TEXAS
Health and Human Services

Consolidated Budget Request

Fiscal Years 2020-21

Health and Human Services Commission

&

Department of State Health Services

October 2018

(Updated December 2018)

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I. EXECUTIVE SUMMARY

In addition to the consolidation of Texas Health and Human Services (HHS) system agencies required by Sunset legislation passed by the 84th Legislature, the 85th Legislature established the Department of Family and Protective Services (DFPS) as an agency independent of the HHS system effective September 1, 2017. The transformed HHS system now consists of two agencies: the Health and Human Services Commission (HHSC) and the Department of State Health Services (DSHS). As a result, two Legislative Appropriations Requests (LARs) were submitted for the two-year budget period for the 2020-21 biennium providing strategy level detail, sources of funding, anticipated performance, and base and exceptional item requests. To strengthen these requests, the Consolidated Budget Request for 2020-21 biennium:

- Summarizes the requests for legislative appropriations for the two Texas HHS agencies.
- Highlights critical funding needs across the agencies and categorizes the requests to help decision makers and the public analyze the service and operational needs throughout the state's HHS system.
- Provides supporting information on elements contributing to funding needs.
- Identifies major federal funding issues.
- Describes provider rate methodologies and changes for legislative consideration.
- Provides supplemental information for legislative consideration.
- Fulfills several statutory reporting requirements.

Summary of the HHS System LARs

HHS system agencies have requested a total of $85.6 billion from all fund sources for the 2020-21 biennium, an increase of $6.4 billion (8 percent) over the 2018-19 biennium amounts. The general revenue portion of the 2020-21 biennium request totals $34.2 billion, an increase of $2.3 billion (7 percent). These amounts assume a $2.7 billion general revenue supplemental appropriation in fiscal year (FY) 2019. This estimate will be updated for the legislative session. **Appendices A** and **B** provide the Administrator's Statement for each agency's LAR, summarizing the priorities and goals of the requests. HHS Agency LARs can be found online at: https://hhs.texas.gov/about-hhs/budget-planning.

Base Request and Critical Funding Needs

In addition to the "base" level of funding, prepared according to required budget guidance, the HHS System agencies requested $6.6 billion All Funds ($3 billion General Revenue) in exceptional item funding for the 2020-21 biennium. To

develop these requests, each agency conducted an extensive review of its most critical needs, and also solicited and received stakeholder feedback to identify which needs are of the greatest importance to the people the agencies serve.

For HHSC, those requests were prioritized and categorized into the following ten groupings:

- Maintain current funding for client services;
- Comply with state and federal laws and regulations;
- Address community services needs for individuals with intellectual and developmental disabilities;
- Provide critical support, staffing, and infrastructure for procurement and contract oversight functions;
- Address capacity demands for behavioral health services;
- Protect vulnerable Texans;
- Improve access to needed client services;
- Provide critical IT infrastructure and support;
- Office of the Inspector General; and
- Texas Civil Commitment Office.

DSHS exceptional item funding requests address critical public health needs across the state including the ability to prevent and detect infectious disease, combat maternal mortality and morbidity, protect the security of vital records and provide the infrastructure to not only deliver services but also to drive public health decision-making through useful and accessible data.

Chapter II provides additional summary detail on these requests.

Supporting Information on Factors Contributing to Funding Needs

Chapter III provides information on the key drivers of the increased need for resources such as forecasts for caseload, trends in the cost of services, and federal fund matching percentages.

HHS System Initiatives

Chapter IV highlights exceptional item requests addressing critical needs for HHS agencies and program areas, such as addressing capacity demands for behavioral health services, addressing community services needs for individuals with intellectual or developmental disabilities, supporting information technology efforts system-wide, recruiting and retaining critical staff, and supporting state operated facilities and state public health services.

Select Medicaid Initiatives

Chapter V provides information on recent cost containment efforts undertaken by HHS agencies and status of the Healthcare Transformation and Quality Improvement waiver. The waiver funds payments for uncompensated hospital care and allows Texas to support the development and maintenance of a coordinated-care delivery system through the creation of regional healthcare partnerships, transition to a quality-based payment system across managed care and hospitals, and improved coordination in the current indigent care system.

Major Federal Funding Issues

Federal funding and policy issues are contained in several chapters including **Chapter VI**, which highlights areas with potential fiscal impact, such as passage of federal appropriations bills and pending reauthorizations.

Provider Rates

Direct services received by HHS clients are predominantly provided through the private sector and local public entities. While agency LARs generally do not include provider rate increases, **Chapter VII** of the Consolidated Budget Request discusses numerous rate setting topics. **Appendices F1, F2 and F3** identify funding required to fully fund each service per methodology, the funding impact for each 1 percent increase or decrease in the rates, and previous rate increases or decreases. This provides legislators a tool to estimate costs for rate changes considered during the appropriations process.

Other Supplemental Information Provided (Appendices)

Finally, the document provides additional detailed information and resources in appendices related to reducing interest/waiting lists for services, rate schedules, including more detailed methodology information, and the state's Long-Term Care Plan (see **Chapter VIII**).

Statutory Requirements Fulfilled

Submission of the Consolidated Budget Request fulfills several statutory requirements including:

- The Biennial Consolidated Budget Request for the HHS system, Section 531.026, Government Code;
- The Annual Federal Funds Report, Section 531.0271-531.028, Government Code (**Chapter VI**); and
- The Long-term Care Plan for Individuals with Intellectual Disabilities and Related Conditions (**Appendix I**).

II. CONSOLIDATED BUDGET REQUEST OVERVIEW

Health and Human Services System Overview

The Texas HHS system is dedicated to developing client-focused program and policy initiatives that are fiscally responsible. The findings and recommendations of the Sunset review formed the basis for the 84th Texas Legislature's directive to transform today's HHS system. Reflecting a unified approach to delivering health and human services, with the passage of Sunset legislation, the HHS system was given an opportunity to develop a more efficient organization. Senate Bill 200 outlined a phased approach to this restructuring. The phased transfers of programs and functions within the HHS system beginning September 2016 through September 2017 focused on improving health outcomes and well-being to support independence for people and families and to drive efficiency and accountability. The Medical and Social Services Division in HHSC was created to bring all client services into a single division at HHSC. Most of the administrative services were consolidated. The Department of Assistive and Rehabilitative Services (DARS) was abolished and client services functions along with administrative services that support those services transferred to HHSC. Remaining DARS programs transferred to the Texas Workforce Commission. Effective May 1, 2016, the Nurse Family Partnership and Texas Home Visiting programs transferred from HHSC to DFPS, which will continue its focus on protecting children, older adults, people with disabilities and preventing child abuse and neglect.

In September 2017, the Regulatory Services Division began operating and regulatory programs transferred to HHSC. The management of the operations for state supported living centers and state hospitals transferred to the newly created Health & Specialty Care Division at HHSC. The remaining administrative offices were consolidated. The Department of Aging and Disability Services was abolished with functions transferred to HHSC.

House Bill 5, 85th Texas Legislature, 2017, removed DFPS from the HHS system to a stand-alone agency. HHSC kept some administrative duties, including setting the rates for DFPS and payroll services. Child Care Licensing and Adult Protective Services provider investigations from DFPS are now part of HHSC's regulatory services functions. After these transfers, DSHS' streamlined structure solely focuses on its core public health functions.

Figures II.1.A and II.1.B depict the HHS system organizational structures in FY 2019 and identify services provided by the HHS agencies.

The full HHS system Transition Plan can be found online at: https://hhs.texas.gov/about-hhs/hhs-transformation

Figure II.1A

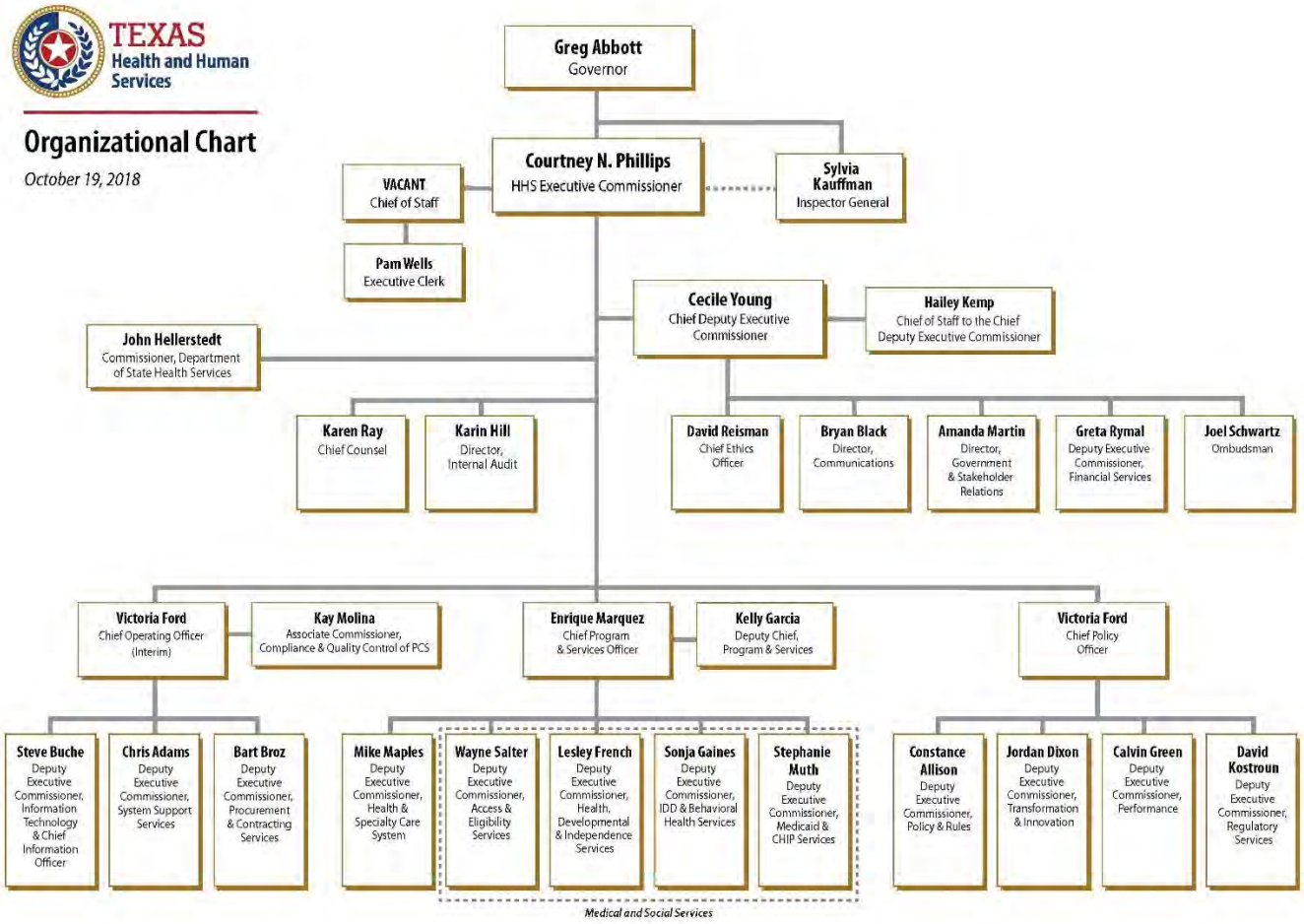
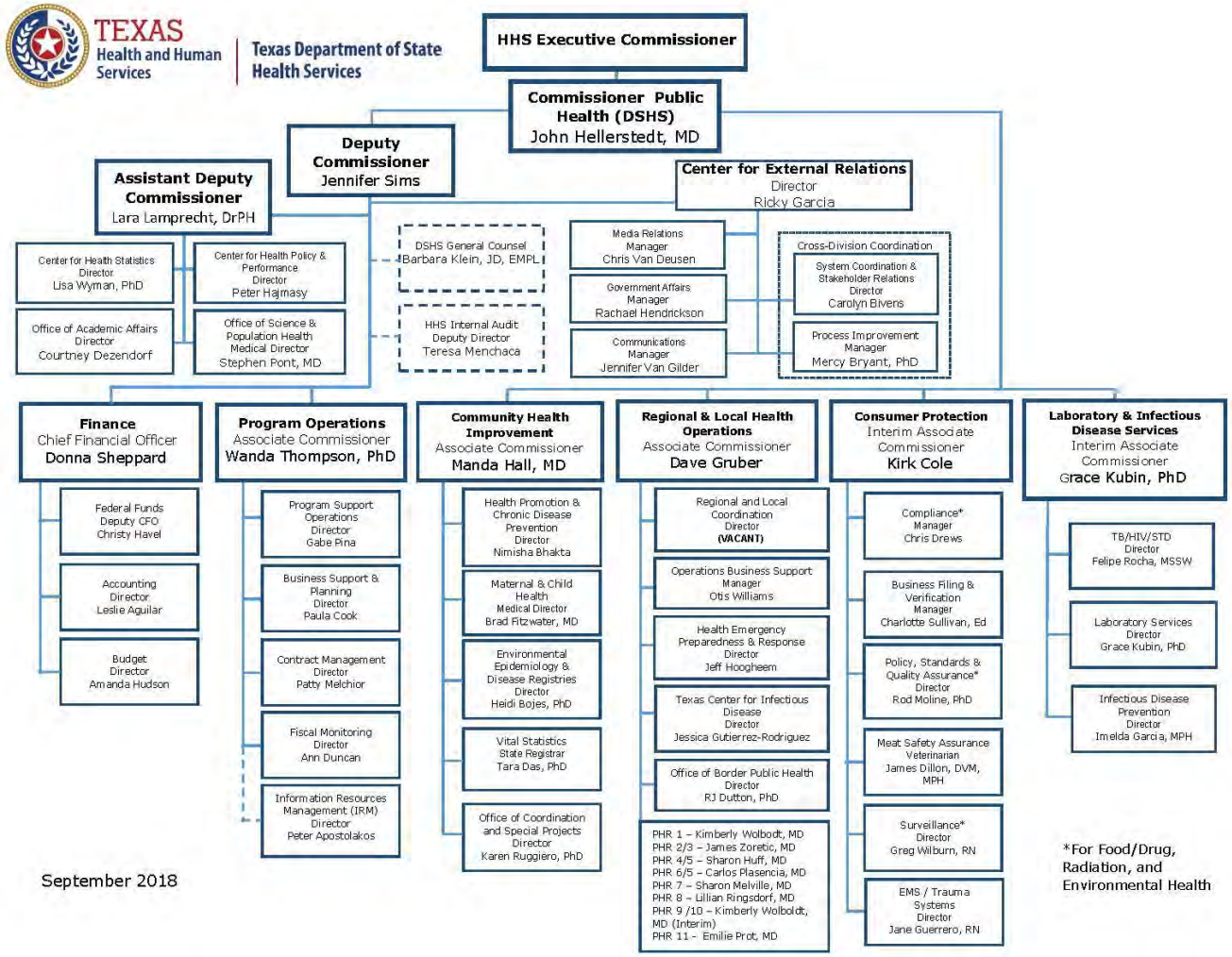


