



LBB –GOBPP Joint Budget Hearing

FY 2014-2015

Legislative Appropriations Request

September 21, 2012

Health and Human Services Commission

“The mission of the health and human service agencies in Texas is to develop and administer an accessible, effective, and efficient health and human services delivery system that is beneficial and responsive to the people of Texas.”

FY 2012-13 Actions and Accomplishments

Eligibility and Enrollment Improvements:

- Statewide Rollout of TIERS – December 2011
- Decommissioning of SAVERR – May 2012

Medicaid Managed Care:

- Approval of 1115 Transition Waiver Expansion of STAR managed care statewide – December 2011
- Expansion of STAR managed care statewide – March 2012
- Implementation of Non-Emergency Medical Transportation Full-risk Broker Model in Houston/Galveston and Dallas/Ft. Worth - Spring 2012

Medicaid Quality Initiatives:

- Implementation of methods to identify preventable events and modify payments accordingly
- Initiation of various quality advisory committees to provide external clinical assistance for the development of recommendations to improve Medicaid cost effectiveness
- Implementation of Transformation Waiver delivery system reform activities through Regional Health Plans - DSRIP

Enterprise Progress and Improvements:

- Implementation of PeopleSoft HR on Comptroller's Project ONE – targeted October 2012

Health and Human Services Commission (HHSC)

LAR Policy Guidance and Resulting Actions

Instructions allowed GR-Entitlement growth in 2014-15 for Medicaid and CHIP caseloads. Requested GR increased \$0.94 billion or 5.1 percent over the 2012-13 biennium. Costs were held flat at the FY 2013 levels in the base request.

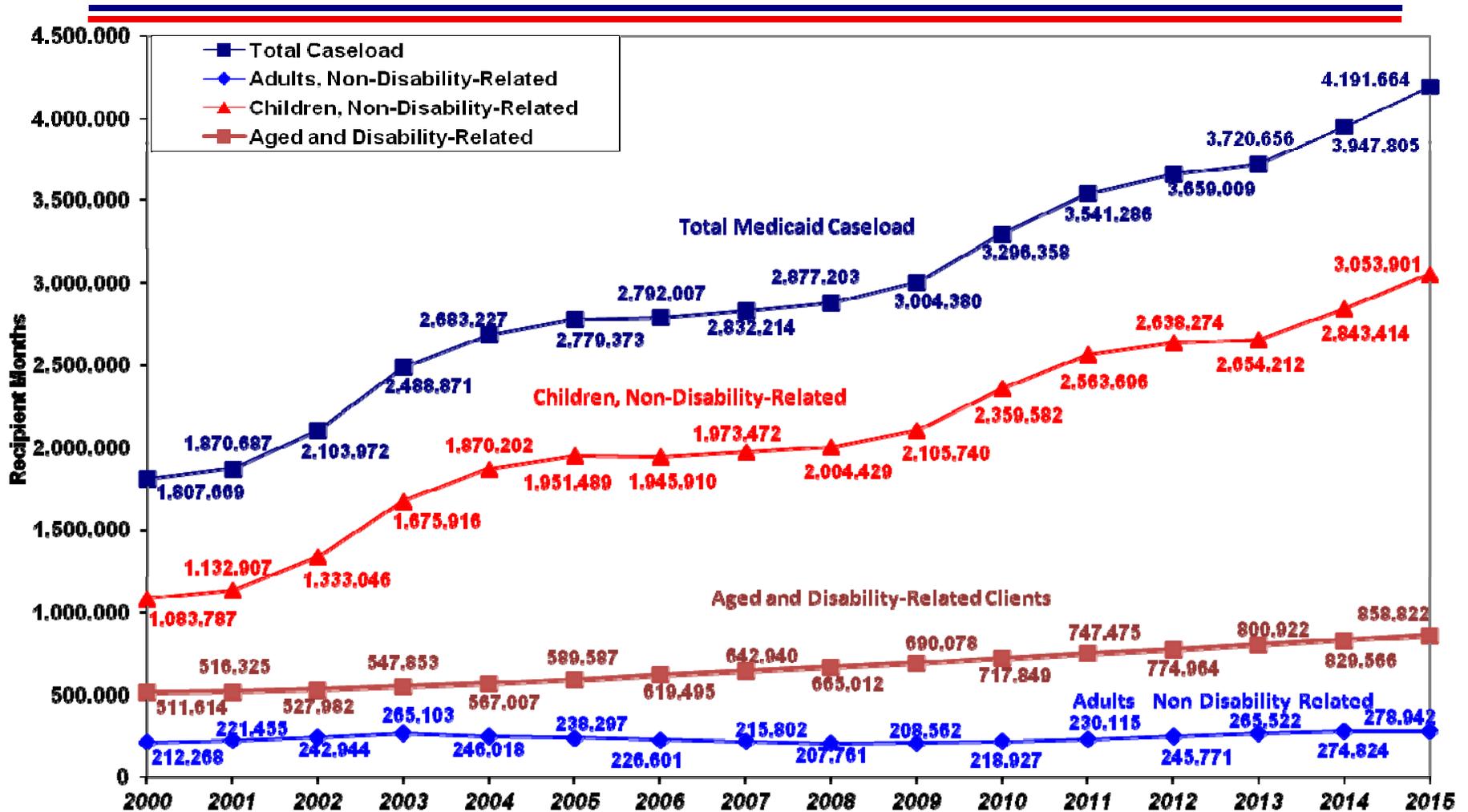
Biennial Comparison of General Revenue <i>(\$ in billions)</i>			
	FY 2012-13 Total	FY 2014-15 Base Request	Biennial Difference
GR Entitlement	\$ 16.80	\$ 17.75	\$ 0.95
GR Non-Entitlement	1.40	1.39	(0.01)
Total, GR	\$ 18.20	\$ 19.13	\$ 0.94
Total, All Funds	\$ 45.44	\$ 48.80	\$ 3.36

FY 2014-15 Base Request Assumptions

- Medicaid

- Current average Medicaid caseload projections total 3,659,009 in FY 2012 & 3,720,656 in FY 2013 and continue to increase to 3,947,805 in FY 2014 & 4,191,665 in FY 2015. This represents about a 1.7 percent growth trend in the current biennium and over a 6 percent annual growth trend for the 2014-15 biennium.
- Medicaid caseloads include anticipated growth due federally required Affordable Care Act provisions.
- Medicaid cost projections for FY 2014-15 assume continuation of the other rate reductions and cost containment initiatives implemented during the 2012-13 biennium.
- As part of the FY 2013 cost trend, the 2014-15 base request assumes the two percent rate restoration for the Medicaid primary care providers who are also eligible for the 100 percent federally-funded increase (\$262.0 million in FY 2014 & \$92.7 million for four months in FY 2015).

