month or until cooperation, whichever is longer, for non-compliance with TWC Choices Employment Program or child support requirements
 - * Federal requirements prohibit the state from denying Medicaid to adult household members who are pregnant or under age 19

TANF Maximum Grant Amounts*

Family Size	Child-Only Case	Household with One Parent or Caretaker	Household with Two Parents or Caretakers
1	\$86	\$104	n/a
2	\$123	\$216	\$166
3	\$173	\$250	\$274
4	\$205	\$300	\$308
5	\$264	\$334	\$357
6	\$285	\$383	\$391
7	\$355	\$416	\$439
8	\$390	\$474	\$473
9	\$448	\$508	\$530
10	\$482	\$565	\$564
11	\$539	\$600	\$622
12	\$574	\$657	\$656
13	\$631	\$691	\$714
14	\$666	\$749	\$748
15	\$722	\$783	\$805
For each additional person, add:	\$58	\$58	\$58

* The General Appropriations Act sets the TANF grant amount each year to ensure that the maximum monthly grant for a family of three is at least 17 percent of the federal poverty level (HHSC Rider 27)

Other TANF Assistance

TANF-eligible families who meet certain criteria can opt to receive a one-time payment

- A grandparent caring for one or more grandchildren who receives TANF is eligible for a one-time supplemental payment of \$1,000, if they meet certain criteria:
 - 45 years of age or older;
 - Family gross income of less than or equal to 200% FPL; and
 - Resources less than \$1,000.
- One-Time TANF (OT-TANF) payment of \$1,000 instead of a monthly grant.
 - A household can receive OT-TANF once in a 12-month period.
 - Examples of qualifying criteria include:
 - Loss of employment within the last 60 days; and
 - Loss of financial support from a spouse within the last 12 months through death, divorce, separation or abandonment.

Other TANF Assistance (cont.)

When TANF recipients obtain employment, they may be eligible for the Earned Income Disregard (EID).

- Allows most TANF recipients to retain their TANF benefits during the first four months of employment
- Designed to help stabilize the transition from welfare to work

Back-to-School Supplemental Payment:

- Each child on TANF is eligible for a one-time per year grant of up to \$30 to assist with back-to-school expenses.
- Distribution of the grant is timed to coincide with the tax-free holiday.

Impact on TANF from the Federal Economic Stimulus Bill

The American Recovery and Reinvestment Act:

Temporary Assistance for Needy Families (TANF) Block grant provides states funding for benefits and services primarily targeted to low-income families and children.

Seventeen states including Texas currently receive TANF supplemental grant funding as part of the block grant allotment.

- Provided to states that meet criteria of high rates of population growth and/or low historic benefit levels.

The supplemental grants were set to expire at the end of FY 2009.

- The Act extends supplemental grants at the \$319 million annual level (nationally) through fiscal year 2010.
- Texas will receive an estimated \$52.7 million in FY 2010.

Supplemental Nutrition Assistance Program (SNAP) Overview

The Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, is an entitlement program that provides a monthly benefit to qualified applicants.

- SNAP is an entitlement program.
- Benefits can only be used to purchase food items from retailers

SNAP Administration

- The United States Department of Agriculture (USDA) Food and Nutrition Services (FNS) oversees SNAP
- SNAP in Texas is administered by the Health and Human Services Commission
 - HHSC is responsible for eligibility policy and determination, and benefit administration
 - TWC is responsible for work-related policy and employment services

SNAP benefits are:

- **100 percent federally funded**
 - The value of benefits in FY 2008 was \$2.967 billion
 - The estimated value of benefits in FY 2009 is \$3.981 billion
- **Allotment amounts to households are determined at the federal level**

The administrative costs are:

- 50 percent federally funded
- 50 percent state funded

Additional federal funding is provided to:

- Provide outreach
- Nutrition education

Eligibility for SNAP

- Eligibility criteria is federally defined
- Households must meet gross and net monthly income tests.
 - As an example, for a family of 3, the maximum gross monthly income is \$2,420.
- Most households may have up to \$5,000 in countable resources (e.g., checking/savings account, cash).
- Legal immigrants who have been legal residents of the U.S. for more than five years, and legal immigrants who are children, elderly, or disabled can receive food stamps if eligible. All undocumented immigrants are ineligible for SNAP benefits.
- Many able-bodied, childless, unemployed adults have time limits on their receipt of SNAP benefits.