Figure II.1.B

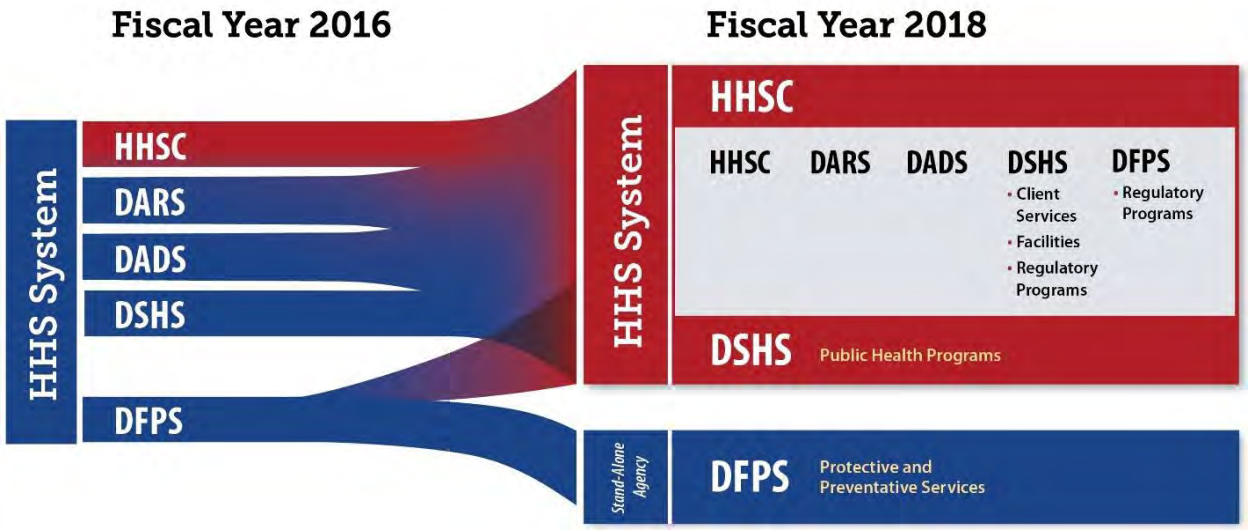

TEXAS
Health and Human Services
Texas Department of State Health Services
HHS Executive Commissioner
Commissioner Public Health (DSHS)
John Hellerstedt, MD
Deputy Commissioner
Jennifer Sims
Assistant Deputy Commissioner
Lara Lamprecht, DrPH
Center for External Relations
Director
Ricky Garcia
Center for Health Statistics
Director
Lisa Wyman, PhD
Center for Health Policy & Performance
Director
Peter Hajmasy
Office of Academic Affairs
Director
Courtney Dezendorf
Office of Science & Population Health
Medical Director
Stephen Pont, MD
DSHS General Counsel
Barbara Klein, JD, EMPL
HHS Internal Audit
Deputy Director
Teresa Menchaca
Media Relations Manager
Chris Van Deusen
Government Affairs Manager
Rachael Hendrickson
Communications Manager
Jennifer Van Gilder
Cross-Division Coordination
System Coordination & Stakeholder Relations
Director
Carolyn Bivens
Process Improvement Manager
Mercy Bryant, PhD
Finance
Chief Financial Officer
Donna Sheppard
Federal Funds
Deputy CFO
Christy Havel
Accounting
Director
Leslie Aguilar
Budget
Director
Amanda Hudson
Program Operations
Associate Commissioner
Wanda Thompson, PhD
Program Support Operations
Director
Gabe Pina
Business Support & Planning
Director
Paula Cook
Contract Management
Director
Patty Melchior
Fiscal Monitoring
Director
Ann Duncan
Information Resources Management (IRM)
Director
Peter Apostolakos
Community Health Improvement
Associate Commissioner
Manda Hall, MD
Health Promotion & Chronic Disease Prevention
Director
Nimisha Bhakta
Maternal & Child Health
Medical Director
Brad Fitzwater, MD
Environmental Epidemiology & Disease Registries
Director
Heidi Bojes, PhD
Vital Statistics
State Registrar
Tara Das, PhD
Office of Coordination and Special Projects
Director
Karen Ruggiero, PhD
Regional & Local Health Operations
Associate Commissioner
Dave Gruber
Regional and Local Coordination
Director
(VACANT)
Operations Business Support
Manager
Otis Williams
Health Emergency Preparedness & Response
Director
Jeff Hoogheem
Texas Center for Infectious Disease
Director
Jessica Gutierrez-Rodriguez
Office of Border Public Health
Director
RJ Dutton, PhD
PHR 1 – Kimberly Wolbodt, MD
PHR 2/3 – James Zoretic, MD
PHR 4/5 – Sharon Huff, MD
PHR 6/5 – Carlos Plasencia, MD
PHR 7 – Sharon Melville, MD
PHR 8 – Lillian Ringsdorf, MD
PHR 9 /10 – Kimberly Wolboldt, MD (Interim)
PHR 11 - Emilie Prot, MD
Consumer Protection
Interim Associate Commissioner
Kirk Cole
Compliance*
Manager
Chris Drews
Business Filing & Verification
Manager
Charlotte Sullivan, Ed
Policy, Standards & Quality Assurance*
Director
Rod Moline, PhD
Meat Safety Assurance
Veterinarian
James Dillon, DVM, MPH
Surveillance*
Director
Greg Wilburn, RN
EMS / Trauma Systems
Director
Jane Guerrero, RN
Laboratory & Infectious Disease Services
Interim Associate Commissioner
Grace Kubin, PhD
TB/HIV/STD
Director
Felipe Rocha, MSSW
Laboratory Services
Director
Grace Kubin, PhD
Infectious Disease Prevention
Director
Imelda Garcia, MPH
*For Food/Drug, Radiation, and Environmental Health
September 2018

As of September 1, 2018, the new HHSC has more than 40,000 employees (includes client and administrative services) and approximately 200 programs or programmatic functions. In addition, DSHS has over 3,200 employees.

With the consolidation of three agencies into HHSC, and the transfer of client services and regulatory programs from an additional two agencies, the HHSC financial and appropriations structure is substantially different from FY 2017 and earlier. Similarly, DSHS, focusing on public health programs, also has a different financial and appropriation structure.

In the 2020-21 biennium, HHSC will have appropriations distributed through Strategies A-N. These strategies will contain all Medicaid and CHIP programs and services, all mental health services, all women's health services, and all centralized administrative functions delivered by the HHS system. **Figure II.2** shows programs and services that were transformed through FY 2018.

Figure II.2



* The Consolidated Budget Request for FY 2020-21 is based upon the requests of HHSC and DSHS, the HHS system as of FY 2018.

Transformation – System Improvement and Innovation

Although the structural changes required by Senate Bill (S.B.) 200 (84th Legislature, Regular Session, 2015) are largely complete, there is still significant work to do to fully transform HHS into an efficient, accountable, data-driven organization as envisioned by the Legislature.

The former Transformation Division has been enhanced into the Office of Transformation and Innovation (OTI), which works collaboratively with client services and administrative support service departments across the system to drive a culture of continuous improvement through innovation, collaboration, and inclusive communication. The Office includes three divisions: Transformation, Innovation, and Strategic Engagement.

Transformation Division

The Transformation Division focuses on improving the efficiency and effectiveness of HHS systems and processes. It continues to identify, implement, monitor, and report on organizational and operational changes throughout the HHS system that capitalize on the opportunities S.B. 200 created. The division performs internal process reviews to identify barriers to effective service delivery and develop solutions that improve business processes and drive greater efficiency.

Innovation Division

The Innovation Division identifies opportunities for cross-division coordination and oversees strategic initiatives. The division breaks down organizational silos and strengthens intra-agency collaboration. It develops innovative policy solutions to complex, high-impact problems facing HHS. The division works with the Transformation Division to identify opportunities for program innovation and develops strategies for program and process improvement.

Strategic Engagement Division

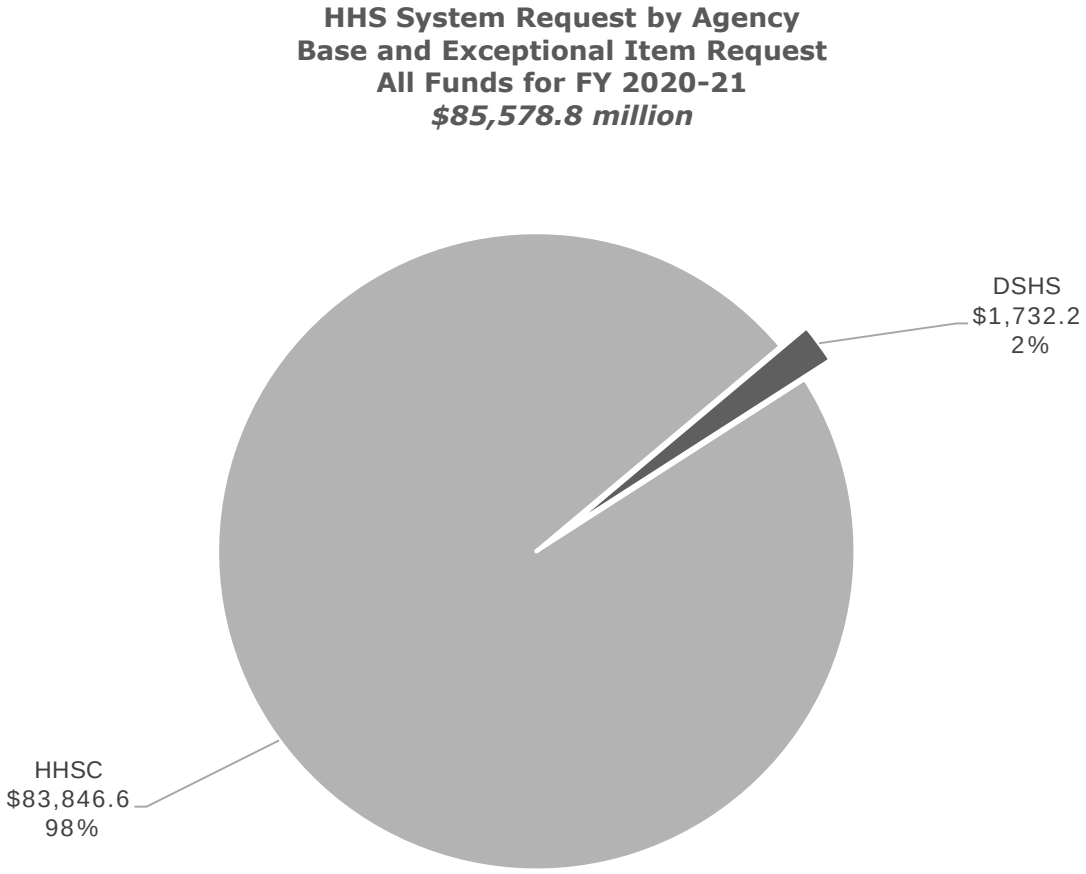
The Strategic Engagement Division leads change management efforts relating to continuous improvement and initiatives of OTI. The primary purpose of the Strategic Engagement Division is to help individuals and teams buy into and adapt to change. The division facilitates strong internal communications with program staff, drafts and implements internal communication plans, and facilitates stakeholder input regarding Transformation and Innovation projects.

Engaging with almost every department of HHSC, and collaborating with DSHS and DFPS, OTI currently oversees over 40 projects to improve the HHS system.

HHSC and DSHS FY 2020-21 Legislative Appropriations Request

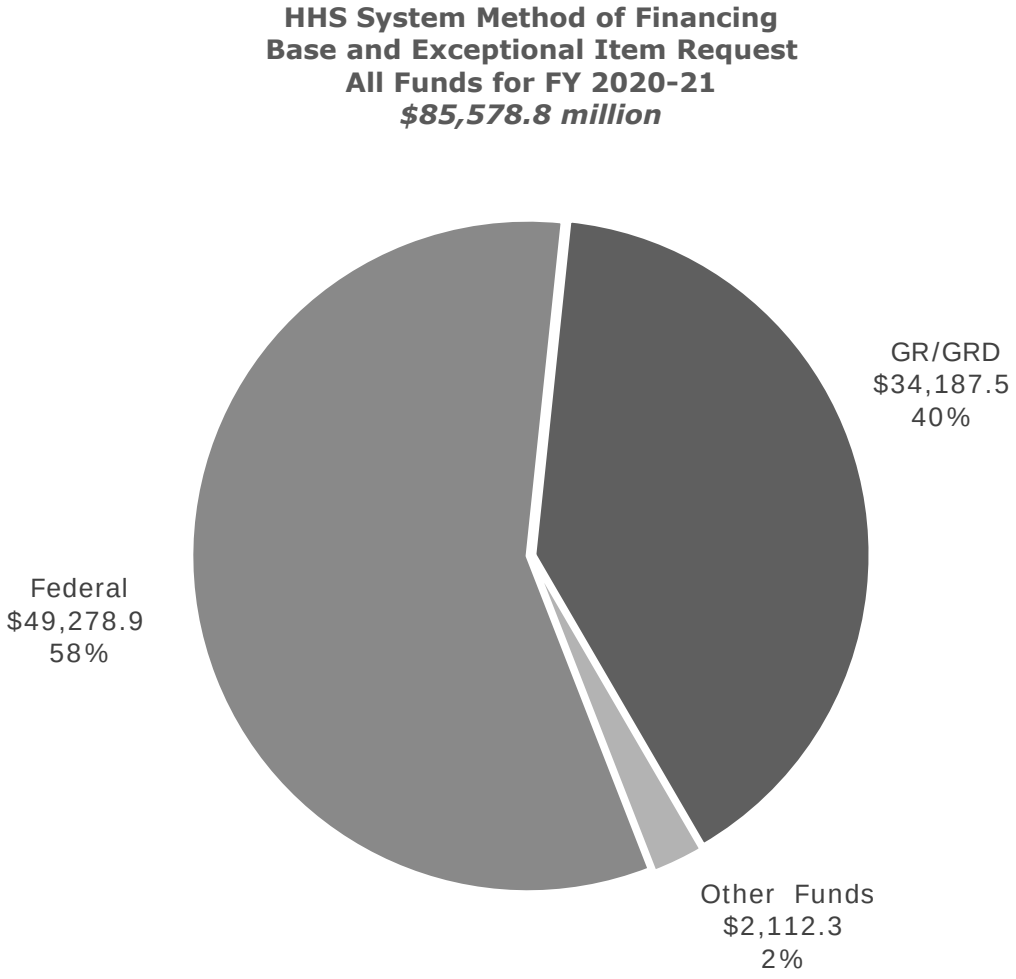
The Legislative Appropriations Request (LAR) base request for the 2020-21 biennium combined with the exceptional items for HHS agencies totals $85.6 billion, an increase of $6.4 billion all funds from the 2018-19 biennium (or an 8 percent increase). Note that the 2018-19 biennial estimate assumes a $2.7 billion general revenue supplemental appropriation. This estimate will be updated for the Legislative Session. **Figure II.3** presents the allocation of requested funds among HHS agencies.