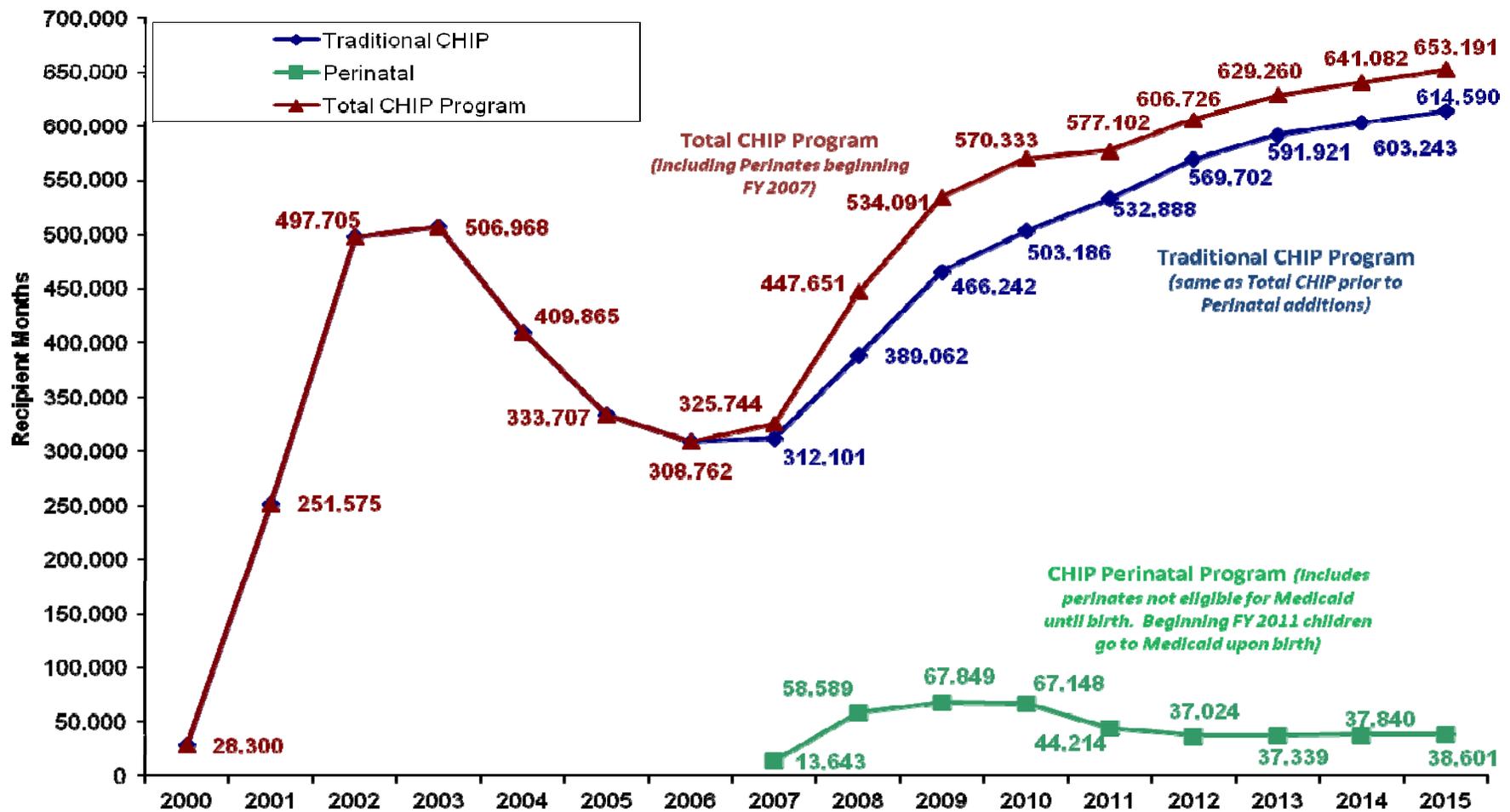
Medicaid Caseload by Group Fiscal Years 2000 - 2015



FY 2014-15 Base Request Assumptions

- Children's Health Insurance Program (CHIP)
 - Current average CHIP caseload projections total 606,726 in FY 2012 & 629,260 in FY 2013 and continue to increase to 641,082 in FY 2014 & 653,191 in FY 2015.
 - CHIP projections for FY 2014-15 assume continuation of the other rate reductions and cost containment initiatives implemented during the 2012-13 biennium.

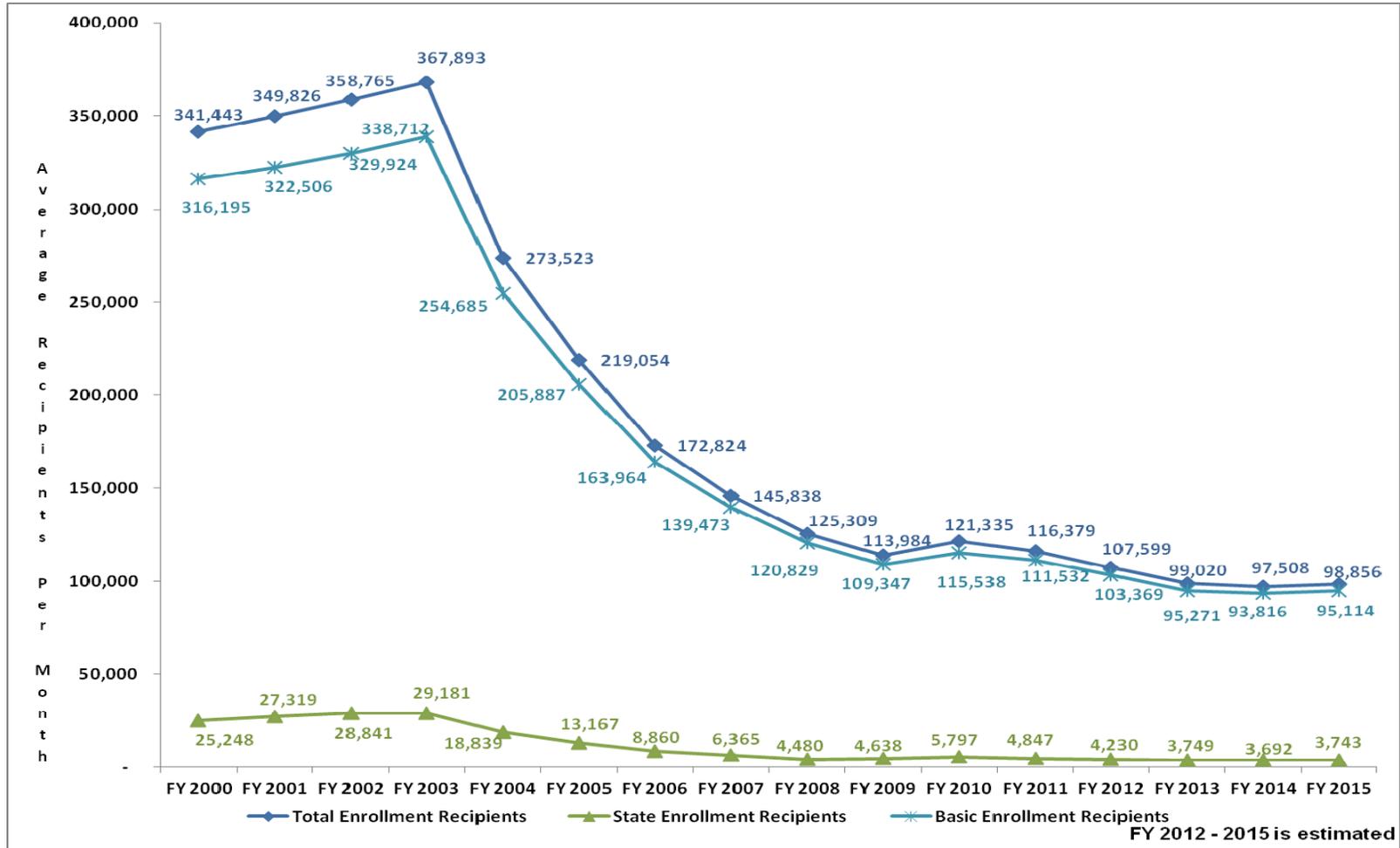
Children's Health Insurance Program (CHIP) Caseloads - Fiscal Years 2000 - 2015



