



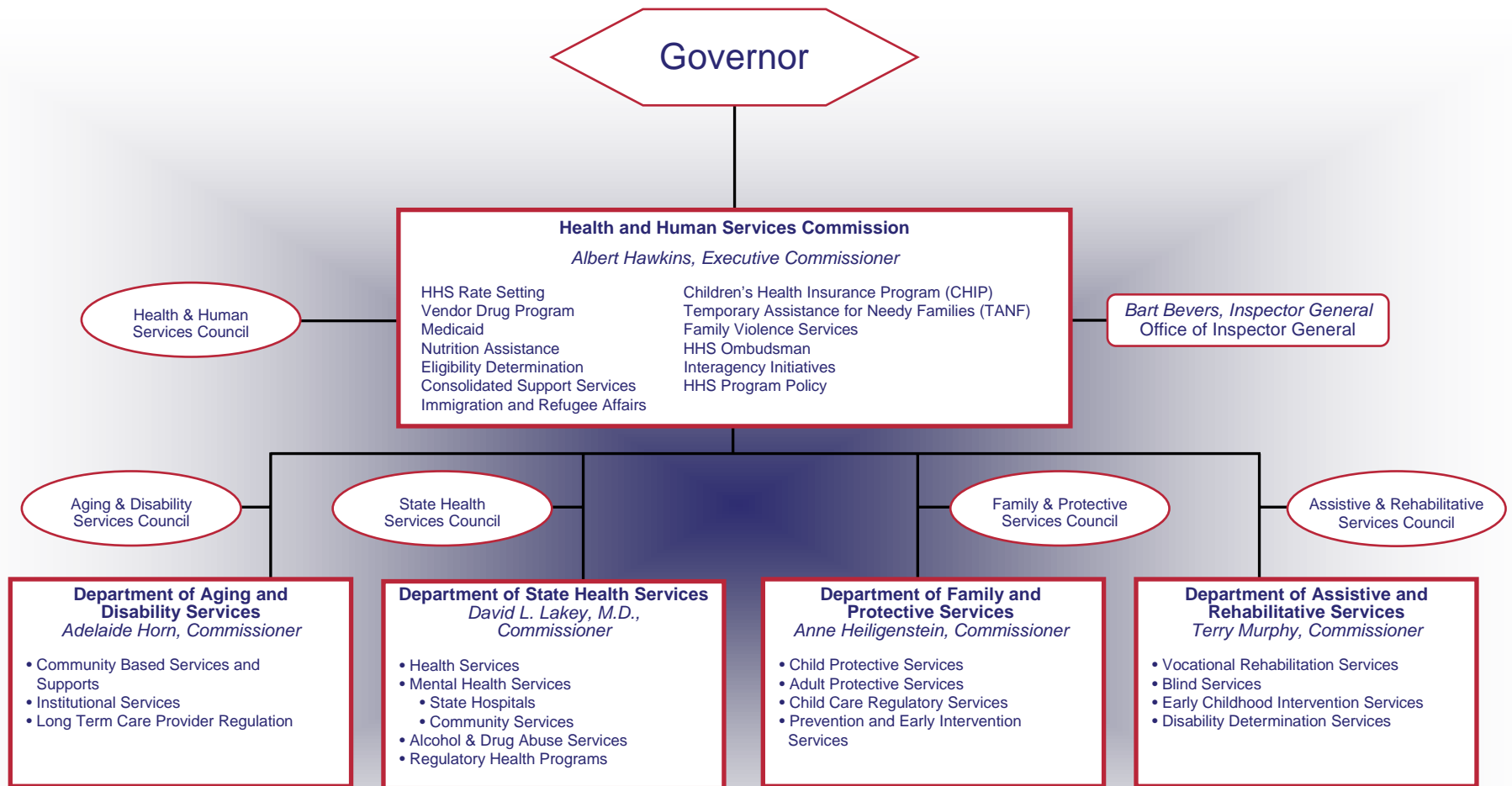
# **Senate Committee on Health and Human Services**

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Albert Hawkins, Executive Commissioner

**February 10, 2009**

# HHS Organization



## Key Programs Overview

- **Medicaid**
- **Children's Health Insurance Program (CHIP)**
- **Supplemental Nutrition Assistance Program (Food Stamp Program)**
- **Temporary Assistance for Needy Families (TANF)**