Figure II.3



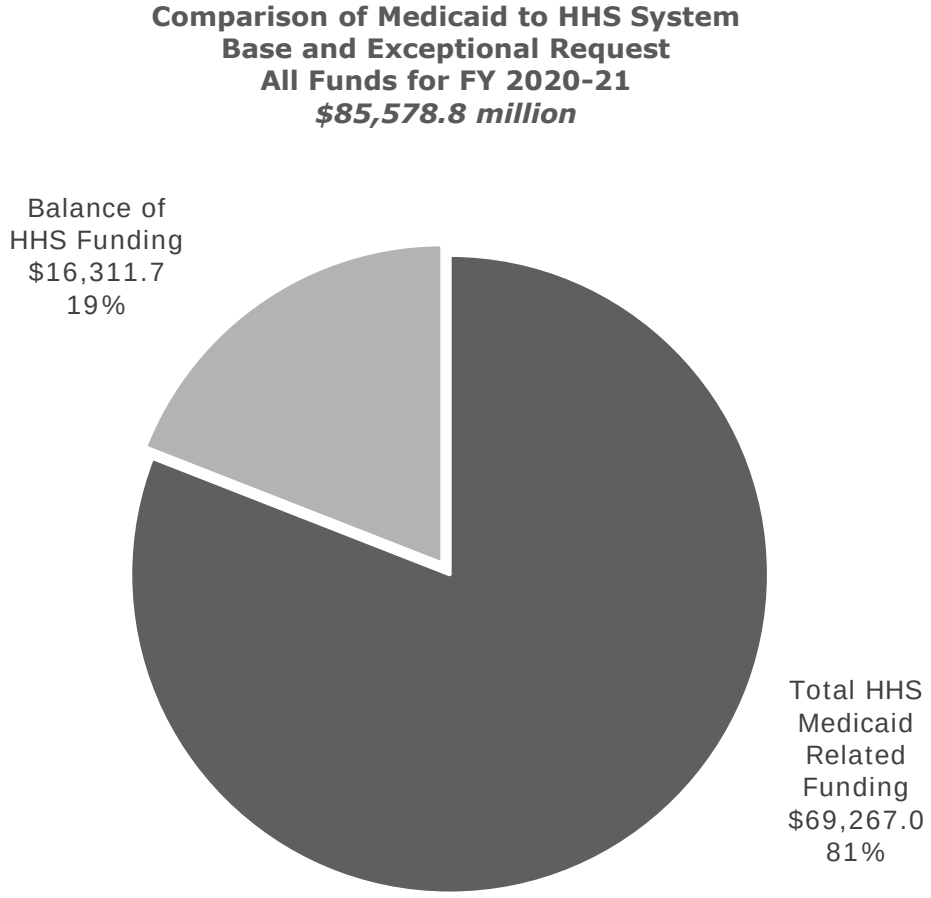
As reflected in the following chart, the general revenue-related base and exceptional item request for all HHS agencies for the 2020-21 biennium is $34.2 billion, a $2.3 billion increase (7 percent) from the 2018-19 biennium. Total requested federal funds for the base and exceptional items for the HHS system for the biennium is $49 billion (58 percent of the total budget). **Figure II.4** presents the comparison of funding sources for the HHS system.

Figure II.4



As the chart below indicates, Medicaid related funding accounts for $69.3 billion, or 81 percent, of the total HHS funding requested in the 2020-21 biennium. Using state and federal funding, Texas' Medicaid program provides acute care and long-term services and supports to millions of low-income Texans each year (see **Chapter III** for Medicaid caseload forecasts). **Figure II.5** presents the comparison of Medicaid to the HHS system.

Figure II.5



Legislative Appropriation Request Guidance and Funding Request

Base Request Policy

On June 22, 2018, the Governor's Office of Budget and Policy and the Legislative Budget Board jointly issued LAR instructions for the 2020-21 biennium. As a starting point for budget deliberations, general revenue and general revenue-dedicated base requests may not exceed the sum of amounts expended in FY 2018 and budgeted in FY 2019.

Exceptions to the base limitation include amounts necessary to maintain funding for behavioral health services programs and to maintain current benefits and eligibility in the Medicaid program and the Children's Health Insurance Program. Base requests for these programs should include amounts sufficient to cover projected caseload growth.

Agencies must submit a supplemental schedule detailing how they would reduce the base request by an additional 10 percent in general revenue and general revenue dedicated funds (See **Appendix C**). A summary of each agency's request is provided below.

Agency Funding Requests

The following section highlights the two HHS agency requests in terms of overall base and exceptional items. The chapters that follow offer additional detail explaining critical issues related to these requests, such as key budget drivers, system-wide initiatives, federal funding considerations and provider rates considerations. (See **Figure II.6** for a recap of the HHS agency funding requests for the 2020-21 biennium).

The **Health and Human Services Commission (HHSC)** 2020-21 biennium base request totals $77.3 billion in all funds ($30.4 billion general revenue). This request represents a decrease of $165 million in all funds and a decrease of $680 million in general revenue funds (or a decrease of less than 1 percent and a decrease of 2 percent, respectively). The decrease in the base is caused by two primary factors, a more favorable federal matching percentage for Medicaid, reducing the general revenue need and one-time expenditures for Hurricane Harvey.

HHSC exceptional items, totaling $6.5 billion in all funds ($2.8 billion general revenue), include 58 items (including Texas Civil Commitment Office), the majority of which support the maintenance of Medicaid, CHIP, and other client services. The exceptional items also address critical information technology and operational needs which enable agency compliance with state and federal laws and regulations.

The **Department of State Health Services (DSHS)** 2020-21 biennium base request totals $1.6 billion in all funds ($809 million in general revenue). This is a $97 million decrease in all funds and a $5.5 million decrease in general revenue funds from the 2018-19 biennium. These decreases represent 1 and 5.7 percent in funding, respectively. The general revenue decrease reflects the estimated reduction of $5.5 million in state trauma funds to be available in the 2020-21 biennium. The all funds decrease includes $78.4 million in one-time federal grants for Hurricane Harvey, Ebola, Zika and HIV.

The nine DSHS exceptional items, totaling $138 million in general revenue funds, address critical public health needs across the state. The request safeguards the State Public Health Laboratory, maintains required agency IT infrastructure, and addresses maternal mortality and other critical agency functions.

DSHS may request additional general revenue funding related to retiree health insurance. With the transfer of a number of programs from DSHS to HHSC as part of S.B. 200, the remaining federal and GR dedicated accounts of DSHS are being assessed at levels to pay for these costs that are not sustainable long-term. DSHS, in conjunction with the Employees Retirement Services (ERS), is reviewing the need for this item and will update its exceptional item request if needed (estimated at $15 million per year).

Figure II.6 Summary Tables Fiscal Years 2020-21 Requests ($ in millions)

Comparison of FY 2018-19 to Total Request for FY 2020-21

Agency	FY 18 Estimated-FY 19 Budgeted		FY 20-21 Total Request		Biennial Change		Percent Change	
	GR/GRD	All Funds	GR/GRD	All Funds	GR/GRD	All Funds	GR/GRD	All Funds
DSHS	$ 814.7	$ 1,691.1	$ 947.3	$ 1,732.2	$ 132.6	$ 41.1	16%	2%
HHSC	$ 31,103.8	$ 77,508.8	$ 33,240.2	$ 83,846.6	$ 2,136.3	$ 6,337.9	7%	8%
HHS Total	**$ 31,918.5**	**$ 79,199.9**	**$ 34,187.5**	**$ 85,578.8**	**$ 2,269.0**	**$ 6,378.9**	**7%**	**8%**

Base Request and Exceptional Item Request (Total Request) FY 2020-21

Agency	FY 20-21 Base Request		FY 20-21 Exceptional Item Request		FY 20-21 Total Request	
	GR/GRD	All Funds	GR/GRD	All Funds	GR/GRD	All Funds
DSHS	$ 809.3	$ 1,594.1	$ 138.1	$ 138.1	$ 947.3	$ 1,732.2
HHSC	$ 30,424.1	$ 77,343.7	$ 2,816.1	$ 6,502.9	$ 33,240.2	$ 83,846.6
HHS Total	**$ 31,233.3**	**$ 78,937.8**	**$ 2,954.2**	**$ 6,641.0**	**$ 34,187.5**	**$ 85,578.8**

Full-Time Equivalents FY 2018-19 and FY 2020-21

Agency	FY 18 Estimated-FY 19 Budgeted		FY 20-21 Total Request		Change from 2019		Percent Change from 2019	
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021
DSHS	3,022	3,219	3,314	3,313	95	94	3%	3%
HHSC	39,876	39,809	40,186	40,494	377	684	1%	2%
HHS Total	**42,898**	**43,028**	**43,500**	**43,806**	**472**	**778**	**1%**	**2%**

Additional Information:

- HHSC LAR reflects an estimated $2.7 billion general revenue supplemental appropriation.
- HHSC amounts include the Texas Civil Commitment Office.
- The decrease in the base for HHSC is caused by two primary factors, a more favorable federal matching percentage for Medicaid, reducing the general revenue need and one-time expenditures for Hurricane Harvey.
- The decrease in the base for DSHS is due to a reduction in state trauma funds and one-time federal funds for Hurricane Harvey and disease response.
- Totals may not add due to rounding.

Summary of HHS Agency Exceptional Item Requests

HHS agencies request 67 exceptional items totaling $3 billion in general revenue/$6.6 billion in all funds. **Figures II.7** and **II.8** list the exceptional items by agency. The HHS system exceptional items maintain current services and address or enhance emerging and unmet needs.

Maintaining Current Services

More than 60 percent of the exceptional item request is needed to maintain Medicaid program cost growth. In addition, funding to maintain required DSHS IT infrastructure and the State Public Health Laboratory are included in this request.

Medicaid and non-Medicaid client services at HHSC

These exceptional items support the continuation of current levels of services provided in Medicaid ($1.8 billion GR/$4.3billion AF) and other programs, including:

- Preventing loss of service at state hospitals and SSLCs ($112.9 million GR/$140.5 million AF);
- Maintaining Early Childhood Intervention services for children with disabilities ($70.7 million GR/AF);
- Maintain baseline for claims administrator support ($30.0 million GR/$60.0 million AF);
- Maintain CHIP non-entitlement program cost growth ($26.8 million GR/$113.7 million AF); and
- Sustain services for blind children, guardianship services for vulnerable Texans, and continue services previously funded by federal Money Follows the Person ($8.4 million GR/$9.3 million AF).

Maintain Current Public Health Infrastructure at DSHS

As mentioned above, funding to maintain the State Public Health Lab ($68.6 million GR) and the required DSHS IT infrastructure ($6.8 million GR) are requested to maintain the state's public health infrastructure and services. An additional $8.8 million in GR is requested to stabilize technical and scientific public health staff capacity including public health nurses, infectious disease nurses, meat safety inspectors and certain financial staff.

Address Critical Needs for the Health and Human Services System

The remaining exceptional item requests reflect the agencies' highest priorities, such as addressing needs in the state's intellectual and developmental disability (IDD) and behavioral health systems, and ensuring the HHS System is in compliance with state and federal regulations.

Comply with state and federal laws and regulations

Exceptional item requests included in this category are needed to address current or future state and federal laws, such as federal regulations for community integration for individuals with IDD and electronic visit verification. Requests for this category total $273.9 million in General Revenue ($646.3 million in All Funds) for the 2020-21 biennium.

Address community services needs for individuals with intellectual and developmental disabilities

Exceptional item requests included in this category advance federal and state priorities to support individuals with IDD to live successfully in community settings and prevents institutionalization in more restrictive settings. Items included in this category total $208.9 million in General Revenue ($448.8 million in All Funds) for the 2020-21 biennium.

Provide critical support, staffing, and infrastructure for procurement and contract oversight functions

As a result of a series of external audits and reviews, HHSC is requesting funding to ensure the agency's procurement and contract oversight functions meet federal and state expectations. This category also includes funding requests for oversight of behavioral health and Medicaid contracts, as well as legal support. Requests for this category total $20.2 million in General Revenue ($26.3 million in All Funds) for the 2020-21 biennium.

Address capacity demands for behavioral health services

This category builds on the Legislature's significant investment from the past several sessions for behavioral health services, including expanding capacity at renovated state hospitals and ensuring level funding to sustain mental health grant programs. Exceptional item requests for this category total $208.1 million in General Revenue ($212.4 million in All Funds) for the 2020-21 biennium.