SNAP Eligibility (Cont.)

Household Size	Gross Monthly Income (130%)	Net Monthly Income (100%)	165%
1	\$1,127	\$867	\$1,430
2	\$1,517	\$1,167	\$1,925
3	\$1,907	\$1,467	\$2,240
4	\$2,297	\$1,767	\$2,915
5	\$2,687	\$2,067	\$3,410
6	\$3,077	\$2,367	\$3,905
7	\$3,467	\$2,667	\$4,400
8	\$3,857	\$2,967	\$4,895
9	\$4,247	\$3,267	\$5,390
10	\$4,637	\$3,567	\$5,885
Each additional person	Add \$390	Add \$300	Add \$495

Impact on SNAP from the Federal Economic Stimulus Bill

The American Recovery and Reinvestment Act:

Additional funding provides a 13.6 percent benefit increase for SNAP.

Changes to SNAP must be implemented not less than 25 days after enactment of the law.

- Benefit increase will be implemented effective April 2009.

Lifts restrictions that limit the amount of time individuals without dependents can receive food stamps.

- Currently, childless adults between the ages of 18 and 50 are limited to 3 months of Food Stamp benefits in a 3-year period in Texas. The benefit period can be longer if the adult works at least 20 hours a week or is in a job or training program.

Medicaid is a jointly funded state-federal program that provides medical coverage to eligible needy persons.

- The federal government pays 60.78% of Medicaid service expenditures
- Federal laws and regulations:
 - Require coverage of certain populations and services; and
 - Provide flexibility for states to cover additional populations and services.
- Medicaid is an entitlement program, meaning:
 - Guaranteed coverage for eligible services to eligible persons.
 - Open-ended funding based on the actual costs to provide eligible services to eligible persons.

Medicaid serves:

- Low-income families
- Children
- Related caretakers of dependent children
- Pregnant women
- Elderly
- People with disabilities

Texas Medicaid does not serve:

- Non-disabled, childless adults

Medicaid eligibility is financial and categorical:

- Low income alone does not constitute eligibility for Medicaid

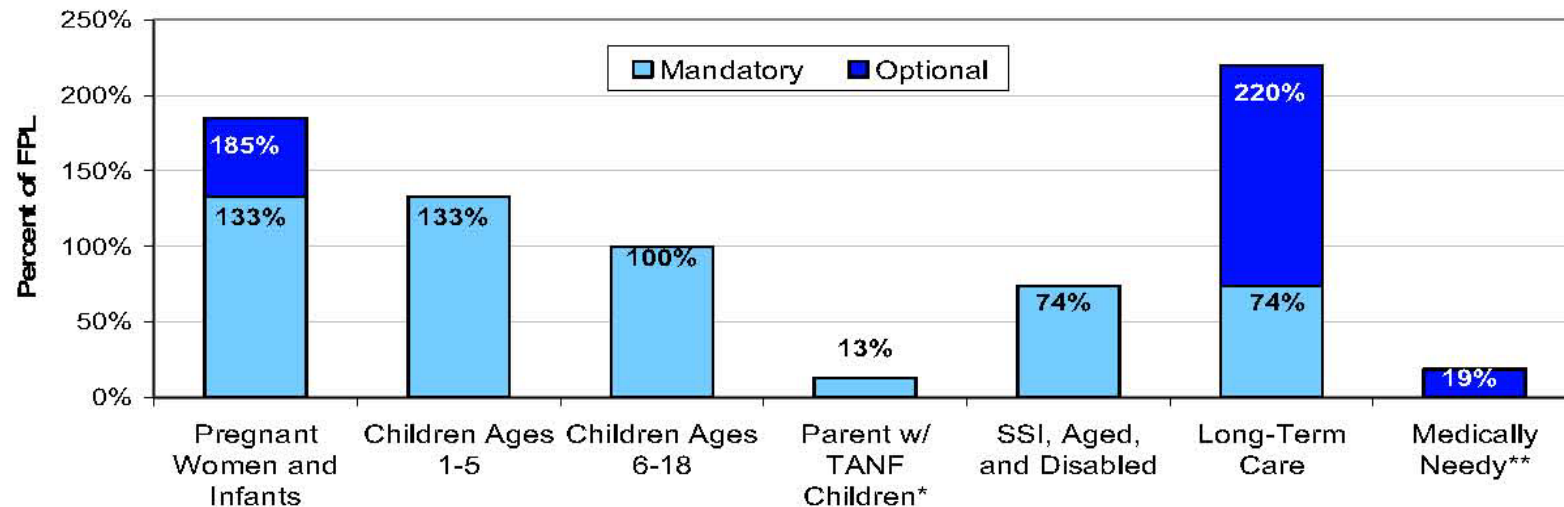
Eligibility factors include:

- Family income;
- Age;
- Factors such as being pregnant or disabled; and
- Individuals receiving TANF and SSI cash assistance are automatically eligible for Medicaid

Texas Medicaid Percent of Poverty Income Levels

- The federal government requires that people who meet certain criteria be eligible for Medicaid. These are “mandatory” Medicaid eligibles and all state Medicaid programs must include these mandatory populations.
- The federal government also allows states to provide services to additional individuals and still receive the federal share of funding for services provided

Figure 3.2: Texas Medicaid Income Eligibility Levels for Selected Programs, June 2008



* In SFY 2008, for a parent with TANF children, the maximum monthly income eligibility limit is \$188, which is the equivalent of 13% of FPL for a family of three.

** For medically needy pregnant women and children, the maximum monthly income limit in SFY 2008 is \$275, which is the equivalent of 19% of FPL for a family of three.

Impact on Medicaid from the Federal Economic Stimulus Bill

The American Recovery and Reinvestment Act:

•Temporary Federal Medical Assistance Percentage (FMAP) Increase

- The recession adjustment period is for 27 months or nine quarters: October 1, 2008 thru December 31, 2010.
- In terms of state fiscal years, this time period covers 11 months in state fiscal year 2009, 12 months of state fiscal year 2010, and 4 months of state fiscal year 2011.
- Components of the FMAP increase: Hold Harmless, Across-the-Board increase, and Unemployment Adjustment.

•HHSC estimates indicate that Texas would receive approximately \$4.63 billion in additional federal funding: \$1.61 billion in FY 2009, \$2.18 billion in FY 2010, and \$0.8 billion in FY 2011, compared to SB1 as introduced.

- Maintains the FY 2008 FMAP rate;
- Across-the-Board FMAP increase is 6.2 percentage points;
- Qualifying states would also receive an unemployment adjustment tiered according to the percentage increase in unemployment.

Economic Stimulus Bill

Requirements for state eligibility to receive the FMAP increase include:

• **Medicaid eligibility standards, methodologies, or procedures cannot be more restrictive than those in effect as of July 1, 2008.**

• **A state is not eligible for the across-the-board increase (6.2 percentage points) or the additional unemployment adjustment “if any amounts attributable (directly or indirectly) to such increase are deposited into any state reserve or rainy day fund.**

- “Reserve” and “Rainy Day Fund” are not defined in statute.

• **Prompt payment requirements for Medicaid providers must be met.**

- States must ensure that 90 percent of claims submitted that do not require additional information or documentation are paid within 30 days, and 99 percent of such claims within 90 days.
- Texas is currently exceeding this requirement.

• **States must submit a report by September 30, 2011, to the Secretary of Health and Human Services regarding how the funds were spent.**

• **Requires the Governor to certify that the State will request and use the funds to create jobs and promote economic growth (certification within 45 days of enactment).**

- The Governor submitted a letter to the President on February 18, 2009 certifying that Texas will accept the funds and use them to promote economic growth and to create jobs.

CHIP is a joint state-federal program that provides medical coverage to eligible children up to age 19, who are not already insured.

- The federal government pays 71.61% of CHIP medical care expenditures.

Federal law and regulations:

- Requires each state to set eligibility guidelines, service levels, and delivery systems; and
- Requires each state to operate a state plan listing these elements.

CHIP is not an entitlement program.