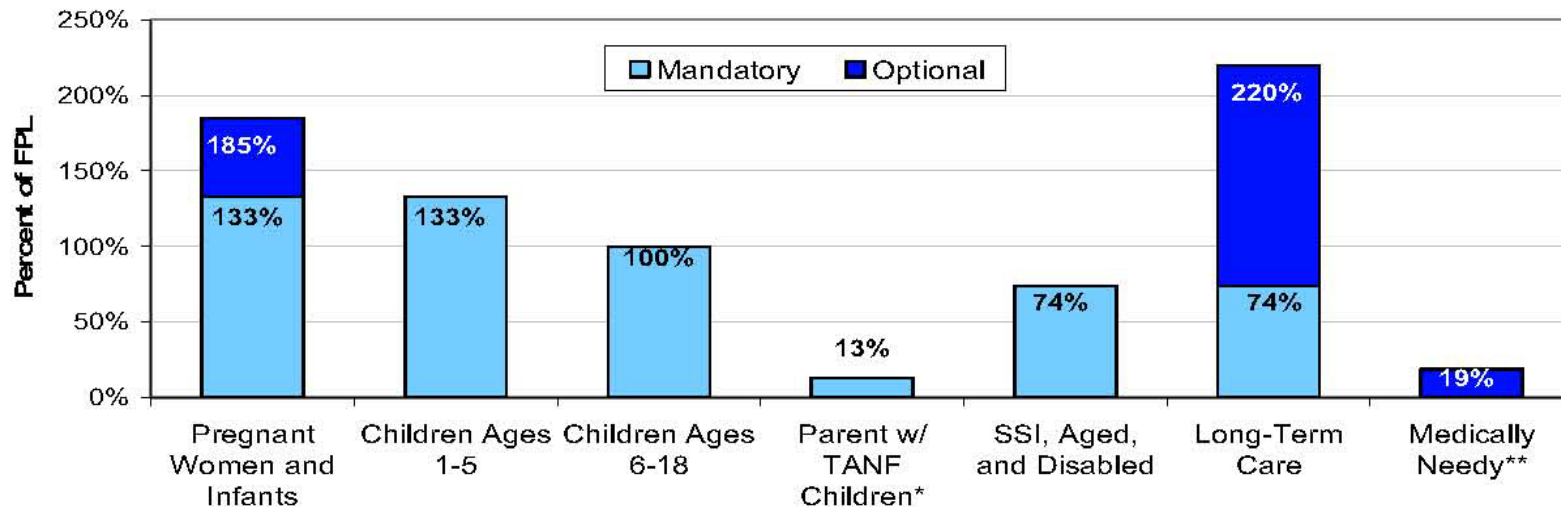
## **Medicaid is a jointly funded state-federal program that provides medical coverage to eligible needy persons.**

- The federal government pays 59.44% of Medicaid service expenditures (federal fiscal year 2009)
- Federal laws and regulations
  - Require coverage of certain populations and services
  - 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
- Eligibility criteria includes:
  - Residency in Texas
  - U.S. citizenship or qualified aliens who are legally admitted for permanent residency
  - Applicants must meet applicable income and resource limits
  - Applicants for long-term services and supports may be required to meet certain functional or medical criteria
  - Most child applicants must be under age 19

# Medicaid Eligible Populations in Texas

- 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 to them. These are “optional” Medicaid eligibles.