Protect vulnerable Texans

This category includes funding requests that would provide the necessary resources for HHSC to ensure the health, safety, and well-being of individuals served by agency-regulated providers. Requests for this category total $36.9 million in General Revenue ($308.7 million in All Funds) for the 2020-21 biennium.

Improve access to needed client services

Exceptional items included in this category would fund strategic enhancements to client services programs by improving service delivery and sustaining key programs that serve vulnerable populations. The requests for this category total $250.4 million in General Revenue ($534.0 million in All Funds) for the 2020-21 biennium.

Provide critical IT infrastructure and support

Exceptional items for this category would fund technology support that is critical to agency operations. Requests for this category total $17.3 million in General Revenue ($24.1 million in All Funds) for the 2020-21 biennium.

Office of the Inspector General

The Office of the Inspector General (OIG) prevents, detects, and investigates fraud, waste, and abuse throughout the HHS System. Exceptional Item requests for OIG total $9.4 million in General Revenue ($14.6 million in All Funds) for the 2020-21 biennium.

Texas Civil Commitment Office

The Texas Civil Commitment Office (TCCO) supervises and treats civilly committed sexually violent predators through the Office's case management system. Exceptional item requests for TCCO total $4.9 million in General Revenue for the 2020-21 biennium.

Department of State Health Services

The Department of State Health Services (DSHS) oversees public health services in Texas, operates the state's center for infectious disease and public health laboratory, and provides services for individuals with infectious diseases and specific health conditions. In addition to exceptional item funding requests that maintain current public health infrastructure, DSHS requests $53.9 million in General Revenue ($53.9 million in All Funds) for the 2020-21 biennium.

Figure II.7 HHSC Client Service and System Administration Exceptional Items for the 2020-21 Biennium ($ in millions)

Item#	Exceptional Item	GR/GRD	All Funds
Maintain Current Funding for Client Services		**$1,785.7**	**$4,282.7**
1	Maintain Medicaid Entitlement Program Cost Growth	$1,508.8	$3,814.1
2	Maintain CHIP Non-Entitlement Program Cost Growth	$26.8	$113.7
3	Maintain Medicaid Non-Entitlement Cost Growth	$28.1	$74.4
5	Prevent Loss of Service in State Hospitals and State Supported Living Centers	$112.9	$140.5
6	Maintain Early Childhood Intervention Services for Children with Disabilities	$70.7	$70.7
9	Maintain Funding for Current Women's Health Program Services	TBD	TBD
12	Maintain Funding for Client Services to Replace Money Follows the Person	$3.5	$3.5
15	Maintain Baseline for Claims Administrator Support	$30.0	$60.0
18	Sustain Services for Blind Children	$2.4	$3.3
25	Maintain Guardianship Services for Vulnerable Texans	$2.5	$2.5
Comply with State and Federal Laws and Regulations		**$273.9**	**$646.3**
13	HHS Information Technology Security	$21.6	$31.8
17	Comply with Statutory Requirements for IDD System Redesign	$7.1	$14.3
23	Make Necessary Electronic Visit Verification System Improvements	$17.6	$52.8
24	Improve System Efficiency to Comply with PASRR Requirements	$4.3	$17.0
28	Comply with Federal Requirements for Community Integration for Individuals with Disabilities	$114.9	$284.2
30	Data Center Service Projects	$23.1	$34.3
41	Meet State Requirements to Ensure Quality for Long-Term Care Services	$1.3	$3.3
42	Ensure State Oversight of Community Programs for Individuals with IDD	$1.7	$6.0
44	Provide Intensive Behavioral Intervention for Children with Autism Spectrum Disorder	$77.5	$192.6
45	Comply with State Law to Conduct Mortality Reviews for Individuals with Intellectual and Developmental Disabilities Living in Community Settings	$2.1	$4.2
49	Pediatric Telemedicine Grant Program for Rural Texas	$2.7	$5.8

Item#	Exceptional Item	GR/GRD	All Funds
Address Community Services Needs for Individuals with Intellectual and Developmental Disabilities		**$208.9**	**$448.8**
4	Provide Transition to the Community and Reduce Community Program Interest Lists	$147.7	$378.3
22	Statewide Behavioral Health Coordinating Council (SBHCC): Maintain and Expand IDD Crisis Continuum of Care	$46.4	$46.4
36	Improving Access to Specialty Services for Individuals with Intellectual Disabilities	$10.1	$10.1
38	Support Medically Complex Individuals with IDD Living in Community Settings	$4.7	$14.0
Provide Critical Support, Staffing, and Infrastructure for Procurement and Contract Oversight Functions		**$20.2**	**$26.3**
10	Enhance Procurement and Contract Management Functions	$12.6	$17.7
46	CAPPS HCM & Financials Upgrades	$7.6	$8.6
Address Capacity Demands for Behavioral Health Services		**$208.1**	**$212.4**
7	Expanded Capacity at Renovated State Hospitals	$27.6	$27.6
8	State Hospital Planning and Construction	$0.0	$0.0
11	Enhance Mental Health Capacity	$54.9	$59.0
19	SBHCC: Ensure Services for Individuals Experiencing Early Psychosis	$15.9	$15.9
20	SBHCC: Ensure Access to Residential Treatment Center Beds for Children	$2.1	$2.1
21	Substance Use Disorder Treatment	$45.1	$45.3
27	Improve Capacity for Community Inpatient Psychiatric Services	$39.4	$39.4
37	Maintain Service Levels for Mental Health Grant Programs	$22.7	$22.7
43	SBHCC: Enhance Real-Time Behavioral Health Data Sharing	$0.4	$0.4
Protect Vulnerable Texans		**$36.9**	**$308.7**
29	Addressing Major Building, Fleet and Equipment Failures at State Hospitals and SSLCs	$23.3	$295.0
31	Child Care Licensing New License Types	$3.7	$3.7
39	Additional FTEs for Protection of Vulnerable Texans	$6.6	$6.7
40	Enhance Background Checks for Direct Care Staff and Child Care Providers	$2.6	$2.6
51	Protect Assisted Living Facility Residents with Ombudsman Services	$0.7	$0.7

Item#	Exceptional Item	GR/GRD	All Funds
Improve Access to Needed Client Services		**$250.4**	**$534.0**
16	Recruiting and Retaining a Capable and Competent Workforce	$39.9	$55.3
26	Enhancing State Hospital and SSLC Services Through Technology	$21.7	$31.2
32	Increase Availability of Child Advocacy Services Throughout the State for CASA and CACs	$8.0	$8.0
33	Ensure Sustainability of Home Delivered Meals Program to Support Older Texans	$7.8	$7.8
34	Enhance Services for the Family Violence Program	$3.0	$3.0
35	Attendant Wage Increases	$154.1	$389.4
50	Ensure PACE Sustainability	$15.9	$39.3
Provide Critical Information Technology Infrastructure and Support		**$17.3**	**$24.1**
14	System-Wide Business Enablement Platform	$5.4	$8.0
47	HHS Telecom Technology Upgrade	$5.6	$6.3
48	HHSC Seat Management	$6.3	$9.8
Office of Inspector General		**$9.4**	**$14.6**
52	Improper Payment Recoveries	$0.8	$1.5
53	Automated System for the Office of the Inspector General Replacement (ASOIG)	$1.8	$3.1
54	Medicaid Fraud and Abuse Detection System (MFADS)	$6.8	$10.0
Texas Civil Commitment Office		**$5.0**	**$5.0**
55	Texas Civil Commitment Office Caseload Growth	$2.4	$2.4
56	Texas Civil Commitment Office Increased Facility Capacity	$2.0	$2.0
57	Texas Civil Commitment Office Offsite Healthcare	$0.5	$0.5
58	Implementation of Texas Civil Commitment Office Case Manager Career Ladder Increases	$0.1	$0.1
HHSC Exceptional Items Subtotal		**$2,816.1**	**$6,502.9**

Totals may not add due to rounding.

The DSHS exceptional item requests, as seen in **Figure II.8** total $138.1 million in general revenue for the 2020-21 biennium.

Figure II.8 DSHS Public Health Exceptional Items for the 2020-21 Biennium ($ in millions)

Item#	Exceptional Item	GR/GRD	All Funds
1	Safeguard the Future of the State Public Health Laboratory	$68.6	$68.6
2	Maintain Required Agency IT Infrastructure	$6.8	$6.8
3	Combat Maternal Mortality and Morbidity in Texas	$7.0	$7.0
4	Increase the Quality and Security of Vital Events Records	$6.3	$6.3
5	Ensure Stable Staffing of Technical and Scientific Public Health Positions	$8.8	$8.8
6	Detect and Control the Spread of Tuberculosis in Texas	$27.3	$27.3
7	Drive Public Health Decision-Making through Useful and Accessible Data	$4.6	$4.6
8	Bolster public health capacity to identify and respond to infectious disease outbreaks	$6.3	$6.3
9	Replace Vehicles at the End of Their Life Cycle	$2.5	$2.5
DSHS Exceptional Items Subtotal		**$138.1**	**$138.1**
	Total HHS Exceptional Item Request	**$2,954.2**	**$6,641.0**

Totals may not add due to rounding.

HHS LAR Stakeholder Recommendations

HHSC Stakeholder Feedback

In developing HHSC's 2020-21 Legislative Appropriations Request (LAR), HHSC solicited input from external stakeholders via its website and email notifications. HHSC received almost 500 exceptional item recommendations covering more than 100 different topics. The table below highlights those recommendations and how they relate to HHSC's submitted exceptional item requests. Some recommendations may fall into more than one area and therefore may be duplicated in the chart below.

<table>
<tr><th colspan="2">Topic 1 – Behavioral Health</th></tr>
<tr><td colspan="2">Corresponding Exceptional Item Category</td></tr>
<tr><td colspan="2">• Address Capacity Demands for Behavioral Health Services</td></tr>
<tr><td colspan="2">Programs Affected</td></tr>
<tr><td colspan="2">Medicaid
Behavioral Health – Intellectual/ Developmental Disability (IDD-BH)
• Substance Abuse Adult Mental Health
• Children's Mental Health</td></tr>
<tr><td colspan="2">Summary of Public Comments (256 Comments Received)</td></tr>
<tr><td>• Clubhouses – Increase funding
• Consumer-Operated Service Providers/ Recovery Community Organization – Provide funding and expand geographic coverage.
• Crisis – Ensure ambulatory detox; increase funding and create grant program.
• Mental health Medicaid providers – Increase rates for LCSWs, LPCs, LMFTs; and increase rates for providers.</td><td>• Miscellaneous – Capacity for MH services; First Episode Psychosis Training for DFPS; Awareness, treatment, expand recovery services; and Collaborative Care model within Medicaid.
• Medicaid Recovery Support Services – Increase rates
• Children Mental Health Services – Increase rates
• Substance Use Disorder – Increase rates</td></tr>
<tr><td colspan="2">Examples of Related Exceptional Items in LAR</td></tr>
<tr><td colspan="2">Enhance Mental Health Capacity
Statewide Behavioral Health Coordinating Council: Ensure Services for people Experiencing Early Psychosis
SBHCC: Ensure Access to Residential Treatment Center Beds for Children
Substance Use Disorder Treatment
Improve Capacity for Community Inpatient Psychiatric Services
Maintain Service Levels for Mental Health Grant Programs
SBHCC: Enhance Real-Time Behavioral Health Data Sharing</td></tr>
</table>

Topic 2 – Child Services

Corresponding Exceptional Item Category

- Maintain Current Funding for Client Services
- Protect Vulnerable Texans
- Improve Access to Needed Client Services
- Comply with State and Federal Laws and Regulations

Programs Affected

- Health, Developmental and Independence Services (HDIS) - Family and Social Services
- HDIS - Health and Developmental Services
  - Early Childhood Intervention (ECI)
  - Autism
  - Children with Special Health Care Needs (CSHCN)
- HDIS - Operational and Specialty Services
  - Court Appointed Special Advocates (CASAs)/ Children's Advocacy Centers (CACs)

DFPS - Child Protective Services

HHSC - Office of the Ombudsman

Summary of Public Comments (18 Comments Received)

Foster Care (DFPS)
- Increase funding for Kinship Navigator Program
- Increase funding for Foster Care Ombudsman
- Draw down federal funds through the Family First Prevention Services Act

Children's Autism Program
- Extend allowable monthly hours for Applied Behavioral Analysis (ABA) therapy
- Remove six-month focused services cap

Early Childhood Intervention (ECI)
- Medicaid reimbursement for tele-therapy
- Funding in general
- Fund projected caseload
- Increase base amount for contractors

Children with Special Health Care Needs
- Fund waitlist

CASAs and CACs
- Increase Court Appointed Special Advocates funding
- Increase CACs funding

Examples of Related Exceptional Items in LAR

Child Care Licensing New License Types

Maintain ECI Services for Children with Disabilities

Increase Availability of Child Advocacy Services Throughout the State for CASA and CACs

Provide Intensive Behavioral Intervention for Children with Autism Spectrum Disorder

Topic 3 – Individuals with Developmental Disabilities/ Disability Services

Corresponding Exceptional Item Category

- Maintain Current Funding for Client Services
- Address Community Services Needs for Individuals with Intellectual and Developmental Disabilities
- Comply with State and Federal Laws and Regulations
- Improve Access to Needed Client Services

Programs Affected

Medicaid

IDD-BH
- IDD Services

HDIS - Family and Social Services

HDIS - Health and Developmental Services
- ECI
- Autism

HDIS – Operational and Specialty Services
Office of Acquired Brain Injury

HDIS - Rehabilitative and Independence Services
- Independent Living Services
- Comprehensive Rehabilitation Services (CRS)
- Deaf/Blind Services

Summary of Public Comments (43 Comments Received)

Care Coordination
- Expand services for individuals with IDD and behavioral health needs
- Funding for Community Integration
  - Pilot program
  - Additional supports
- Independent Living
  - Funding to increase access
  - Additional support services
- Day Habilitation
  - Funding to comply with federal requirements
- Transition Services
  - Coordinators for transition age youth
- Crisis respite services

Deaf/Blind with Multiple Disabilities
- Increase waiver rates, particularly for interveners and orientation and mobility professionals
- Establish support service provider program