CHIP serves:

- Uninsured children under age 19
 - CHIP Perinatal serves unborn children meeting eligibility requirements
- Net income up to 200% FPL
- U.S. citizens or legal permanent residents
- Not eligible for Medicaid

Families with income above 150% FPL must meet assets criteria:

- Assets below \$10,000
- One vehicle is exempt up to \$18,000; additional vehicles are exempt up to \$7,550

Eligibility is determined for a 12- month period; income verification at 6th months for families at 185% FPL and above

H.B. 109 Implementation

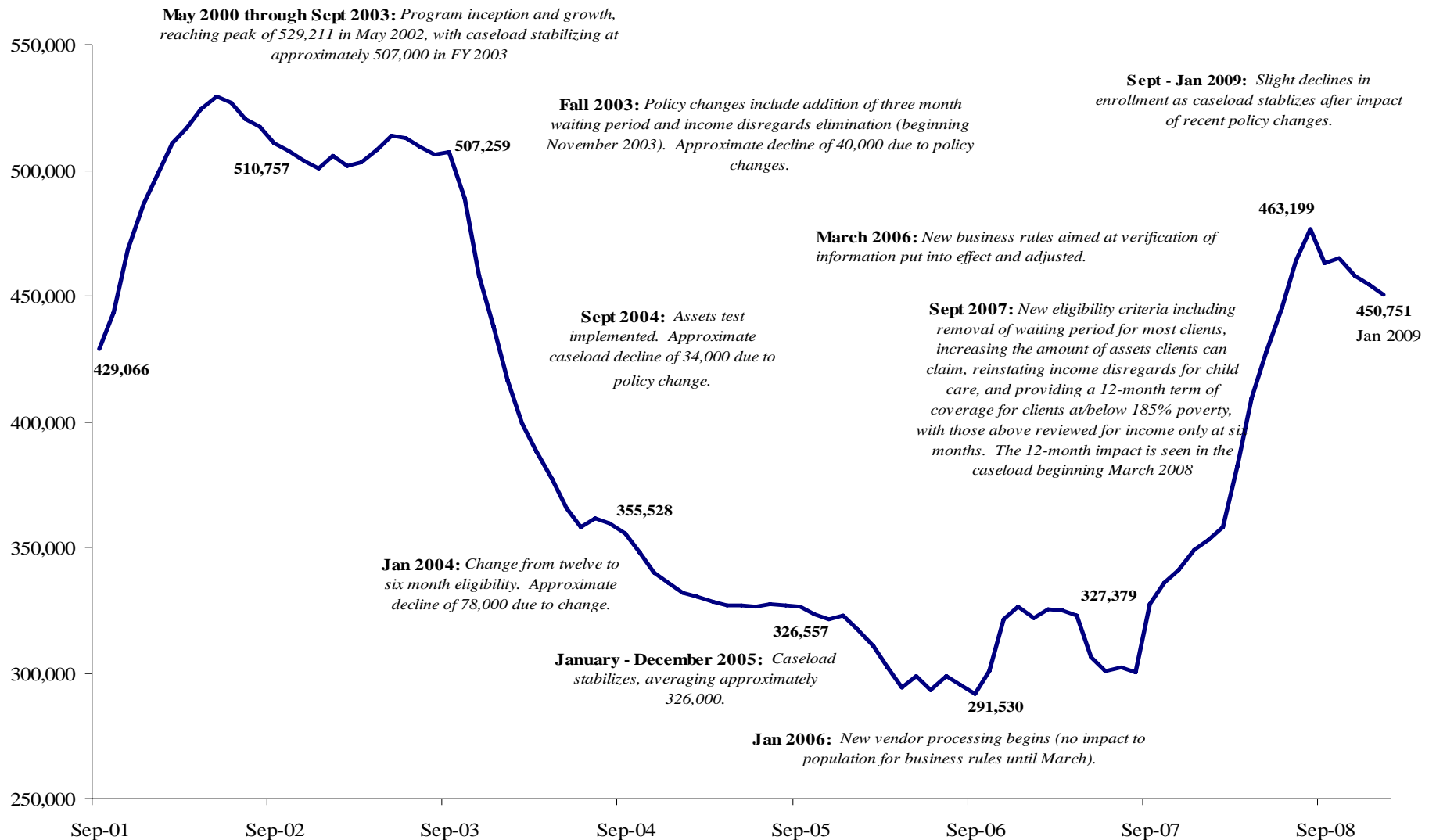
H.B. 109

- Eliminated 90-day waiting period for most CHIP families
- Increased eligibility period to 12 months
- Initiated a six month income check for families with incomes above 185 FPL
- Applied income disregard for child care (up to \$200 per month for a child under age 2; up to \$175 per month for a child age 2 or older)
- Increased asset limit from \$5,000 to \$10,000 per household
- Increased vehicle exclusion limits from \$15,000 and \$4,650 to \$18,000 and \$7,500
- Required outreach to increase awareness of CHIP