**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.

## Acute Care

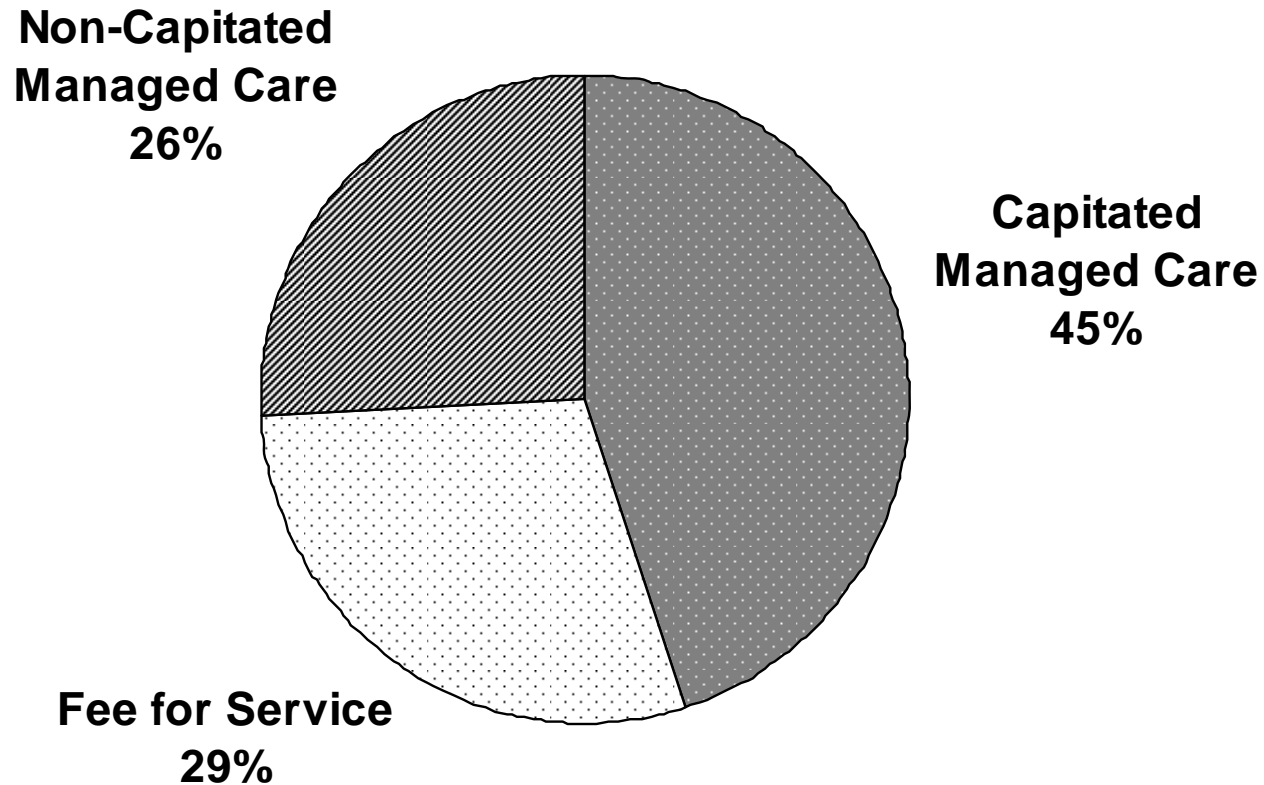
- Refers to the provision of health care to eligible recipients for episodic health care needs, including: physician, hospital, pharmacy, laboratory, and x-ray services

## Long-Term Services and Supports

- Refers to care for people with long term care needs, chronic health conditions that need ongoing medical care, and often social support. Many of the services provided assist persons with activities of daily living, such as eating, dressing and mobility. This includes care in nursing homes, assisted living facilities, and a person's own home

# Medicaid Service Delivery Models

## Medicaid Clients – Fiscal Year 2008



**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 (in federal fiscal year 2009)

**CHIP serves:**

- Net income up to 200% FPL
  - Eligibility allows for a child care deduction of \$200 or \$175 per child per month from gross income
  - The current net income limit for a family of three is \$2,934 monthly or \$35,200 annually
- Uninsured children under age 19
- U.S. citizens or legal permanent residents
- Children not eligible for Medicaid

**Families with net incomes 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 \$7,500

**Eligibility is determined for a 12-month period**

- Income is verified at 6th month for families at 185% FPL and above



# Supplemental Nutrition Assistance Program Overview

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**The Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, provides a monthly benefit to qualified applicants.**

- SNAP is an entitlement program
- Benefits can only be used to purchase food items from retailers
- Benefits are 100 percent federally funded
- Administrative costs are 50 percent state funded and 50 percent federally funded

## **Eligibility**

- Eligibility criteria is federally defined
- Households must meet gross and net monthly income eligibility requirements
  - For a family of 3, the maximum gross monthly income is \$1,799
- 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 food stamp benefits
- Many able-bodied, childless, unemployed adults have time limits on their receipt of food stamp benefits

## **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
- TANF households are also eligible to receive Medicaid benefits and Supplemental Nutrition Assistance Program benefits
- TANF benefits are time limited
- Adult recipients must sign a Personal Responsibility Agreement (PRA) to receive benefits

## **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

## **TANF-eligible families who meet certain criteria can opt to receive a \$1,000 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 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
    - Loss of financial support from a spouse within the last 12 months through death, divorce, separation or abandonment