Autism
- Medicaid Benefit for ABA or intensive behavioral intervention (IBI)
- Remove six-month focused services cap
- Restore comprehensive ABA

Comprehensive Rehabilitation Services (CRS)
- Funding for CRT to all Medicaid recipients
- Electronic billing system
- Full funding for CRS

Office of Acquired Brain Injury
- Provide full funding for OABI

Community Attendants
- Increase rates

Home Delivered Meals
- Increase rates for providers

Cognitive Impairments
- Increase rates

Interest List Reduction

Funding for unified Long-Term Services and Supports system

Community Living Assistance and Support Services (CLASS)
- Enhance case management rates

Home and Community-based Services and Texas Home Living
- Restore/Increase rates

Examples of Related Exceptional Items in LAR

Comply with Federal Requirements for Community Integration for People with Disabilities

Provide Transition to the Community and Reduce Community Program Interest Lists

Improve Access to Specialty Services for Individuals with Intellectual Disabilities

Sustain Services for Blind Children

Provide Intensive Behavioral Intervention for Children with Autism Spectrum Disorder

Attendant Wage Increases

Ensure Sustainability of Home Delivered Meals Program to Support Older Texans

Improve System Efficiency to Comply with PASRR Requirements

Topic 4 – Medicaid Services

Corresponding Exceptional Item Category

- Maintain Current Funding for Client Services
- Comply with State and Federal Laws and Regulations
- Provide Critical Support, Staffing, and Infrastructure for Procurement and Contract Oversight Functions

Programs Affected

- Medicaid
- Medicaid – Dental
- Texas Health Steps

Summary of Public Comments (57 Comments Received)

- Autism – Create a Medicaid benefit for ABA or IBI; and cover ABA
- Attendant Services – Develop non-wage benefit mechanisms for community attendants
- Dental Services – Expand comprehensive dental services
- Expand Medicaid – Coverage up to 133 percent of federal poverty level
- Pediatric Care – Expand access to specialist; and Pediatric Tele-Connectivity resource grant
- Durable Medical Equipment – Expand coverage
- Prosthetics coverage IMD – Funding to support IMD exclusion waiver in Medicaid
- Community First Choice – Increase rate
- Hospital Medicaid Base Rates – Increase rates
- Medicaid Providers – Increase payments to be competitive with Medicare and commercial payers
- Home care pediatric therapy services providers – Increase rates
- Medicaid therapy services – Increase rates
- Private duty nursing providers – Increase rates

Examples of Related Exceptional Items in LAR

Child Care Licensing New License Type

Maintain ECI Services for Children with Disabilities

Increase Availability of Child Advocacy Services Throughout the State for CASA and CACs

Provide Intensive Behavioral Intervention for Children with Autism Spectrum Disorder

Attendant Wage Increases

Topic 5 – Mental Health/Health and Specialty Care System

Corresponding Exceptional Item Category

- Address Capacity Demands for Behavioral Health Services

Programs Affected

- Behavioral Health – Intellectual/ Developmental Disability (IDD-BH)

Summary of Public Comments (5 Comments Received)

- Hospital-based detox (funding)
- Increase community psychiatric beds and funding
- Establish a psychiatric hospital bed registry

Examples of Related Exceptional Items in LAR	
Funding Expanded Capacity at Renovated State Hospitals (Comprehensive Plan Phase 1 Projects) Enhance Mental Health Capacity	
Topic 6 – Regulatory	
Corresponding Exceptional Item Category	
• Protect Vulnerable Texans	
Programs Affected	
• Long-Term Care Regulatory	
Summary of Public Comments (4 Comments Received)	
Assisted Living Facilities – Increase funding and FTEs for the timely completion of surveys and complaint investigations	Background Checks – Require fingerprint checks for certified nurse and medication aides.
Examples of Related Exceptional Items in LAR	
Additional FTEs for Protection of Vulnerable Texans Protect Assisted Living Facility Residents with Ombudsman Services Enhance Background Checks	
Topic 7 – Medicaid Waiver Services	
Corresponding Exceptional Item Category	
• Address Community Services Needs for Individuals with Intellectual and Developmental Disabilities	
Programs Affected	
• Medicaid • IDD-BH	
Summary of Public Comments (24 Comments Received)	
• Funding interest list • Funding Promoting Independence slots	• Medically Dependent Children Program population with SSI to receive STAR Kids no wait list
Examples of Related Exceptional Items in LAR	
Provide Transition to the Community and Reduce Community Program Interest Lists Maintain Medicaid non-entitlement cost growth	
Topic 8 – Women's Health	
Corresponding Exceptional Item Category	
• Maintain Current Funding for Client Services • Improve Access to Needed Client Services	
Programs Affected	
• HDIS - Family and Social Services	

Summary of Public Comments (16 Comments Received)	
Women's Health Programs • Continue and improve funding and maintain access to care in Healthy Texas Women • Increase funding in Family Planning Program • Increase funding in Breast and Cervical Cancer Services	Family Violence • Maintain funding for Family Violence Program • Increase funding and access for Family Violence Program
Examples of Related Exceptional Items in LAR	
Maintain Funding for current Women's Health Program services Enhance services for the Family Violence Program	
Topic 9 – Other Hospital and Nursing Facility Funding Issues	
Corresponding Exceptional Item Category	
• Protect Vulnerable Texans	
Programs Affected	
• Long-Term Care Regulatory	
Summary of Public Comments (5 Comments Received)	
• Extend maximum days at state hospital • Increase QIPP funding	• Nursing facilities
Examples of Related Exceptional Items in LAR	
Funding Expanded Capacity at Renovated State Hospitals (Comprehensive Plan Phase I) Funding State Hospital Planning and Construction (Comprehensive Plan Phase II)	
Topic 10 – Other Services, including Provider Rates and Infrastructure	
Corresponding Exceptional Item Category	
• Comply with State and Federal Laws and Regulations	
Programs Affected	
• Medicaid – Vendor Drug Program • HDIS – Family and Support Services, Healthy Texas Women	• IT • IDD-BH • RSD - Long-Term Care Regulatory
Summary of Public Comments (34 Comments Received)	
• EVV (implementation reimbursement and initiatives) • IT - funding for field offices, seed money for reporting system • Fully fund Office of Minority Health Statistics and Engagement	• Electronic Health Records • Pharmacy payment structures and management • Fund breast cancer screening technology pilot program • Increase funding for Epilepsy Program

• Funding for outreach and enrollment in Medicaid and CHIP • Create an independent health monitor for MCO oversight • Increase funding for transportation • HIPPA training	• Continue funding for Navigate Life Texas • Partial Hospitalization Programs – Reimburse day treatment • Personal Care Services • Intermediate Care Facilities attendant wage increase
Examples of Related Exceptional Items in LAR	
Make Necessary Electronic Visit Verification System Improvements	

DSHS Stakeholder Feedback

In developing the Department of State Health Services 2020-21 Legislative Appropriations Request, DSHS solicited input from external stakeholders through a public meeting on June 11, 2018, the website, and email notifications. DSHS received approximately 70 comments on the topics listed below.

Topic 1 – Regional Advisory Councils and Trauma-Related Programs
Summary of Public Comments
• Funding for Texas Trauma Systems • Increased funding for EMS and trauma funding for RACs – from account 5111
Continued investment in RACs in their support of regional public health initiatives to prevent, detect, and respond to infectious disease; their work with EMS and hospitals to promote health lifestyles; their efforts to educate the public about such health risks as Ebola, Zika, measles, flu, and street drugs; their work in developing evidence-based public health interventions; and their provision of medical response during disasters and emergencies.
Support for funding for RACs, to continue to provide public awareness programs, educational resources and prevention programs related to stroke, cardiac, and trauma; to enhance healthcare system coordination related to access, protocols and procedures and referrals to establish continuity and uniformity of care among providers of cardiac, stroke and trauma care; and to create system efficiency through continuous quality improvement, which will identify the patient's needs, outcome data, and help develop standard uniformity. Additional funding for regional entities to develop systems of care for acute mental health treatment and timely well-qualified care for sexual assault victims. Additional funding to RACs to ensure disaster planning and response capabilities continue to grow and ensure deployment ready status.
Funding for Local Project Grants for EMS Trauma Systems, $3,000,000 per year. Needed because of rising equipment costs and recent rule changes adding required equipment.

Funding for STOP THE BLEED, bystander training for bleeding control, and incorporation into emergency operations drill and training in all schools in Texas. This would include training for all staff, middle school, and high school students; regional trainers to have sustainability in the long-term training and reinforcement of learned skills for each school system; and bleeding control equipment in all classrooms.
Topic 2 – Newborn Screening
Summary of Public Comments
• Funding for newborn screening of ALD
Funding for newborn screening for rare disorders, including Pompe Disease, Mucopolysaccharidosis Type 1, and spinal muscular atrophy. Also updated process for funding newborn screening.
Funding for newborn screening to create a financially viable system that is nimble enough to increase fees as necessary, expedites the process, and implements screenings in a timely manner as they are added to the Recommended Uniform Screening Panel, such as those for Pompe Disease, MPS I, and SMA.
Funding for newborn screening of Spinal Muscular Atrophy.
Topic 3 – Immunizations and Infectious Disease
Summary of Public Comments
Support for immunizations funding and Adult Safety Net Program.
Maintain the current vaccines covered and increase funding to the adult safety net program or at least fund it to maintain the current level of services.
Enhanced efforts to reduce potentially preventable hospitalizations, full funding of the Adult Safety Net program at 2016-17 levels, and funding for preventing infectious diseases in residents of long-term care facilities.
Request full funding at 2016-17 levels for the Immunize Children and Adults and Adult Safety Net Program; expand provider and participating eligibility for adult safety net program; invest in infection prevention for first responders in natural disasters; and invest in improvement of ImmTrac.
Topic 4 – Local Health Departments
Summary of Public Comments
Local Health Departments are dependent on grant funding from DSHS, HHSC and the federal government. Grants are often level funded with occasional decreases, despite unprecedented and sudden growth in Fort Hood area. Funding is so limited, they are understaffed and cannot appropriately compensate staff, leading to high turnover and challenges filling vacancies. Ask that DSHS consider factors such as population growth and associated cost of living increases when considering grant awards year-by-year to allow for the occasional increase in funding for grants offering critical services such as family planning, immunizations, infectious disease control, women's health services and tuberculosis control.
Increased funding for city health departments for surveillance, immunizations, and health fairs.

Topic 5 – Child Fatality Review Teams
Summary of Public Comments
Support funding for Child Fatality Review Team (CFRT) coordinators in each of the 11 DSHS regions and funding to improve CFRT training, coordination, data entry, and technical assistance to heighten consistency across CFRTs and alleviate demands on expert volunteers.
Topic 6 – Alzheimer's Disease
Summary of Public Comments
Increase in funding for Alzheimer's Disease Program, $1 million for biennium, for increased public awareness, adding two Behavioral Risk Factor Surveillance System modules, and replicating initiatives that have been successful in other states.
Topic 7 – Nurse Family Partnership
Summary of Public Comments
$4 million for Nurse Family Partnership.
Topic 8 – HIV/AIDS Prevention
Summary of Public Comments
Continue funding for HIV/AIDs prevention efforts in Beaumont and expand grant to create MPowerment Program in Beaumont at a cost of $400,000 for the biennium.
Topic 9 – Tobacco Cessation and Prevention
Summary of Public Comments
Increase in funding for tobacco control and prevention programs.
Topic 10 – Oral Dental Surveillance Program
Summary of Public Comments
Strengthen the Oral Health Surveillance Program, to reinstate all 11 local and regional public health districts with at least one regional dentist and two or more regional allied staff including dental hygienists and assistants for every district.
Topic 11 – Behavioral Health
Summary of Public Comments
Advocate for increase in behavioral health contract reimbursement rates and investment in substance abuse centers, especially with opioid crisis.
Topic 12 – Meat and Poultry Inspection
Summary of Public Comments
Increased funding for the Texas State Meat and Poultry Inspection Program to increase inspector pay levels, pay-rates that are commensurate with the private sector, and mid-management FTEs.

Topic 13 – Multiple Programs
Summary of Public Comments
Seek additional resources that support quality improvement related to maternal health and safety, such as implementing TexasAIM and improving the state's vital statistics system to ensure the quality of our maternal health data and surveillance. Request full funding of the Adult Safety Net program at 2016-17 levels to avoid a reduction in the array of vaccines available and to ensure rural access to this critical public health resource. Additionally, invest in infection prevention in long-term care facilities, emergency preparedness and infection prevention for our first responders, chronic disease prevention, regional coordinators to increase the capacity of local child fatality review teams. Increase funding for the Medical Child Abuse Resource and Education System Grant Program to continue to improve assessment, diagnosis, and treatment of child abuse and neglect in regional programs. Prioritize and continue funding for the DSHS Community Health Improvement division. Prioritize reversing drastic cuts to tobacco cessation and prevention programs to maintain successful tobacco public education programs, support local coalitions providing community outreach, and work with state-funded enforcement of youth access to tobacco laws. Propose removal of DSHS Rider 31, which prohibits Tobacco Prevention and Cessation dollars to be spent on paid media.
Support for funding for maternal health; immunizations; infection prevention in long-term care; emergency preparedness and infection prevention for first responders; chronic disease prevention; regional coordinators to increase capacity of local child fatality review teams; and MEDCARES to continue to improve assessment, diagnosis and treatment of child abuse and neglect in regional programs.
Prioritize investment in Health Promotion and Chronic Disease Prevention section, which implements critical public health strategies to prevent and reduce risk factors for chronic conditions like obesity, hypertension, asthma, and diabetes. Continue investment in Maternal and Child Health section, which uses strategies at the state and local level to improve health for women, infants, and children. Prioritize funding for efforts to reduce maternal mortality and morbidity in Texas, with particular focus on reducing racial/ethnic disparities in maternal health.
Restoration of or increase in public health preparedness funding to local health departments from the base amount of $66+ million; restoration of or increase in funding for immunizations from the base amount of $91+ million; restoration of or increase in funding for HIV/STD prevention from the base amount of $199+ million; restoration of or increase in funding for infectious disease prevention/EPI/Surv from the base amount of $35 million; restoration of or increase in TB surveillance and prevention funding from the base amount of $28+ million; restoration of or increase in chronic disease funding from the base amount of $9.4 million; and restoration or increase from the base amount of $10.8 million for tobacco cessation.