FY 2014-15 Base Request Assumptions

- Temporary Assistance for Needy Families (TANF)
 - Current average TANF caseload projections total 107,599 in FY 2012 and 99,020 recipients in FY 2013. TANF caseloads have resumed decreasing after a brief increase during the 2010-11 biennium.
 - FY 2014-15 caseloads in the TANF Cash Assistance Program are projected to remain close to FY 13 caseloads, decreasing slightly in FY 2014 to 97,509 monthly recipients and then increasing again in FY 2015 to 98,856 monthly recipients.

TANF Cash Assistance Caseloads Fiscal Years 2000 – 2015



HHSC LAR Summary Request

Goal	FY 2012-2013 Expended/ Budgeted	FY 2014-2015 Base Request	FY 2014-2015 Exceptional Items	FY 2014-2015 Total Request	Biennial Change
Goal A HHS Enterprise Oversight & Policy	\$ 1,896.9	\$ 1,859.4	\$ 180.6	\$ 2,040.0	\$ 143.1
Goal B Medicaid Services	40,283.3	43,626.3	4,172.9	47,799.1	7,515.8
Goal C CHIP Services	2,377.7	2,468.1	290.1	2,758.2	380.4
Goal D Encourage Self Sufficiency	329.7	315.2	2.5	317.7	(12.0)
Goal E Program Support	319.0	304.7	5.6	310.2	(8.8)
Goal F Information Technology Projects	141.2	127.7	-	127.7	(13.5)
Goal G Office of Inspector General	93.2	95.0	38.2	133.2	40.0
<i>DADS Savings (STAR+Plus Expansion)</i>			<i>(344.3)</i>	<i>(344.3)</i>	<i>(344.3)</i>
<i>DSHS PCP Rate Increase</i>			<i>19.7</i>	<i>19.7</i>	<i>19.7</i>
Total Agency Request	\$ 45,441.1	\$ 48,796.3	\$ 4,365.3	\$ 53,161.5	\$ 7,720.4
Method of Financing					
General Revenue	\$ 18,195.1	\$ 19,131.8	\$ 1,829.9	\$ 20,961.7	\$ 2,766.6
<i>General Revenue Savings to DADS</i>			<i>(138.5)</i>	<i>(138.5)</i>	<i>(138.5)</i>
<i>General Revenue Costs to DSHS</i>			<i>19.7</i>	<i>19.7</i>	<i>19.7</i>
Subtotal, GR	\$ 18,195.1	\$ 19,131.8	\$ 1,711.0	\$ 20,842.9	\$ 2,647.8
Federal Funds	\$ 26,508.6	\$ 28,950.2	\$ 2,860.0	\$ 31,810.1	\$ 5,301.5
<i>Federal Savings to DADS</i>			<i>(205.8)</i>	<i>(205.8)</i>	<i>(205.8)</i>
Subtotal, Federal	\$ 26,508.6	\$ 28,950.2	\$ 2,654.2	\$ 31,604.4	\$ 5,095.8
Other Funds	737.4	714.2	0.0	714.2	(23.2)
Total, LAR Method of Financing	\$ 45,441.1	\$ 48,796.3	\$ 4,365.3	\$ 53,161.5	\$ 7,720.4
FTEs	12,366.7	12,366.7	133.8	12,500.5	133.8

FY 2013 assumes a supplemental funding need for Medicaid and CHIP of \$3.7 billion GR.

FY 2012-2013 Budget Issues in the LAR

- Net Supplemental Funding Need - \$3.7 billion GR
 - \$3.6 billion GR for Medicaid costs and caseloads
 - \$83.7 million GR for CHIP costs and caseloads
 - Assuming internal HHS transfers, HHSC runs out of funds in late March 2013 or early April 2013 with delayed Managed Care Organization payments
- Federal Funding and Other Issues
 - Due to the timing of the Supreme Court Decision on federal Health Care Reform, the FY 2013 budget does not include an estimated \$247.0 million federal funds associated with the January 1, 2013 reimbursement rate increase for mandated primary care providers.
 - Federal deferrals could impact cash flow issues and supplemental funding needs.

HHSC FY 2014-2015 Key Issues

- CHIP and Medicaid Services
 - Implementing Health Care Reform
 - Implementing Transformation Waiver
- Continuing the Modernization of Eligibility Systems & Processes
- Addressing HHS IT Concerns
 - Security
 - Maintaining systems
- Maintaining Sufficient Staff Resources and Supports to Address FY 2014-15 Work Efforts
- Adequate and Safe Work Environment for HHS Employees and Customers
 - Efficient usage of local office space, utilities, and services for staff.