# Key Initiatives from the 80<sup>th</sup> Legislative Session

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- Implementation of H.B. 109 – CHIP eligibility changes
- Implementation of S.B. 10 – Healthcare and Medicaid Reform initiatives
- Implementation of H.B. 15 – *Frew* Rate Increases and Strategic Initiatives
- Implementation of H.B. 3575 – Transition to the new eligibility system

## 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

## 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 on-line at [Texkid.org](http://Texkid.org)
  - In February 2009, 16 percent of renewals were submitted online

# Healthcare and Medicaid Reform

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S.B. 10, 80<sup>th</sup> Legislature, set the stage for a comprehensive package of Medicaid reforms designed to increase the percentage of Texans with health care coverage, focus on prevention and emphasize individual choice.

- A major component of reform was submission of the 1115 Healthcare and Medicaid Reform waiver in April 2008
- HHSC is continuing waiver negotiations with CMS on the Waiver
- To provide a framework for negotiations under the new administration, CMS drafted and is working with HHSC to finalize a “concepts document” that identifies key concepts and conditions for the proposed waiver
- The proposed document will be used as the basis for further discussion and for development of the waiver’s special terms and conditions
- The proposal focuses on reforming the delivery of care to the uninsured in Texas by a more efficient and cost-effective use of Disproportionate Share Hospital (DSH) payments and hospital supplemental upper payment limit (UPL) payments

## Other initiatives under S.B. 10 included:

- Creation of a Healthy Lifestyles Pilot Program
  - HHSC has implemented a smoking cessation pilot for STAR+Plus recipients in the Bexar Service Delivery Area
  - Evaluation data is expected in Spring 2010
- Implementation of a Billing Coordination System (BCS) to increase data exchanged between insurance companies and the Texas Medicaid claims administrator
  - As a result of the BCS, an additional 90,000 Medicaid recipients have been identified as having other insurance that will be responsible for payment of claims
- Improvements to the Health Insurance Premium Payment (HIPP) program
- A joint study by HHSC and TDI on small employer premium subsidies



H.B. 15 appropriated an estimated \$1.8 billion to improve access to medically necessary Medicaid services for children and to comply with the corrective action plans in the *Frew v. Hawkins* lawsuit.

- Implemented medical and dental provider rate increases for services to children enrolled in Medicaid
  - Rate increases were effective September 1, 2007
- HHSC formed a *Frew* Advisory Committee to provide guidance on the expenditure of \$150 million appropriated for strategic initiatives designed to enhance efforts to ensure access to care and increased participation in HealthSteps

	<b>08-09 Biennium</b>	<b>10-11 Biennium</b>	<b>12-13 Biennium</b>
<b>Expenditure Authority Approved Strategic Initiatives</b>	\$ 32,280,878 GR \$ 68,673,145 AF	\$ 89,698,363 GR \$158,860,049 AF	\$121,693,033 GR \$181,502,187 AF
<b>Expenditure Authority to be Requested</b>	\$ 664,974 GR \$3,889,845 AF	\$ 616,898 GR \$1,446,521 AF	\$170,768 GR \$341,534 AF

**Expenditure authority was granted by the Governor's Office and the LBB and implementation is underway for the following initiatives:**

- **First Dental Home:**
  - Implemented for Pediatric (March) and general dentists (May)
  - Over 37,000 children served as of December 2008.
- **Oral Evaluation and Application of Fluoride Varnish in the Medical Home**
  - Over 400 children served since September 2008
- **Mobile Dental Unit in the Valley**
  - Over 650 dental procedures provided in Zapata and Duval counties
- **Integrated Pediatric and Mental Health Proposal**
  - Over 1,700 face-to-face contacts with licensed mental health professionals since September 2008
- **Two elements of the Pediatric Subspecialty Access Proposal**
  - Telephone consultation reimbursement as a Medicaid benefit: Implemented in January 2009
  - Developing referral guidelines for PCPs to use: To be developed and implemented throughout 2009; first guideline to be completed in March 2009