III. MAJOR FACTORS CONTRIBUTING TO FUNDING NEEDS

Fiscal Year 2019 Supplemental Need

HHSC's supplemental funding need for entitlement programs and other services currently is estimated to be $2.7 billion in general revenue for expenses incurred or projected during the 2018-19 biennium. A list of major components of the shortfall is provided in **Figure III.1**. In addition, the 84th Legislature must determine how to address the impact of H.B. 30, 85th Legislature, 1st Called Session, 2017, which transferred a total of $563 million in general revenue to the Teacher Retirement System of Texas (TRS) and the Texas Education Agency (TEA). Depending upon the approach selected regarding the timing of the August 2019 Medicaid monthly premium payments to managed care plans, the estimated HHSC shortfall either:

- declines to $1.9 billion (estimated), or
- rises to $2.7 billion (estimated).

A further description of the two scenarios is described below. A portion of the costs contributing to the shortfall were incurred in FY 2018, and HHSC was able to move funds forward from FY 2019 to cover those expenses. Thus the total shortfall occurred over a two-year period. HHSC will update the estimated funding needs prior to the legislative session.

Medicaid Client Service Supplemental Need

The estimated shortfall in Medicaid is primarily due to Medicaid cost and caseload growth that was not funded in the General Appropriations Act (GAA). In addition to normal health care cost growth, prescription drug expenses grew with the introduction of new, high cost drugs to treat targeted conditions such a spina bifida. Additional factors include long-term care costs in both entitlement and non-entitlement (waiver) services, and unanticipated increases in the state's share of Medicare premiums for low income persons. Another significant factor is that certain rebates (from drug costs and managed care plan experience rebates) are lower than assumed in the GAA. These rebates are used in lieu of general revenue as the state's share of the Medicaid program.

Hurricane Harvey

Of the total supplemental need, $110 million is related to disaster services arising from Hurricane Harvey. While the federal government provides for most response services, there is a state matching requirement for cash assistance for qualifying individuals (Other Needs Assistance program). HHSC transferred funds from other programs to meet needs arising from the disaster's impact. If the funds had not

been required for response, these funds could have been used to decrease the supplemental funding need.

Other External Factors Impacting Supplemental Need

Other factors outside the agency's influence but affecting the supplemental appropriation need include a federal disallowance for Medicaid orthodontia authorization related overpayments during 2008-11. $133.4 million was repaid to the federal government in FY 2018. Litigation related to the case, including the state's pursuit of recoveries and penalties, is still in progress.

The GAA includes certain revenue estimates, primarily from client revenues and insurance reimbursements. Revenues to DSHS Public Health Revenue Collections, also part of HHSC's method of financing, are projected to be lower than appropriated, which results in the Medicaid program bearing the shortfall impact. In addition, certain revenues supporting costs of state psychiatric hospitals cannot be collected. The shortfall in these revenue sources is estimated to be $88.7 million.

Three other assumptions in the GAA also contribute approximately $74.5 million to the agency general revenue need:

- The Women's Health program is expected to be eligible for a federal waiver, allowing some costs to be paid by Medicaid. Approval of the waiver has lagged the timing assumed in the GAA, and some services estimated to be matched at the highest (90%) federal share will instead be eligible for a lower matching percentage, resulting in unanticipated cost to general revenue;
- Rider 107 of the GAA directed HHSC to transfer additional funds to the Alternatives to Abortion program; and
- State Supported Living Centers costs exceed appropriation levels because the client census has not declined as projected in the appropriation level.

Figure III.1 HHSC Estimated FY 2019 Supplemental Funding Need (General Revenue - $ in millions)

Medicaid Entitlement	$(1,744.9)
Medicaid Non-Entitlement (waiver programs)	(2.9)
CHIP	0.7
Hurricane Harvey	(110.0)
Revenue Loss	(88.7)
Other	(190.2)
HHSC Need	**$(2,136.0)**

Figure III.2 H.B. 30 85th Legislature (1st Called Session), Transfer of Funding from HHSC to TRS/TEA

	Scenario 1	Scenario 2
Transfer from HHSC	$(563.0)	$(563.0)
MCO Payment Delay	-	780.0
H.B. 30 Impact	(563.0)	217.0
HHSC Need	(2,136.0)	(2,136.0)
Total Supplemental Need	**$(2,699.0)**	**$(1,919.0)**

**$780 million is the estimated general revenue share of August 2019 managed care premium payments.*

Caseloads and Cost

Caseload and health care cost increases are drivers in appropriations requests in several key areas. The Medicaid acute and long-term care (waiver and entitlement), CHIP, behavioral health, and Early Childhood Intervention programs are all projecting continued growth in the number of clients who will need services during the next biennium.

Medicaid Acute Care

Medicaid acute care caseloads are projected to average almost 4.1 million by FY 2021, with an average of just less than 3 million in the children's risk groups (all non-disability-related children). Caseload levels, following growth attributed to the federal Affordable Care Act, have remained very stable with minimal growth trends over the past several years. Recent data for FY 2018 has shown lower than expected caseload levels, which has been reflected in the LAR forecast for FY 2020-21. In forecasting the Medicaid program for the FY 2020-21 LAR, HHS used the following assumptions:

- The caseload growth trend is estimated to be 1.1 percent by FY 2021.
- Caseload growth under current eligibility criteria is included in the base request.
- The increase in caseload for FY 2021 is attributable to current population growth and historical Medicaid growth trends, absent major policy impacts.
- The base forecast maintains costs at the FY 2019 level. Cost growth is projected through the end of the 2020-21 biennium and is included in HHSC's first exceptional item request.

Both caseload and cost trends are determined by time-series analyses of historical data, with consideration of external factors such as policy or demographic impacts. **Figure III.3** shows the Medicaid caseloads over a four-year period.

Figure III.3 Medicaid Acute Care Caseload

Caseload by Group	Estimated FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021
Total Medicaid	**4,048,015**	**4,069,160**	**4,044,063**	**4,090,455**
Aged & Disability-Related	**790,971**	**788,710**	**790,048**	**798,300**
Aged & Medicare-Related	*373,008*	*373,377*	*373,139*	*376,732*
Disability-Related (including Children)	*417,962*	*415,333*	*416,910*	*421,568*
Other Adults, Non-Aged/Disability-Related	**288,996**	**291,069**	**289,283**	**293,510**
Pregnant Women	*140,255*	*141,796*	*141,139*	*142,627*
Adults, including Non-Cash and Breast and Cervical Cancer Clients	*148,741*	*149,273*	*148,144*	*150,883*
Medicaid Children Ages 0-20, Non-Disabled	**2,968,048**	**2,989,381**	**2,964,731**	**2,998,646**
Newborns	*252,010*	*252,124*	*246,878*	*248,172*
Age 1-5	*881,584*	*885,437*	*877,517*	*887,083*
Age 6-14	*1,368,819*	*1,377,549*	*1,364,689*	*1,379,534*
Age 15+	*431,946*	*439,834*	*440,152*	*447,841*
STAR Health Foster Care	*33,689*	*34,436*	*35,496*	*36,015*

Source: Legislative Appropriations Request Forecast, HHSC Financial Services

Children's Health Insurance Program (CHIP)

CHIP program caseloads are projected to average roughly 477,000 in FY 2021. Excluding the Perinate caseload of 32,000, the estimated average monthly CHIP caseload is 445,000 in FY 2021. The total CHIP program caseload growth is projected to be 4.6 percent by FY 2021. Recent data for FY 2018 has shown lower than expected caseload levels, which has been reflected in the LAR forecast for FY 2020 and 2021 as seen below. Overall, there is a cost growth exceptional item of $26.8 million in GR for CHIP ($113.7 million All Funds). **Figure III.4** shows the CHIP caseloads over a four-year period.

Figure III.4 CHIP Caseload

Client Group	Estimated FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021
Traditional CHIP Children	*424,377*	*450,013*	*424,304*	*445,093*
**CHIP Perinatal Clients*	*33,118*	*32,365*	*32,165*	*32,430*
Group Total, No Perinates	**424,377**	**450,013**	**424,304**	**445,093**
Group Total, With Perinates	**457,495**	**482,378**	**456,469**	**477,523**

Source: Legislative Appropriations Request Forecast, HHSC Financial Services

**CHIP Perinate provides prenatal care for the unborn children of low-income women who do not qualify for Medicaid. Once born, the child will receive Medicaid or CHIP benefits depending on their income.*

Long-Term Services and Supports (LTSS)

Long-term services and supports entitlement and waiver programs remain relatively unchanged over the current biennium. The last major carve-in of long-term care into managed care was STAR Kids, which was implemented in November of FY 2017 and included the Medically Dependent Children's Program. The continued move to managed care results in a medical home, continuity of care and staff support that encompasses the total client need. The caseload presented in **Figures III.5 and III.6** shows clients receiving long-term services and supports entitlement and waiver program services via fee-for-service.

Figure III.5 shows those clients who receive long-term services through a fee-for-service model in the following general categories:

- ***Residential long-term services and supports*** – Caseload from the Nursing Facility (NF), Hospice, Skilled Nursing Facility (SNF), Intermediate Care Facilities for Individuals with an Intellectual Disability or Related Condition (ICF/IID), and State Supported Living Center (SSLC) programs.
- ***Community Care*** – Entitlement and non-entitlement programs:
  - Community Care Entitlement includes caseload from the Primary Home Care (PHC), Community Attendant Services (CAS), and Day Activity and Health Services (DAHS) Title XIX programs.
  - Community Care Non-Entitlement includes caseload from Home and Community-based Services (HCS), Community Living Assistance and Support Services (CLASS), Deaf-Blind Multiple Disability (DBMD), and Texas Home Living (TxHmL) waiver programs, and the Program of All-Inclusive Care for the Elderly (PACE, which offers coordinated care).

Figure III.5 LTSS Waiver and Entitlement Program Caseloads

Client Group	Estimated FY 2018	Projected FY 2019	Projected FY 2020 Base	Projected FY 2021 Base	*Projected FY 2020 Full	*Projected FY 2021 Full
Residential LTSS	23,671	23,802	23,492	23,630	23,492	23,630
Community Care	101,836	103,485	104,796	106,750	107,206	112,300

Source: Legislative Appropriations Request Forecast, HHSC Financial Services
**Projected Full figures include additional slots due to exceptional item funding requests for interest list releases.*

Figure III.6 provides further detail on caseloads for long-term services and supports programs described above, illustrating the remaining long-term care fee-for-service programs. Some important caseload notes include:

- Caseloads for the fee-for-service Nursing Facility and Skilled Nursing Facility programs are comprised of residents of State Veterans Homes and Truman

Smith Care Center as well as the impact related to the eligibility of clients entering and exiting nursing facilities.

- The Medically Dependent Children's Program was carved in to the STAR Kids managed care program effective November 2016.

Figure III.6 LTSS LAR Base Request Caseload Forecast

	FY 2018	FY 2019	FY 2020	FY 2021
Residential LTSS Clients				
Hospice	*7,388*	*7,519*	*7,704*	*7,822*
SNF	*1,778*	*1,777*	*1,732*	*1,732*
NF	*6,635*	*6,634*	*6,305*	*6,305*
ICF/IID	*4,895*	*4,896*	*4,860*	*4,880*
SSLC	*2,976*	*2,977*	*2,891*	*2,891*
Subtotal (Average Monthly Clients)	*23,671*	*23,802*	*23,492*	*23,630*
Community Care Clients				
PHC	*980*	*979*	*977*	*977*
CAS	*60,840*	*62,900*	*64,413*	*66,335*
DAHS	*1,301*	*1,331*	*1,360*	*1,391*
HCS	*26,072*	*25,953*	*25,898*	*25,898*
CLASS	*5,655*	*5,490*	*5,408*	*5,408*
DBMD	*331*	*345*	*345*	*345*
TxHmL	*5,418*	*5,218*	*5,124*	*5,124*
PACE	*1,239*	*1,270*	*1,271*	*1,271*
Subtotal (Average Monthly Clients)	*101,836*	*103,485*	*104,796*	*106,750*
Total LTSS Clients (Average Monthly)	**125,507**	**127,287**	**128,288**	**130,380**

Excludes LTSS provided under managed care.
Excludes caseload attributable to Interest List Exceptional Items.

Other Key HHS Caseloads

The Early Childhood Intervention (ECI) program caseload is projected to increase 3.7 percent in FY 2019 and by 2.5 and 2.4 percent in FY 2020 and 2021, respectively.

The Temporary Assistance for Needy Families (TANF) program caseload is projected to see a decrease of 10.1 percent in FY 2019, continuing a trend of declining caseloads since FY 2010. However, the TANF program caseload is expected to stabilize around 51,000 in FY 2020, and slightly increase to 52,000 in FY 2021.

Figure III.7 Other Key HHS Caseloads

Agency/ Program	Estimated FY 2018	Projected FY 2019	Projected FY 2020 Base	Projected FY 2021 Base	Projected FY 2020 Full	Projected FY 2021 Full
Health and Human Services Commission						
ECI	29,576	30,667	31,431	28,880	31,431	32,195
TANF	55,578	49,973	50,779	51,786	50,779	51,786

Source: Legislative Appropriations Request Forecast, HHSC Financial Services

ECI Caseload presented is representative of the Average Monthly Number of Children Served in Comprehensive Services.

TANF Caseload presented is representative of the Average Monthly Number of Enrollees.

Federal Medical Assistance Percentage Adjustment

The FMAP ("federal match") is the share of state Medicaid services costs paid by the federal government. The remainder is the non-federal share, which can be provided by state funds or by local government entities. The FMAP is effective for each federal fiscal year (FFY), October 1 – September 30. For the state fiscal year (FY), September 1 – August 31, a one-month adjustment is made for budget planning and reporting purposes.