Affordable Care Act Key LAR Assumptions

- 2012-2013
 - The state cost of restoring certain primary care provider rates to July 2009 levels to be eligible for 100% federally-funded reimbursement to Medicare levels. FY 2013 cost is \$5.0 million.
 - Reduction in collected revenue for supplemental drug rebates
 - Costs for linkage to the Exchange and MAGI system changes are assumed to be available within current appropriations. Federal approval for enhanced match is pending.
 - Home Visitation Program
 - CHIP federal matching available for services previously funded with 100% GR.
- 2014-2015
 - Medicaid caseloads include anticipated growth in children groups due to the individual mandate for insurance, mandatory eligibility changes, and the shift of certain children in CHIP between 100-133 percent FPL to Medicaid, estimated to be 131,070 children in FY 2014 & 298,446 children in FY 2015.
 - The 100 percent federal funding to increase reimbursement for certain primary care providers is estimated to be \$262.0 million in FY 2014 & \$92.7 million for four months in FY 2015. The temporary increase expires December 31, 2014.
 - A new rider request to appropriate authority to collect and expend the federally-required provider screening enrollment fee.

ACA Provisions not in LAR

Due to timing of the LAR submission and the absence of clear guidance for the Centers for Medicare and Medicaid, there are several ACA provisions that are either placeholders without estimates or provisions requiring additional executive and legislative direction.

- 2012-13

- Balancing Incentive Program
- Primary Care Provider reimbursement increase of \$247.0 million federal funds beginning January 1, 2013
- FMAP increases for certain preventive and rehabilitative services
- Dual Eligibles Integration Project

- 2014-15

- Client Services impact of required Medicaid and CHIP eligibility policy changes to income determinations, application and renewal processes, and verifications
- Optional Expansion of Medicaid to 133 percent of FPL for Adults

Comparison of Selected Measures

Measure Name	Estimated FY 2012	Budgeted FY 2013	Base Request FY 2014	Base Request FY 2015
Average Medicaid Acute Care Recipient Months per Month	3,659,009	3,720,656	3,947,805	4,191,664
Number of Medicaid Prescriptions Incurred	35,190,563	36,615,315	38,657,575	40,828,388
Average Medicaid Acute Cost per Recipient Month	\$245.32	\$253.00	\$249.98	\$241.87
Average Cost per Medicaid Prescription	\$80.14	\$82.45	\$82.12	\$81.68
Average CHIP Programs Recipient Months per Month	606,726	629,260	641,082	653,191
Average CHIP Programs Benefit Cost without Prescription Benefit	\$133.33	\$131.53	\$131.43	\$131.46
Average CHIP Programs Benefit Cost with Prescription Benefit	\$157.93	\$156.59	\$156.49	\$156.52
Average Number of TANF Recipients per Month	103,369	95,271	93,816	95,114
Average Number of State 2-Parent Cash Assistance Recipients	4,230	3,749	3,692	3,743
Average Monthly Grant: TANF	\$70.25	\$71.80	\$73.26	\$74.72
Average Monthly Grant: State 2-Parent Cash Assistance	\$67.14	\$68.60	\$70.20	\$71.80
Number Served by Family Violence Programs/Shelters	60,915	79,000	79,000	79,000
Number of Participating Family Violence Programs/Shelters	96	96	96	96

10% GR Biennial Base Reduction

Supplemental Schedule

- **Rate Reductions** **\$117.0 million**
 - Across-the-board rate reduction to Medicaid and CHIP providers of 1.0 percent for the 2014-15 biennium
 - Excludes certain primary care providers with rate increase to Medicare level pursuant to the Affordable Care Act.
- **One Time Expense Not Included in Base Request** **\$0.9 million**
 - Receive credit for one-time expenditures already reduced in the 2014-15 base request
- **Contracted Services** **\$1.2 million**
 - Reduces IT contract support for Medical Transportation Program and Managed Care operations - \$1.1 million
 - Reduced scope and services - \$0.1 million

10% GR Biennial Base Reduction

Supplemental Schedule

- **Administrative & Program Operations** **\$11.8 million**
 - Administrative operations (minimal impact) - \$0.7 million
 - Travel (primarily Eligibility) - \$3.1 million
 - Salary Savings in Eligibility Services - \$7.7 million
 - Salary Savings in administration - 1 FTE at \$0.08 million
 - Reduce 3 vacant regional program support FTEs - \$0.2 million
 - Reduce 6 filled HHS purchasing FTEs - \$0.05 million

 - **Partial Reduction in GR Funded Programs** **\$1.4 million**
 - Umbilical Cord Blood Bank contract grant - \$0.2 million
 - Promoting Independence Program - \$0.2 million
 - Autism Pilot - \$0.01 million
 - Faith Based Initiatives Program - \$0.004 million
 - Computers for Learning Program – \$0.005 million
 - Cash Assistance grants to Two Parent Families - \$0.7 million
 - Funding to contractors promoting childbirth and pregnancy support services - \$0.2 million
- Total GR** **\$132.3 million**

Exceptional Items

Priority	Item	2014			2015			Biennium	
		GR	All Funds	FTEs	GR	All Funds	FTEs	GR	All Funds
1	Maintain Medicaid Current Services	366,193,435	1,011,964,007		819,692,482	2,055,757,328		1,185,885,917	3,067,721,335
2	Maintain CHIP Current Services	12,183,736	43,250,749		25,274,624	89,817,427		37,458,360	133,068,176
3	Maintain Current Svcs & Caseload Growth	2,776,164	5,691,056		5,723,880	11,708,158		8,500,044	17,399,214
4	Maintain Children's Litigation	2,787,711	2,787,711		2,787,711	2,787,711		5,575,422	5,575,422
5	Maintain Data Center Services (HHS)	11,773,045	14,283,979		9,042,868	13,622,234		20,815,913	27,906,213
6	Maintain PCP Rate Increase	-	-		106,950,363	266,162,047		106,950,363	266,162,047
7	Support of State-Operated Facilities	3,101,505	4,816,834	3.0	892,585	1,512,106	5.0	3,994,090	6,328,940
8	Support Acquired Brain Injury Office	459,694	459,943	4.0	512,707	513,404	5.1	972,401	973,347
9	Replace and Maintain HHSC Vehicles	546,637	546,637		543,411	543,411		1,090,048	1,090,048
10	Implement Fraud Integrity Initiative	5,656,351	27,013,355	4.0	4,076,573	11,414,083	4.0	9,732,924	38,427,438
11	Expand STAR+PLUS in MRSA	-	-		15,771,782	39,001,107		15,771,782	39,001,107
12	IT Security & Applications	3,584,281	5,346,691		2,089,797	3,285,191		5,674,078	8,631,882
13	Improve HHS Security Infrastructure	1,197,682	1,691,365		-	-		1,197,682	1,691,365
14	Improve OIG Staffing and Support	11,397,046	23,079,554	101.6	7,116,733	14,522,339	101.6	18,513,779	37,601,893
15	Disproportionality and Disparities	230,810	318,445	2.0	220,866	304,789	2.0	451,676	623,234
16	Expand PCP Rate Increase	111,926,996	286,554,315		117,176,594	301,076,551		229,103,590	587,630,866
17	Int'l Classification of Diseases (ICD-10)	424,201	848,403		369,340	1,474,761		793,541	2,323,164