Implementation Status

- Policies, rules, and automation changes in place September 1, 2007
- Sixth month income reviews for families with incomes above 185 began in March 2008. HHSC notifies the family if additional information is needed or if the review finds the family's income has changed.
- Since September 2007, enrollment has increased by 120,631 with a total of 448,010 children enrolled in February 2009

CHIP Enrollment and Policy Changes, September 2001 - January 2009



Additional CHIP Enhancements

- Enrollment fees adjusted consistent with H.B. 109 to cover 12 months (previously 6 months)
- Beginning June 2007, health plans could be selected by phone
- New option to pay CHIP enrollment fee via credit card through Texas Online implemented in December 2007
 - On average, 30 percent of the CHIP population required to pay an enrollment fee use the online system
- Beginning November 2008, CHIP families could renew online at www.Textkid.org
 - In February 2009, 16 percent of renewals were submitted online

Key Features of SCHIP Reauthorization

Texas' federal allotment increases by 72% from \$549.6 million to \$945.6 million for FY09 (funded from a 62¢ increase on the federal cigarette tax).

- States will only have 2 years to spend their allotment, rather than 3 years
- The federal formula determining each state's allotment will utilize historical and projected spending, rather than census data.
- CHIP Reauthorization 2009 allows states to qualify for bonus payments if they meet 5 of 8 enrollment and retention strategies.

New Requirements to Current CHIP Program ≤200%FPL

•Mandatory Federal Law

- Mental Health Parity
- Emergency Dental Coverage (Currently about 1% hit Dental Cap)
- Prospective Payments to FQHCs & RHCs
- Citizenship Verification Process Same as Medicaid

•Mandatory State Law (Health and Safety Code, Sec. 62.105)

- Legal Permanent Residents Coverage in Medicaid and in federally-matched CHIP
- Health and Safety Code, Sec.62.105:COVERAGE FOR QUALIFIED ALIENS. The commission shall provide coverage under the state Medicaid program and under the program established under this chapter to a child who is a qualified alien, as that term is defined by 8 U.S.C. Section 1641(b), if the federal government authorizes the state to provide that coverage. The commission shall comply with any prerequisite imposed under the federal law to providing that coverage.

•Optional

- Pregnant Women between 185-200%FPL

H.B. 3575 – New Eligibility System

HHSC is in the process of modernizing the eligibility system.

The model used in the vast majority of offices statewide is based on a service delivery framework designed in the 1970s and continues to reflect certain inherent limitations:

- Outdated computer technology that is difficult and costly to maintain and update
- Inflexible office-and paper-based system that cannot easily respond to demographic or workload changes, consumer preferences, or other external factors such as natural disasters
- Inconvenient for clients, who are tied to a specific office that is only accessible in person or by phone during business hours

Modernization of the eligibility system provides extended hours and multiple ways Texans can apply for services at times and places that are convenient to them.

- Clients no longer tied to a particular eligibility office
- Application options in the new eligibility system include:
 - In person at a field office (8 am - 5 pm, Monday - Friday)
 - By phone by dialing 2-1-1 (extended hours, 8 am - 8 pm, Monday - Friday)
 - Over the Internet (24 hours a day, 7 days a week)
 - By fax or mail
- More efficient use of state resources by balancing workload
 - Workload can be distributed around the state since all records are electronic
 - Provides additional flexibility during a disaster

H.B. 3575 – New Eligibility System

- **The new eligibility system is supported by:**

- Customer care centers that provide call center and document processing services. Four centers have been established.
- The Texas Integrated Eligibility Redesign System (TIERS)

- **TIERS provides the automation needed to modernize the eligibility system and improve access to services for clients.**

- Federal approval was granted to HHSC in June 2008 to expand cases in TIERS in the Central Texas, El Paso and Lubbock regions
- A roll-out plan was developed to convert Medicaid, TANF, and SNAP cases in the remainder of the Central Texas region, and then El Paso and Lubbock regions
- Conversions were completed in October, November, January, and February
 - Conversion of all offices in the Central Texas region is complete as of February 2009. TIERS is now the primary automation system used to determine eligibility in 30 counties
- Performance is monitored within the offices that have been converted
- As of January 2009, 16.5 percent of the caseload statewide is in TIERS