The FMAP is calculated based on a three-year average of state per-capita personal income relative to the national average and is affected both by income and population. In March 2018, the federal Bureau of Economic Analysis released preliminary personal income and per capita data for calendar years 2015-17. The release of this preliminary data allows for the estimation of FMAPs, however, since projections are based on preliminary data, later adjustments can have a large impact on final FMAPs. Recent economic and demographic growth in Texas in comparison to the national average has resulted in a declining federal share to Texas.

The LARs submitted by HHS agencies used an estimated federal match or FMAP for direct care services in Medicaid of 59.66 percent for FY 2020 and 59.79 percent for FY 2021. Published in October of 2018, the revised FMAP for FY 2020 is 60.89 percent, which is more favorable to the state by decreasing the state share by 1.23 percentage points. The final FMAP rates for FY 2021 will be published in the fall of 2019.

Figure III.8 LAR Estimated Federal Matching Rates (FMAP) and Revised FMAP Rates, Fiscal Years 2007 and 2016-21

State Fiscal Year	Estimated FMAP	Revised FMAP
2007	N/A	60.77%
2018	N/A	56.82%
2019	N/A	58.08%
2020	59.66%	60.89%
2021	59.79%	N/A

Note: FY 2020 Revised EFMAP reflects information available October 2018; the LAR was submitted in August 2018.

Figure III.9 LAR Estimated Enhanced Federal Matching Rates (EFMAP) and Revised EFMAP Rates, Fiscal Years 2007 and 2016-21

State Fiscal Year	Estimated EFMAP	Revised EFMAP
2007	N/A	72.54%
2016*	N/A	91.13%
2017*	N/A	92.39%
2018*	92.38%	92.78%
2019*	92.38%	93.65%
2020**	84.22%	N/A
2021***	72.81%	N/A

Note (1): 2007 was the last year prior to implementation of enhanced rates.

Note (2): FY 2020 Revised EFMAP reflects information available October 2018; the LAR was submitted in August 2018.

** Includes additional 23% enhanced match.*

*** Projected, 11.5% points added to the EFMAP in federal fiscal year 2020.*

****Projected, EFMAP resumes through FFY 2023.*

IV. HHS System Initiatives

HHS agencies are requesting a number of exceptional items that address critical needs across agencies and program areas. The items (described below) include addressing capacity demands for behavioral health services, addressing community services needs for individuals with intellectual or developmental disabilities, supporting information technology efforts system-wide, addressing retention and recruitment of selected direct care and other critical staff at HHS agencies, and supporting state operated facilities and state public health services.

Address Capacity Demands for Behavioral Health Services

HHSC is prioritizing behavioral health exceptional item initiatives for the 2020-21 biennium to build upon successes achieved through previous legislative appropriations and to continue improving the public behavioral health system to meet the needs of Texans.

In June 2018, HHSC united all client services programs under the Chief Program and Services Officer. This change reflects the agency shift over the past biennium toward operating behavioral health services as a continuum of care, spanning all levels and intensity of care. The continuum of care framework is built around foundational categories of services, including prevention, early intervention, treatment, and recovery. This model enhances the ability of the agency to coordinate across the spectrum of inpatient and outpatient care to deliver services at the right time and the right place. The continuum of care concept further supports the *Statewide Behavioral Health Strategic Plan*[1] and the *Comprehensive Inpatient Mental Health Plan*[2].

Figure IV.1 provides a summary of the behavioral health items requested for the 2020-21 biennium, reflecting a total request of $321.1 million in general revenue/$353.1 million in all funds. This total for behavioral health includes an exceptional item from the Maintain Current Services category.

[1] https://hhs.texas.gov/sites/default/files/050216-statewide-behavioral-health-strategic-plan.pdf
[2] https://hhs.texas.gov/sites/default/files/documents/about-hhs/process-improvement/comprehensive-inpatient-mental-health-plan-8-23-17.pdf

Figure IV.1 HHSC Behavioral Health Exceptional Items for the 2020-21 Biennium ($ in millions)[1]

Item#	Title	Biennium GR	Biennium AF
5	Prevent Loss of Service[2]	$112.9	$140.5
7	Funding Expanded Capacity at Renovated State Hospitals (Comprehensive Plan Phase I Projects)	$27.6	$27.6
8	Funding State Hospital Planning and Construction (Comprehensive Plan Phase II)	TBD	TBD
11	Enhance Mental Health Capacity	$54.9	$59.0
19	Statewide Behavioral Health Coordinating Council (SBHCC): Ensure Services for Individuals Experiencing Early Psychosis	$15.9	$15.9
20	SBHCC: Ensure Access to Residential Treatment Center Beds for Children	$2.1	$2.1
21	Substance Use Disorder Treatment	$45.1	$45.3
27	Improve Capacity for Community Inpatient Psychiatric Services	$39.4	$39.4
37	Maintain Service Levels for Mental Health Grant Programs	$22.7	$22.7
43	SBHCC: Enhance Real-Time Behavioral Health Data Sharing	$0.4	$0.4
	Totals	**$321.1**	**$353.1**

Totals may not add due to rounding.

[1] Most of these items are included in a comprehensive report detailing behavioral health funding requests throughout all state agencies, available for legislators and the public in the *Consolidated Behavioral Health Schedule and Exceptional Item Review* report provided by HHSC. This report details how all behavioral health-related exceptional items support the goals, objectives, and strategies of the *Statewide Behavioral Health Strategic Plan*.

[2] Because this item covers both state hospitals and state supported living centers, it also appears in the *Address Community Services Needs for Individuals with IDD* strategic initiative narrative. Funding amounts listed here cover both the state hospitals and state supported living centers.

HHSC Exceptional Items 5, 7, and 8 – Prevent Loss of Service, Funding Expanded Capacity at Renovated State Hospitals (Comprehensive Plan Phase I), and Funding State Hospital Planning and Construction (Comprehensive Plan Phase II)

As laid out in the *Comprehensive Inpatient Mental Health Plan*, the state hospitals are moving toward becoming a tertiary care provider to ensure provision of services to people with some of the most complex behavioral health needs who cannot be adequately served in community settings. This model results in state hospitals serving a higher proportion of people committed by the criminal justice system and a smaller, more medically complex civilly committed population. As a result, waiting lists for both forensic and civil commitments grow, underscoring the need to ensure access to services via both capacity maintenance and building.

HHSC Exceptional Item 11 – Enhance Mental Health Capacity ($54.9 million GR/$59.0 million AF)

Local mental health and behavioral health authorities (LMHAs and LBHAs) are the crux of the outpatient component of the public behavioral health system in Texas, providing needed services to adults with serious and persistent mental illness and children with serious emotional disturbance. These entities are well-positioned to address outpatient mental health needs, providing services such as counseling, medication, psychosocial rehab, and support services. With a robust community-based, outpatient service array in place, the need for inpatient care is reduced.

HHSC Exceptional Item 19 – SBHCC: Ensure Services for Individuals Experiencing Early Psychosis ($15.9 million GR/$15.9 million AF)

Early intervention when someone begins to exhibit symptoms of psychosis can provide the education and skills necessary to cope and live with newly diagnosed mental illness. As a foundational block of the continuum of care, early intervention services play a pivotal role in delivering lower intensity outpatient services to avoid individual need for higher intensity outpatient or inpatient services, keeping people with their system of support in the community and increasing quality of life.

HHSC Exceptional Item 20 – SBHCC: Ensure Access to Residential Treatment Center Beds for Children ($2.1 million GR/$2.1 million AF)

Severe mental health needs in children 17 and younger is referred to as serious emotional disturbance. These are diagnosable mental, behavioral, or emotional disorders in the past year, which resulted in functional impairment that substantially interferes with or limits the child's role or functioning in family, school, or community activities.

Because these issues can have a long-term impact on a child's life, a robust behavioral health continuum of care must include specialized services for these children. The provision of these specialized inpatient services helps prevent further involvement with the child welfare system and, over a lifetime, helps avoid potential consequences on our health, education, labor, and criminal justice systems.

HHSC Exceptional Item 21 – Substance Use Disorder Treatment ($45.1 million GR/$45.3 million AF)

Treatment for substance use disorder is a key component in both the continuum of care, and the larger behavioral health continuum, particularly given the incidence of co-occurring mental health conditions among people with substance use disorder. Successful treatment can mitigate a variety of social challenges, including involvement with the criminal justice or child welfare system, potentially preventable hospitalizations, and homelessness. However, the greatest barrier to achieving a strong treatment base in Texas is the capacity of the current system, resulting in regionalized gaps in services and continuous waitlists for service.

HHSC Exceptional Item 27 – Improve Capacity for Community Inpatient Psychiatric Services ($39.4 million GR/$39.4 million AF)

Community inpatient beds are intended to provide more intensive services, while keeping people closer to home and their support system. The model promotes treatment for the individual and their family, and helps patients aid their own recovery by staying connected to their communities. Availability of these community beds is an important tool to prevent people from waiting for inpatient services in less appropriate and costlier settings, such as county jails and emergency rooms. As the state hospitals continue to see a shift toward forensic patients who have longer stays, on average, community inpatient beds are a resource for treating people with civil commitments.

HHSC Exceptional Item 37 – Maintain Service Levels for Mental Health Grant Programs ($22.7 million GR/$22.7 million AF)

Two mental health grant programs established by the 85th Legislature address localized needs to minimize existing gaps in regional continuums of care: the Mental Health Grant Program for Justice-Involved Individuals and the Community Mental Health Grant Program. Examples of projects funded through these grant programs include forensic assertive community treatment teams, mental health living rooms as a less-restrictive alternative to hospitalization, and peer-to-peer and connection recovery support groups.

In addition to addressing localized gaps, these grant programs are also expected to address mental health gaps and strategies identified in the *Statewide Behavioral Health Strategic Plan*, and to support state hospitals as a tertiary inpatient psychiatric provider as outlined in the *Comprehensive Inpatient Mental Health Plan*.

HHSC Exceptional Item 43 – SBHCC: Enhance Real-time Behavioral Health Data Sharing ($0.4 million GR/$0.4 million AF)

Continuity of care for people coming into contact with the criminal justice system is an issue across the continuum of care. Siloed delivery systems lacking mechanisms for coordinating with each other in real time can limit continuity of care. Real-time information sharing between local county jails and community service providers can reduce the length of stay in county jail facilities and make it easier for people with IDD or mental health needs to find community-based services.

Address Community Services Needs for Individuals with IDD

HHSC is prioritizing funding requests for services and supports for individuals with intellectual or developmental disabilities (IDD) for the 2020-21 Legislative Appropriations Request. In recent years, HHSC has taken a more holistic approach to administering all client services and programs for people with IDD as a continuum of care, bolstered by the transformation of client services and programs under HHSC in 2016. The IDD continuum of care has three key components: setting, or where the individual lives; services, ranging in intensity and including categories such as personal attendant services, acute care, and crisis services; and supports, such as transition support and supported employment, provided to enhance quality of life.

Figure IV.2 provides a summary of the exceptional items related to IDD requested for the 2020-21 biennium, reflecting a total request of $452 million in general revenue/$915.1 million in all funds. This total for behavioral health includes exceptional items from the Main Current Services and Comply with Laws and Regulations categories.

Figure IV.2 HHSC IDD Exceptional Items for the 2020-21 Biennium ($ in millions)

Item#	Title	Biennium GR	Biennium AF
4	Provide Transition to the Community and Reduce Community Program Interest Lists	$147.7	$378.3
5	Prevent Loss of Service[1]	$112.9	$140.5
17	Comply with Statutory Requirements for IDD System Redesign	$7.1	$14.3
22	Statewide Behavioral Health Coordinating Council (SBHCC): Maintain and Expand IDD Crisis Continuum of Care	$46.4	$46.4
24	Improve System Efficiency to Comply with PASRR Requirements	$4.3	$17.1
28	Comply with Federal Requirements for Community Integration for Individuals with Disabilities	$114.9	$284.2
36	Improving Access to Specialty Services for Individuals with Intellectual Disabilities	$10.1	$10.1
38	Support Medically Complex Individuals with IDD Living in Community Settings	$4.7	$14.0
42	Ensure State Oversight of Community Programs for Individuals with IDD	$1.7	$6.0
45	Comply with State Law to Conduct Mortality Reviews for Individuals with Intellectual and Developmental Disabilities Living in Community Settings	$2.1	$4.2
	Totals	**$452.0**	**$915.1**

Totals may not add due to rounding.

[1] Because this item covers both state hospitals and state supported living centers, it also appears in the *Address Capacity Demands for Behavioral Health Services* strategic initiative narrative. Funding amounts listed here cover both the state hospitals and state supported living centers.

Exceptional Item 4 - Provide Transition to the Community and Reduce Community Program Interest Lists ($147.7 million GR/$378.3 million AF)

Consistent with the *Olmstead* decision, HHSC seeks to provide opportunities and support people to live in the least restrictive setting available, consistent with an individual's preferences and needs. The primary mode for providing this support are the Medicaid 1915(c) waivers, including Home and Community-based Services (HCS), Texas Home Living (TxHmL), Community Living Assistance and Support Services (CLASS), Deaf-blind with Multiple Disabilities (DBMD), Medically Dependent Children Program (MDCP), and STAR+PLUS HCBS. These waivers provide home and community-based services (HCS) and long-term services and supports (LTSS) to people who live in the community. In addition, these waivers offer an alternative to an intermediate care facility.

Collectively, these waivers cross all three components of the IDD continuum of care, simultaneously enabling people with IDD to live as independently as possible while reducing admissions to costlier care settings, including hospitals and institutions.

Exceptional Item 5 - Prevent Loss of Service ($112.9 million GR/$140.5 million AF)

For those who are unable or choose not to live in the community, the state supported living centers represent an additional component of the IDD continuum of care. These 13 centers provide 24-hour residential services, comprehensive behavioral treatment services, and health care services, including physician, nursing, and dental services. Other services include skills training; occupational, physical, and speech therapies; vocational programs; and services to maintain connections between residents and their families and natural support systems.

Maintenance of capacity and services can be at-risk if cost inflation for food, medical, and other operations is not fully funded. Without this funding, SSLCs must decrease the number of people served or the quality of care provided.

Exceptional Item 17 - Comply with Statutory Requirements for IDD System Redesign ($7.1 million GR/$14.3 million AF)

In accordance with direction from the Legislature, this exceptional item would support technology changes related to the carve-in of long-term services and supports to Medicaid managed care. To help achieve successful transition of these services and supports, standardized functionality for IDD programs in systems currently interfacing with managed care organizations is necessary.