Exceptional Items

Priority	Item	2014			2015			Biennium	
		GR	All Funds	FTEs	GR	All Funds	FTEs	GR	All Funds
18	Secure Mobility Infrastructure	14,074,320	25,350,000		-	-		14,074,320	25,350,000
19	Enterprise Data Warehouse	3,441,477	18,047,805	13.1	3,110,771	17,583,575	13.1	6,552,248	35,631,380
20	Winters Data Center Facilities Upgrade	2,220,800	4,000,000		-	-		2,220,800	4,000,000
21	Support TOPDD	76,743	76,743		76,743	76,743		153,486	153,486
22	Improve CRCG Services	157,625	279,709	2.0	149,927	266,052	2.0	307,552	545,761
23	Support Healthy Marriage Program	596,792	596,855	1.0	589,905	590,025	1.0	1,186,697	1,186,880
24	Expand Family Violence Services	1,250,000	1,250,000		1,250,000	1,250,000		2,500,000	2,500,000
25	Add Brain Injury Waiver Services	1,061,304	2,637,435		790,889	1,967,387		1,852,193	4,604,822
26	Upgrade HHSAS Financials Hardware	937,473	1,293,155		234,498	323,467		1,171,971	1,616,622
27	HHS Recruitment and Retention	14,270,744	23,755,849		14,270,744	23,755,849		28,541,488	47,511,698
28	Carve In Nursing Facility Services	-	-		-	-		-	-
29	Dual Eligibles Initiative	-	-		-	-		-	-
30	Balancing Incentive Payment Program	-	-		-	-		-	-
		572,326,572	1,505,940,595	130.7	1,138,715,793	2,859,315,745	133.8	1,711,042,365	4,365,256,340
Method of Financing									
	General Revenue	572,326,572	572,326,572		1,138,715,793	1,138,715,793		1,711,042,365	1,711,042,365
	Federal Funds		933,607,953			1,720,599,952			2,654,207,905
	Other Funds		6,070			-			6,070
		572,326,572	1,505,940,595		1,138,715,793	2,859,315,745		1,711,042,365	4,365,256,340

Exceptional Item Summary

HHSC is seeking funding for 30 exceptional items totaling \$1.7 billion in GR (\$4.4 billion All Funds).

- **HHSC Current Services** **\$1.4 billion GR (\$3.5 billion AF)**
 - Maintain Medicaid and CHIP - \$1.2 billion GR (\$3.2 billion AF)
 - Maintain PCP Rate Increase - \$107.0 million GR (\$266.2 million AF)
 - Maintain Current HHSC Operating Levels - \$16.1 million GR (\$25.0 million AF)
 - Maintain Current HHS Operating Levels - \$25.0 million GR (\$34.4 million AF)
- **Critical Services & Improve Systems** **\$54.6 million GR (\$96.2 million AF)**
 - Continue HHSC Programs - \$1.5 million GR (\$1.7 million AF)
 - Expand or Improve Programs - \$53.1 million GR (\$94.5 million AF)
- **Information Technology Improvements** **\$30.5 GR (\$77.6 million AF)**
- **Medicaid Cost Containment** **\$15.8 GR (\$39.0 million AF)**
- **Affordable Care Act (ACA)** **\$238.8 GR (\$626.1 million AF)**

Appendix

- Summary of Exceptional Item Requests

Item #1

Maintain Medicaid Current Services

This request represents the incremental costs associated with the FY 2014-15 Medicaid costs estimates over the FY 2013 levels not allowed in the base request. Caseload growth is assumed to be in the base request at FY 2013 cost levels and the Federal Medical Assistance Percentage (FMAP) rates of 59.30 percent for FY 2014-15.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$366.2	\$819.7	\$1,185.9
All Funds	\$1,012.0	\$2,055.8	\$3,067.7

FTEs	0.0	0.0
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The overall FY 2014-15 Medicaid cost growth trend over fiscal year 2011 is 9.9 percent (from 2011 to 2015), averaging 2.3 percent per year. Medicaid is an entitlement service. Acute and Long-Term Services medical costs account for 68 percent of this exceptional item costs. Acute care costs include all inpatient and outpatient hospital costs, and all HMO premium payments for the Medicaid Risk Groups and STAR+PLUS, including Long-Term Services and Supports.

This request also reflects the cost growth for some of the DADS programs impacted by the Exceptional item to expand STAR+Plus in the rural areas.

Item #2

Maintain CHIP Current Services

Funding would maintain cost and utilization growth forecasted for FY 2014-15 in the CHIP program that are not allowed in the base request. Caseload growth is assumed to be in the base request at FY 2013 cost levels and the Enhanced Federal Medical Assistance Percentage (FMAP) rates of 71.51 percent for FY 2014-15.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$12.2	\$25.3	\$37.5
All Funds	\$43.3	\$89.8	\$133.1

FTEs	0.0	0.0
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Traditional CHIP recipient month premiums are assumed to grow at 3.9 percent each year in FY 14 and FY 15. CHIP cost growth accounts for 72 percent of this exceptional item. Total CHIP vendor drug cost growth over the base LAR request is 3.9 percent in FY 2014 and 8 percent in FY 2015. Cost growth in the CHIP vendor drug program accounts for 18 percent of this exceptional item. Total CHIP Perinatal cost growth over the base LAR request is 2.1 percent in FY 2014 and 4.2 percent in FY 2015. Cost growth in the CHIP Perinatal program accounts for 10 percent of this exceptional item.

Item #3

Maintain Current Services and Support Caseload Growth

This exceptional item would provide funding for contracted eligibility supports with costs associated with caseload growth that exceeded the 2014-15 base request amounts.

Examples of these costs are Electronic Benefit Transfer (EBT) transaction fees for SNAP, imaging of client applications and supporting documentation, and data broker inquiries.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$2.8	\$5.7	\$8.5
All Funds	\$5.7	\$11.7	\$17.4

FTEs	0.0	0.0
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Program Impact	FY2014	FY2015
Average Cost per Eligibility Determination	\$48.57	\$48.09

Item #4

Maintain Children's Litigation

During the 2012-13 biennium, the Health and Human Services Commission requested and received approval to transfer and expend up to \$5 million in general revenue within HHSC to effectively support the legal defense of the state agencies and officials named in relation to the defense of the lawsuit styled M.D, et al. Rick Perry, Thomas Suehs, and Anne Heiligenstein, U.S. District Court, Southern District of Texas, Civil Action No. 2:11cv00084.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$2.8	\$2.8	\$5.6
All Funds	\$2.8	\$2.8	\$5.6

FTEs	0.0	0.0
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This request would allow additional funding to continue to support the legal defense in this case through the 2014-15 biennium.