- **Migrant Data Interface**
  - Data sharing agreement with Texas Education Agency is being finalized
- **Vitamin and Mineral Benefit Review**
  - Contract awarded to Texas Southern University, School of Pharmacy. Study is expected to be complete in June 2009
- **Community Health Workers/Promotoras in Emergency Rooms**
  - Procurement process to contract with hospital pilot sites is being finalized
- **Pediatric Subspecialists Telemedicine Pilots**
  - Proposals have been solicited from the four state academic institutions with responses due in early February
- **Consultation and Referral Network for Pediatric Subspecialists**
  - RFQ was posted for the evaluation of barriers to consultation and referrals and methods to address identified barriers
- **Medicaid Eligibility and Health Information Project**
  - RFP was posted as of December 2008
- **Loan Repayment**
  - Expenditure authority approval was received as of January 8, 2009, and the loan repayment program application, selection criteria, and work plan for selection of applicants is being finalized
- **Developmental Calendars**
  - The calendar will be available for distribution in March 2009 through a variety of public and private programs and agencies that serve young children and their families

# H.B. 3575 – New Eligibility System

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**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

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- **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, and January
    - A total of 23 Central Texas counties are now utilizing TIERS as the primary automation system to support eligibility determinations
  - Performance is monitored within the offices that have been converted
  - In December 2008, 16.5 percent of the caseload statewide is in TIERS

- **Reauthorization of CHIP**
- **Federal Economic Stimulus Bill**
- **Disproportionate Share Hospital Rule**

# Federal Reauthorization of SCHIP

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- The House passed its version of the bill on January 14, 2009, and the Senate passed its version January 29, 2009. The House accepted the Senate amendments, and the bill was signed by the President on February 4, 2009.
- Key features of the SCHIP Reauthorization legislation include:
  - 4 ½ year authorization, with approximately \$32 billion increase above baseline. States will have two years, rather than the current three years, to spend their allotments.
  - Increased funds will cover states' current caseloads (i.e. shortfall states), an estimated 4 million uninsured children, and increased caseloads for states with requests pending with CMS.
  - The bill is funded through a \$0.61 cigarette tax.
  - The funding allocation formula will change from the current one which relies on census data to one that uses historical and projected spending. It will also include a contingency fund for states that experience funding shortfalls.
  - The bill includes provisions to encourage states to enroll more eligible Medicaid and CHIP kids through bonus payments and grants for outreach.

# Federal Reauthorization of SCHIP

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- States will have a new option to cover pregnant women. Currently, states can cover the unborn child.
- States will receive the Medicaid FMAP for children above 300 percent FPL.
- States that serve parents and childless adults will be required to phase out their enrollment.
- States will be required to comply with Medicaid citizenship documentation requirements.
- States will be able to cover immigrant children and pregnant women if they cover Medicaid-eligible immigrant children and pregnant women.
- States will be required to cover a dental program that includes preventive, restorative, and emergency services.
- The bill clarifies that states must comply with recent federal Mental Health Parity law.



## Key Provisions of the Stimulus Proposals

	House	Senate
Increase Federal Medical Assistance Percentage (FMAP)	X	X
Extend Moratorium on CMS Regulations	X	
Increase Disproportionate Share Hospitals	X	<i>(relates to low DSH states only)</i>
Optional Medicaid Coverage for Unemployed – 100% Federal	X	
Additional Funds for Health Information Technology	X	X
Increased Funding for SNAP (Food Stamp Program)	X	X
TANF Emergency Contingency Funds	X	X
Extension of TANF Supplemental Grants		X
Additional funding for the Social Services Block Grant		X

# Disproportionate Share Hospital Audit Rule

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- Hospitals participating in Medicaid that serve a disproportionate share of low-income patients are eligible for additional reimbursement from the disproportionate share hospital (DSH) fund.
- Texas pays approximately \$1.5 billion (all funds) per year in DSH to approximately 179 Texas hospitals.
- A new audit and reporting rule that will impact the distribution of DSH funding became effective January 19, 2009.

# Disproportionate Share Hospital Audit Rule

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## The new rule requires HHSC to:

- Perform an audit beginning with the state fiscal year 2005 DSH program, to include:
  - hospital qualifications
  - calculation of hospital-specific DSH payment limits (caps)
  - final payments to DSH hospitals.
- Submit an annual DSH audit certification report to CMS as a requirement for future DSH program participation
  - First report is due December 31, 2009
  - Must include information from the audit of the 2005 and 2006 DSH program
- Use a much stricter definition when computing the individual hospital-specific limits (caps) than is currently being used.
  - Stricter definitions will reduce the computation of the Medicaid shortfall and uninsured components of the hospital-specific limits (caps).

HHSC estimates that the DSH hospital-specific limits (caps) may potentially be reduced by 30 to 40 percent due to the application of the stricter Federal definitions of the individual components of the caps listed above.