Item #5

Maintain Funding for Data Center Services (HHS Agencies)

HHS agencies are participants in the State's consolidated data center services contract, which has recently been transferred to a new coalition of vendors. The agreement includes management of services in 31 legacy data centers, consolidation of these services to the Austin and San Angelo Data Centers, and ongoing operations.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$11.8	\$9.0	\$20.8
All Funds	\$14.3	\$13.6	\$27.9

FTEs	0.0	0.0
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This exceptional item includes projected DCS shortfalls for the 2014-15 biennium, preparation of current applications and environments for data center services transformation by upgrading applications and refreshing technology platforms, providing a test environment for testing software upgrades, and acquires assistance with project management, transformation oversight, and system administration for the HHS enterprise agencies.

This funding request includes costs in FY 2014-15 for DADS of \$1.3 million All Funds (\$0.5 million GR), DARS \$1.9 million All Funds (\$1.9 million GR), DFPS \$0.4 million All Funds (\$0.3 million GR), DSHS \$15.3 million All Funds (\$13.5 million GR), and HHSC \$8.9 million All Funds (\$4.5 million GR).

Item #6

ACA Provision: Maintain PCP Rate Increase for Primary Care Services

Effective January 1, 2013, Section 1202 of the ACA directs states to increase reimbursement to certain primary care providers (family practitioners, internal medicine providers, and pediatricians) for specific procedure codes, classified as primary care services in the ACA, at the Medicare reimbursement rate for two calendar years from January 1, 2013, through December 31, 2014 with federal funding.

This exceptional item funds the cost of maintain the Medicaid primary care provider rate increase for the last 8 months of FY 2015, January 2015 through August 2015.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.0	\$107.0	\$107.0
All Funds	\$0.0	\$266.2	\$266.2

FTEs	0.0	0.0
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Item #7

Maintain Support of State-Operated Facilities

This request includes 4 components related to the State Supported Living Centers (DADS) and the State Hospitals (DSHS): (1) regional laundry facility equipment & related vehicles, (2) frozen food and storage, (3) inventory system upgrade, and (4) systems retirements (CARE).

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$3.1	\$0.9	\$4.0
All Funds	\$4.8	\$1.5	\$6.3

FTEs	3.0	5.0
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Replace laundry equipment that has an average age of 18 years, with the oldest piece being 45 years old. Laundry vehicles and trailers support the consolidated laundry function. (\$1.2 million GR & \$2.2 million AF)

Ensure dietary and nutritional requirements for clients at the State Supported Living Centers and State Hospitals are met. (\$0.9 million GR and \$1.3 million AF)

Upgrade a critical supply inventory system used daily. The upgrade would contain facility services, inventory, supply/stock/requisition, replenishments, medical supplies, and foods, with warehouse work flow and business processes. (\$1.3 million GR & \$1.7 million AF)

Upgrade the Client Assignment and Registration System (CARE) which manages demographic, diagnostic, assessment and service data. (\$0.6 million GR and \$1.2 million AF)

Item #8

Support Office of Acquired Brain Injury (OABI)

Funding would allow the continuation of OABI operations after the expiration of federal funds in 2013 and would expand the work of the office to include stroke and cardiovascular awareness, prevention and rehabilitation referral/coordination services; children and youth; military and veterans; elderly; rural; border and other programs in accordance with the OABI mission and strategic plan.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.5	\$0.5	\$1.0
All Funds	\$0.5	\$0.5	\$1.0

FTEs	4.0	5.1
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The office ensures linkages internally and externally for the enterprise to identify common services and cost-saving programs as well as gaps in services.

Item #9

Replace and Maintain HHSC Vehicles

Funding would allow the replacement of 36 vehicles within Regional Administrative Services (RAS), Facilities Management, Office of Inspector General and the staff pool managed by the Enterprise Fleet Management Office.

Many HHSC vehicles are currently meeting or exceeding established agency replacement criteria and if they are not replaced, certain services and jobs performed through the use of these vehicles may be adversely affected as they tend to breakdown or are in the shop for maintenance more often.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.5	\$0.5	\$1.1
All Funds	\$0.5	\$0.5	\$1.1

FTEs	0.0	0.0
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Item #10

Implement Fraud Integrity Initiative

Funding would allow HHSC, DADS and DSHS to implement provider and supplier screening and enrollment requirements in Medicare, Medicaid, and CHIP and to enroll providers in accordance with a designated level of risk of waste, fraud and abuse: low, moderate or high.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$5.7	\$4.1	\$9.7
All Funds	\$27.0	\$11.4	\$38.4

FTEs	4.0	4.0
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Compliance with Affordable Care Act (ACA) provisions will require HHSC to collect a provider enrollment/screening fee from certain institutional providers that are not currently paying the enrollment fee to the federal government. States may utilize this collected revenue to offset the costs of implementing the ACA provisions. The federal government sets the fee and the State must return to the federal government any unused balances from the collected fee revenue.

HHSC would contract with the Medicaid claim administrator to perform the required activities for provider screening, enrollment, and monitoring. A new screening process would include a licensure check, and may include a criminal background check; fingerprinting; unscheduled and unannounced site visits, including pre-enrollment site visits; and database checks.

Item #11

Expand Star+Plus in the Medicaid Rural Services Area (MRSA)

This funding would replace existing STAR program for SSI adults in the MRSA and the Community Based Alternatives (CBA) waiver program operated by DADS with STAR+PLUS. This initiative would improve service coordination for Medicaid-eligible SSI adult, reduce HHSC/DADS administrative costs, and increase premium tax revenue.

Participation is mandatory for SSI Adults, and voluntary for those under age 21 (as is STAR). It would also expand managed care to the Aged & Medicare-Related Adults and Children.

The request represents the net cost between DADS & HHSC. The cost to HHSC of \$154.3 million GR & \$383.3 million All Funds is partially offset by savings to DADS in waivers & nursing facilities of \$138.5 million GR & \$344.3 million All Funds. FTE reduction would be at DADS.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.0	\$15.8	\$15.8
All Funds	\$0.0	\$39.0	\$39.0

FTEs	0.0	(114.0)
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Program Impact	FY2014	FY2015
Average Aged and Medicare-Related Recipient Months per Month: STAR+PLUS	0	55,136
Average Disability-Related Recipient Months per Month: STAR+PLUS	0	55,144

Item #12

Implement Information Security Improvements & Application Provisioning Enhancements

HHS agencies face increasing and evolving threats from cyber-related attacks. Funding would allow: additional information security controls at HHS agencies to protect systems from attacks; additional protections against unauthorized access including a higher level of authentication and improved efficiencies in granting and removing access to systems; and improved monitoring systems and processes to better protect agency information assets.

Without these initiatives, systems will be at risk from attacks, potential disclosure of confidential data, and costs associated with clean-up activities.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$3.6	\$2.1	\$5.7
All Funds	\$5.3	\$3.3	\$8.6

FTEs	0.0	0.0
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Item #13

Improve Security Infrastructure for Regional Health & Human Services Client Delivery Facilities

Funding would be used to improve security infrastructure for regional HHS facilities for the improved safety of both clients and staff.

Enhancements include installation of keyless access systems at 90 facilities, installation of video surveillance systems at 31 facilities, parking lot fencing and lighting at 5 facilities.

Given recent tragic events there is an expectation from staff and others that the HHS continue to make headway in the area of office safety and security.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$1.2	\$0.0	\$1.2
All Funds	\$1.7	\$0.0	\$1.7

FTEs	0.0	0.0
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Item #14

Improve Office of Inspector General (OIG) Staffing and Support

The increase in the number of referrals and size of the OIG investigations and reviews would require additional staff to: conduct investigations, reviews, perform encounter data analysis activity including targeted queries designed to address adherence to Medicaid policy; assist with actuarial, statistical analysis of the populations and claims under investigation, and financial and data analysis reviews to detect emergency trends, patterns and system issues, resulting in the identification of inappropriately paid claims to Medicaid providers; attorneys to assist in increased litigations.

With the approval of the additional FTEs, there would be an increase in cost recovery and cost avoidance as a result of sufficient staff to investigate fraud/overpayment and referrals.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$11.4	\$7.1	\$18.5
All Funds	\$23.1	\$14.5	\$37.6

FTEs	101.6	101.6
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Program Impact	FY2014	FY2015
Number of Provider & Recipient Investigations	23,313	23,313
Average \$ Recovered & Saved/Completed Investigation, Review and Audit	\$8,454.51	\$8,690.11
Total Dollars Recovered (Millions)	\$28.29	\$28.29

Item #15

Implement Initiatives to Address Disproportionality and Disparities Across HHS System

Funding would support the implementation of regional health equity projects that focus on supporting and encouraging health prevention efforts that employ community-centered strategies to reduce and eliminate health disparities. Funding would also support the expansion of the Texas model to address the elimination of disproportionality and disparities across HHS agencies.

These initiatives align with the responsibilities of the Center for Elimination of Disproportionalities and Disparities as amended in Senate Bill 501, 82nd Legislature, Regular Session.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.2	\$0.2	\$0.5
All Funds	\$0.3	\$0.3	\$0.6

FTEs	2.0	2.0
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Program Impact	FY2014	FY2015
Number of Minority Health Initiatives Implemented	8.0	8.0
Average Cost Per Minority Health Initiative Developed	\$18,750	\$18,750

Item #16

ACA Provision: Expand PCP Rate Increase for Primary Care Services

Effective January 1, 2013, Section 1202 of the Affordable Care Act (ACA) increases reimbursement to certain primary care providers (family practitioners, internal medicine providers, and pediatricians) for specific procedure codes, at the Medicare reimbursement rate for two calendar years from January 1, 2013, through December 31, 2014. This two-year increase is 100% federally funded.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$111.9	\$117.2	\$229.1
All Funds	\$286.6	\$301.1	\$587.6

FTEs	0.0	0.0
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This exceptional item funding would 1) extend the ACA reimbursement level to CHIP and DSHS primary care providers for the 2014-15 biennium and 2) reimburse other types of primary care providers in Medicaid, CHIP, and DSHS programs at the same Medicare level as ACA funds for the same biennial period.

Item #17

Continue International Classification of Diseases (ICD-10)

ICD is a code set designed to promote international comparability in the collection, processing, classification, and presentation of statistics. The ICD code set has been revised from ICD-9 to allow for an expansion in the number of conditions that can be captured (almost twice as many) and support more comprehensive analysis. ICD codes are included in certain transactions sent between providers and HHS agencies and are used in many of the HHS systems for medical claims processing, tracking, and reporting.

Requested funding would update systems at DADS, DARS, DSHS and HHSC to process ICD-10, the new code set.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.4	\$0.4	\$0.8
All Funds	\$0.8	\$1.5	\$2.3

FTEs	0.0	0.0
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Item #18

Secure Mobile Infrastructure & Enterprise Communications

HHS is currently exploring and planning business initiatives designed to increase efficiencies, promote improvement in service delivery in order to meet projected increases in caseloads without expanding the HHS workforce. These initiatives include expansion of tele-work and video conferencing, enabling mobile workers where appropriate, office consolidation and increased use of client self service capabilities in our web based applications. To support these initiatives, the underlying network and communications infrastructure needs to be modernized and enhanced.

Funding would provide for a secure, integrated HHS network, and enhanced telecom systems in the various offices, eligibility call centers and other service delivery areas.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$14.1	\$0.0	\$14.1
All Funds	\$25.4	\$0.0	\$25.4

FTEs	0.0	0.0
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Item #19

Continue Enterprise Data Warehouse Initiative

Funding would allow continuation of establishing a data warehouse that will span Medicaid-related data across all HHS agencies.

Integration of data across all HHS agencies would help improve the delivery of health care services to Texans, help evaluate program effectiveness, assure that services are delivered in a cost-effective manner, and help forecast future needs and priorities. The current project phase is supported with general revenue and federal funds from CMS.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$3.4	\$3.1	\$6.6
All Funds	\$18.0	\$17.6	\$35.6

FTEs	13.1	13.1
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Item #20

Upgrade Winters Data Center Facilities

Funding would allow to upgrade key data center facility infrastructure components to improve reliability and availability of key computing resources. This upgrade would focus on the electrical infrastructure components, installing a power generator system and related electrical system enhancements.

This reduces the risk of down time and service outage for key systems located in the Winters data centers. If the data centers are not upgraded, systems will continue to be susceptible to power outages which could adversely affect clients for hours at a time.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$2.2	\$0.0	\$2.2
All Funds	\$4.0	\$0.0	\$4.0

FTEs	0.0	0.0
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Item #21

Support Texas Office for the Prevention of Development Disabilities (TOPDD)

Funding would allow TOPDD to expand work in critical areas such as injury prevention, prenatal care, etc. that are fundamental to the mission of preventing developmental disabilities. TOPDD also would be able to involve other state agencies, private organizations, businesses, and individuals (volunteers, staff).

Historically, TOPDD has only been able to obtain outside funding to address fetal alcohol syndrome disorder.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.1	\$0.1	\$0.2
All Funds	\$0.1	\$0.1	\$0.2

FTEs	0.0	0.0
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Item #22

Improve Community Resources Coordination Group (CRCG) Services

Appropriation would resume funding that was paused in FY 2012-2013, to restore funds for two staff, and allow the development and deployment of an enhanced web based data collection/reporting tool to improve accessibility, data consistency and reliability of the CRCG statewide network.

This would ensure compliance with legislative requirements including the streamlined collection, analysis, and preparation of program data for submission in required reports.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.2	\$0.1	\$0.3
All Funds	\$0.3	\$0.3	\$0.5

FTEs	2.0	2.0
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Item #23

Increase Support of Healthy Marriage Program (HMP)

Funding would provide expanded technical assistance to providers/clients, updated public advertising and outreach materials, and continuing development and deployment of website enhancements designed to increase access and ease of use for network providers and couples searching for services or resources.

This request will provide enhanced coordination and growth of the existing volunteer network leveraging emerging technologies to reach new service providers and clients. These services were previously funded, but funding was paused in FY 2012-2013.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.6	\$0.6	\$1.2
All Funds	\$0.6	\$0.6	\$1.2

FTEs	1.0	1.0
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Program Impact	FY2014	FY2015
Average Cost Per Healthy Marriage Grant	\$137,000	\$137,000
Average Number of Healthy Marriage Grants Awarded	2.0	2.0

Item #24

Expand Family Violence Prevention and Victim Services

Funding would enable family violence service providers and other community-based organizations to provide economic stability, legal, primary prevention and domestic violence fatality review services over and above the core services. These additional services assist victims with leaving the shelter, help reduce the incidence of repeat family violence, and strengthen families.

Provision of these services supports clients in attaining ongoing economic stability and legal security, which can reduce their need to seek family violence services in the future.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$1.3	\$1.3	\$2.5
All Funds	\$1.3	\$1.3	\$2.5

FTEs	0.0	0.0
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Program Impact	FY2014	FY2015
HHSC Avg Cost Per Person Receiving Emergency Shelter Services FVP	\$840.09	\$840.09
Number of Persons Served by Family Violence Programs/Shelters	1,686	1,686

Item #25

Add Therapies to Medicaid Waivers for Individuals with Acquired Brain Injury (HHS Agencies)

This request would fund the costs associated with providing cognitive therapies to individuals with an acquired brain injury (ABI) who are currently enrolled in STAR+Plus at HHSC and other long-term-care waivers at DADS. There would be administrative costs at both agencies.

The biennial costs at DADS totals \$0.4 million GR and \$1.0 million in All Funds and are reflected in HHSC Strategy 2.3.1. Medicaid Contracts and Administration. The biennial cost at HHSC totals \$1.5 million GR and \$3.6 million ALL Funds.

The estimated number of individuals with an acquired brain injury that would be served is 738 in FY 2014 and 757 in FY 2015.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$1.1	\$0.8	\$1.9
All Funds	\$2.6	\$2.0	\$4.6

FTEs	0.0	0.0
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Item #26

Upgrade HHSAS Financials - Hardware Remediation (HHS Agencies)

Funding would allow remediation of the HHSAS Financials PeopleSoft application onto a refreshed technology platform within the consolidated data centers in San Angelo and Austin. The current platform is an aging technology (approximately 6 years or older) residing on the legacy side of the San Angelo data center, with production, test, and development on the same platforms causing contention for resources.

With this upgrade, the production environment would be in San Angelo and the test/development would be in Austin, and therefore available for disaster recovery/business continuity purposes.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.9	\$0.2	\$1.2
All Funds	\$1.3	\$0.3	\$1.6

FTEs	0.0	0.0
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Item #27

Increase HHS Recruitment and Retention

HHSC request this exceptional item in support of the Department of Aging and Disability Services (DADS) and Department of State Health Services (DSHS) efforts in improving recruitment and retention in critical positions in state supported living centers and state mental health hospitals. Funding would allow DADS and DSHS to provide a 10 percent salary increase to over 13,000 staff in critical direct health care positions to improve retention and recruitment of these staff. This request is in addition to requests in the DADS and DSHS LARs for funding salary increases for other health professionals.

This funding request includes costs in FY 2014-15 of \$32.7 million All Funds and \$13.8 million GR for DADS and \$14.8 million All Funds and GR for DSHS.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$14.3	\$14.3	\$28.5
All Funds	\$23.8	\$23.8	\$47.5

FTEs	0.0	0.0
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Item #28

Carve In Nursing Facility Services in STAR+Plus

This is a placeholder request to include nursing facility services provided to persons enrolled in the STAR+PLUS program in the array of benefits covered under the monthly capitation payments to Managed Care Organizations. This would entail adding funds to the capitation that would cover all services currently provided that are billed to and paid by the Department of Aging and Disability Services to nursing facilities.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.0	\$0.0	\$0.0
All Funds	\$0.0	\$0.0	\$0.0

FTEs	0.0	0.0
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Details of this proposal are being developed and will include specific definitions of covered populations and means to identify those persons at the time they are in a nursing facility so as to ensure that duplicate payments are avoided or minimized and enrolled persons understand the benefits available to them while they are in nursing facility care.

Item #29

ACA Provision: Dual Eligibles Integrated Care Project

This is a placeholder request as the estimated fiscal impact has not been determined. Opportunity for states to participate in a capitated or managed FFS model to provide comprehensive coverage to dual (Medicare-Medicaid) eligibles and share in savings achieved through improved care coordination and health outcomes for this population.

Section 2602 of the ACA allows an opportunity for states to align financing between Medicare and Medicaid to support improvements in the quality and cost of care for individuals enrolled in both programs through improved care coordination.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.0	\$0.0	\$0.0
All Funds	\$0.0	\$0.0	\$0.0

FTEs	0.0	0.0
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Item #30

ACA Provision: Balancing Incentives Payment (BIP) Program

This is a placeholder request as the estimated fiscal impact has not been determined. Provides an increase in federal financial participation (FFP) for a balancing incentive payment state for eligible Medicaid expenditures. Balancing incentive payments are available to states in which less than 50% of total Medicaid expenditures for a fiscal year for long-term services and supports (LTSS) are for non-institutional LTSS.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.0	\$0.0	\$0.0
All Funds	\$0.0	\$0.0	\$0.0

FTEs	0.0	0.0
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Texas has applied for BIP funding and CMS has confirmed that Texas could qualify for a time-limited 2% increase in FMAP for community-based services. Funding is available to states through October 2015 and must be invested in infrastructure improvements and efforts designed to improve access to community-based LTSS.