While long-term services and supports are the "what" of HCS service delivery, information technology informs the "how" and "when". Without suitable technology systems and functions in place, service authorization can be delayed, disrupting in the provision of services and supports. Without consistency, the positive impact of such services and supports is not fully maximized.

Exceptional Item 22 - SBHCC: Maintain and Expand Crisis Continuum of Care ($46.4 million GR/$46.4 million AF)

For people with IDD living in community settings, access to timely, appropriate crisis services can be a difference maker. Approximately 35 percent of people with IDD also have a mental health diagnosis, so community-based crisis services must be a core service category within the IDD continuum of care at HHSC. Current crisis intervention and crisis respite services have resulted in positive outcomes, allowing 78 percent of people with IDD who use these services to return to their community-based residential setting and avoid institutionalization.

Further, providing robust transition support services and enhanced community coordination to help people moving from an institutional setting into the community can promote more successful outcomes amongst transition populations, supporting community tenure and reducing the need for emergency services and institutional re-admissions.

Exceptional Item 24 - Improve System Efficiency to Comply with PASRR Requirements ($4.3 million GR/$17.1 million AF)

The federally required pre-admission screening and resident review (PASRR) process has a two-fold purpose: ensuring individuals are served in the appropriate setting based on need, and providing necessary support services to individuals with IDD or a mental health diagnosis. To achieve and maintain successful PASRR outcomes, the current technology system requires modifications to reduce duplication and introduce automated processes where manual processes are in place. Maximizing the capability of technology is a key factor in timely service authorization and, as a result, service delivery in accordance with the needs of the individual.

Exceptional Item 28 - Comply with Federal Requirements for Community Integration for Individuals with Disabilities ($114.9 million GR/$284.2 million AF)

Day habilitation is a service provided in three 1915(c) waiver programs serving individuals with IDD: HCS, TxHmL, and DBMD. The current day habilitation service does not provide individuals with opportunities for integration into the community,

nor does it support an individual's right to privacy or maximize independence in making life choices, to the degree required by new federal regulations.

Through surveys of providers and individuals receiving services, HHSC determined people receiving day habilitation lack resources to maximize their participation in the community. HHSC proposes to change this by replacing the current day habilitation service with "individualized skills and socialization" (ISS). ISS will be provided either on-site (center-based) or off-site, and will replace day habilitation in the HCS, TxHmL, and DBMD waivers.

Exceptional Item 36 - Improving Access to Specialty Services for Individuals with Intellectual Disabilities ($10.1 million GR/$10.1 million AF)

Individuals with IDD can face challenges finding appropriate medical, dental, wheelchair fabrication, or therapeutic providers in community settings. To address this difficulty, HHSC plans to begin offering limited services at one or two SSLCs within existing resources. SSLCs would leverage their current physical space and staff expertise for this purpose, but will need additional staffing to expand this pilot to meet the needs of community clients across the state. With additional access to these providers, HHSC aims to support more people with IDD to live in the community.

Exceptional Item 38 - Support Medically Complex Individuals with IDD Living in Community Settings ($4.7 million GR/$14.0 million AF)

People with high medical needs living in the community need additional supports to achieve community tenure and avoid institutionalization. This exceptional item would provide a new service, high medical needs support, to increase specialized attendant supports for delegated nursing activities, transfers, feedings, and other activities of daily living requiring increased experience and expertise because of complex medical conditions. In addition, individuals meeting high medical needs criteria would have access to more billable nursing services.

Individuals with IDD often have difficulty with oral hygiene activities and may need additional supports like sedation when receiving routine dental services or addressing dental caries. Funding available through the HCS waiver, which is often the only funding source for adults with ongoing dental needs, is limited to $2,000 annually. This exceptional item would provide additional funding through the adaptive aid services in the waiver, allowing people to access additional funds when they need additional dental services to avoid more serious medical conditions.

Taken together, these targeted services and supports aim to specifically address the needs of people with higher acuity, whose needs may not otherwise be fully

met by existing services. Without access to these enhanced services, higher acuity individuals may be at higher risk of hospitalization or institutionalization.

Exceptional Item 42 - Ensure State Oversight of Community Programs for Individuals with IDD ($1.7 million GR/$6.0 million AF)

Ensuring the health and safety of people served in the 1915(c) Medicaid waivers is paramount to providing quality home and community-based waiver services. This exceptional item would ensure HHSC has the ability to track, trend, analyze, and respond to critical incidents reported by community-based waiver providers who serve individuals with IDD, as well as other individuals with physical disabilities and the aging population. Without a coordinated data solution, the tracking, trending, and analysis of critical incident data across the fee-for-service and managed care community-based programs is not possible. The lack of trending and analysis would limit HHSC's ability to identify systemic issues and improve regulatory and contract oversight processes as well as addressing emergent provider training needs.

Exceptional Item 45 - Comply with State Law to Conduct Mortality Reviews for Individuals with IDD Living in Community Settings ($2.1 million GR/$4.2 million AF)

The continuum of care is an evolving concept and must retain some level of flexibility to respond to identified patterns and trends. Through this exceptional item, HHSC seeks to expand the current mortality review process in place in SSLCs into community settings. Information gathered from this process serves as a barometer to measure the strength of the services and supports available in the community, and will help HHSC identify and address service gaps.

Early Childhood Intervention Services

Early Childhood Intervention (ECI), administered by HHSC, is a statewide program for families with children, birth to three years old, with disabilities and developmental delays. ECI supports families to help their children reach their potential through developmental services, as described in 34 Code of Federal Regulations (CFR) §303.13(a). Federal regulations require ECI to participate in child find activities to identify children who may be eligible for services.

Figure IV.3 HHSC ECI Exceptional Item for the 2020-21 Biennium, ($ in millions)

Item#	Title	Biennium GR	Biennium AF
6	Maintain Early Childhood Intervention (ECI) Services for Children with Disabilities.	$70.7	$70.7
	Totals	**$70.7**	**$70.7**

HHSC Exceptional Item 6 – Maintain ECI Services for Children with Disabilities ($70.7 million GR/$70.7 million AF)

This exceptional item would ensure the ECI program is sustainable with the number of children eligible for services, the cost of providing services, and the funding levels needed to retain contractors.

HHSC contracts for services with local agencies and organizations through cost reimbursement contracts. ECI is funded through a variety of state and federal funding sources, including federal funding through Individuals with Disabilities Education Act (IDEA) Part C. Contractors must also recover program costs through local contributions and third party collections, including Medicaid claims for Specialized Skills Training, Targeted Case Management and therapy services, Medicaid Administrative Claims, public and private insurance, and family out-of-pocket payments.

ECI programs have been found to save taxpayer dollars in public education, criminal justice, health care, and other social services. Texas' child outcomes consistently exceed the national average, with more than 70 percent of children significantly increasing their rate of growth in key areas such as social-emotional skills, acquisition and use of skills, and use of appropriate behavior to meet their needs because of their participation in the ECI program. National longitudinal research on Part C programs tracked children with a developmental delay and found 46 percent did not need special education by the time they reached kindergarten as a result of early intervention services.[1] Economic analysis demonstrates programs that intervene early to improve child outcomes have returns on investment from $2.50 to $17.07 for every dollar spent on early intervention services.[2]

[1] https://www.sri.com/sites/default/files/publications/neils_finalreport_200702.pdf

[2] Advocating for Early Intervention in Tight Times – DC Action for Children, Alison Whyte, Policy specialist at The Arc of DC; Why Business Should Support Early Childhood Education, US Chamber of Commerce - Institute for A Competitive Workforce, Washington DC

Program Sustainability

Federal regulations require all children determined eligible for ECI to be served, creating an entitlement from a federal program perspective without a corresponding entitlement budget. The ECI program has historically seen significant growth in the number of children served while federal IDEA Part C funding has remained relatively level.

HHSC funds contractors based on a target number of children served each month. However, because of IDEA Part C regulations, if the number of children determined eligible exceeds the target number of children included in the contract, the ECI contractor must still serve those children. All but four established contractors served a greater number of children on average each month in fiscal year 2017 than the number of children required in their contract.

The historical funding for ECI has proven inadequate to retain providers. The number of ECI providers has declined from 58 providers in 2010 to 42 as of August 2018 (see **Figure IV.4**).[3]

Figure IV.4 Number of ECI Contractors

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 *(as of 08/2018)*
Number of Contractors at Start of Fiscal Year	58	56	51	51	51	50[4]	49	48[5]	42

If contractors withdraw from the program because of financial concerns and the remaining or new contractors are unable to absorb the children served in those areas, the ECI program would no longer have statewide coverage and would be in violation of IDEA Part C regulations. Additionally, contractor transitions often result in disruption for the families and additional administrative costs to transition new providers for coverage.

This exceptional item seeks to keep the ECI program sustainable. This item also includes funds for child find activities across each of the local ECI agencies.

[3] While the net decrease was 16 total providers, there were 2 new contractors that came on during this time. Therefore, the total number of exiting providers since 2010 is 18.

[4] One new provider joined the ECI program in this year.

[5] One new provider joined the ECI program in this year.

Public Health

The mission of the Department of State Health Services (DSHS) is to improve the health, safety and well-being of Texans through good stewardship of public resources and by efficiently and effectively carrying out core public health functions. The 2020-21 biennium legislative appropriation request includes nine exceptional item requests in support of the agency's public health mission. These requests focus on maintaining and improving public health in Texas.

Figure IV.5 DSHS Public Health Exceptional Items for the 2020-21 Biennium ($ in millions)

Item#	Exceptional Item	GR/GRD	All Funds
1	Safeguard the Future of the State Public Health Laboratory	$68.6	$68.6
2	Maintain Required Agency IT Infrastructure	$6.8	$6.8
3	Combat Maternal Mortality and Morbidity in Texas	$7.0	$7.0
4	Increase the Quality and Security of Vital Events Records	$6.3	$6.3
5	Ensure Stable Staffing of Technical and Scientific Public Health Positions	$8.8	$8.8
6	Detect and Control the Spread of Tuberculosis in Texas	$27.3	$27.3
7	Drive Public Health Decision-Making through Useful and Accessible Data	$4.6	$4.6
8	Bolster public health capacity to identify and respond to infectious disease outbreaks	$6.3	$6.3
9	Replace Vehicles at the End of Their Life Cycle	$2.5	$2.5
	Totals	**$138.1**	**$138.1**

Total may not add due to rounding.

DSHS Exceptional Item 1 – Safeguard the State Public Health Laboratory ($68.6 million GR/AF, includes 12.0 FTEs)

DSHS is requesting funds to ensure the laboratory's ability continually to provide accurate and reliable test results that provide communities, families, and doctors necessary information to prevent adverse health outcomes and death. The laboratory also provides physicians and health care professionals with crucial information needed to diagnose and treat a range of high-risk, high-consequence diseases. The DSHS Laboratory performs public health testing that no other lab in

the state performs to identify, investigate, and control individual and community disease, and significant health threats. The laboratory faces challenges jeopardizing DSHS' long-term ability to protect the health of Texans. This item would address the laboratory budget shortfall, support existing critical public health testing needs, fully implement X-ALD Newborn Screening, promote a safe and efficient laboratory environment through equipment replacement and additional FTEs, and ensure the retention of highly-trained laboratory science staff.

DSHS Exceptional Item 2 – Maintain Critical IT Infrastructure ($6.8 million GR/AF)

This item would support the seat management and Data Center Services (DCS) obligations for DSHS. For public health programs to be effective, IT infrastructure is critical.

DSHS Exceptional Item 3 – Combat Maternal Mortality and Morbidity in Texas ($7 million GR/AF, 8.0 FTEs)

DSHS requests funding to increase current TexasAIM efforts to reduce maternal mortality, to build public awareness about preventive measures, and to pilot programming to address high risk factors and appropriate care coordination for woman of childbearing age.

DSHS Exceptional Item 4 – Increase Secure Access to Texas Vital Records ($6.3 million GR/AF, 25.0 FTEs)

DSHS houses 60 million vital records in their physical form, with 890,000 new vital events registered annually. This request would provide funds to ensure the ongoing access to and security of vital event records and data, including births and deaths, and improve customer service for Texans needing to obtain copies of their records.

DSHS Exceptional Item 5 – Ensure Stability of Technical and Scientific Public Health Positions ($8.8 million GR/AF)

This exceptional item aims to increase retention of scientific and technically skilled DSHS staff in positions that are critical to the department's ability to carry out its responsibilities as the state's public health agency.

DSHS Exceptional Item 6 – Detect and Control Tuberculosis (TB) in Texas ($27.3 million GR/AF, 28.0 FTEs)

TB is a significant public health issue that continues to affect Texans. DSHS is requesting funds to improve TB prevention in Texas by providing additional direct support to local health departments; front line staff and tools for TB response; and renovation and repairs at the state's tuberculosis hospital.

DSHS Exceptional Item 7 – Increase Usefulness and Accessibility of the State's Public Health Data ($4.6 million GR/AF, 7.0 FTEs)

This item would improve DSHS's ability to provide the public with access to more comprehensive data to analyze on their own. Additionally, the item would provide technological tools and staffing to enhance the agency's ability to report out meaningful public health analysis to policymakers, the public, and to health programs that serve the state's population.

DSHS Exceptional Item 8 – Strengthen Public Health Capacity to Monitor and Respond to Outbreaks ($6.3 million GR/AF, 15.0 FTEs)

DSHS depends on its electronic infectious disease reporting system, NEDSS, to process and categorize laboratory reports of infectious disease from across Texas. Local health department and DSHS epidemiologists use this information to investigate reportable diseases, discover emerging patterns in infectious disease, and respond appropriately.

DSHS Exceptional Item 9 – Replace Vehicles at the End of Their Life Cycle ($2.5 million *GR/AF*)

The request would replace 57 vehicles used to ensure provision of public health services, including replacement of vehicles at DSHS regional offices across the state and at Texas Center for Infectious Disease. The item also includes protective sheltering for public health emergency response vehicles.

Retention and Recruitment of Critical Service Staff

Front-line staff for HHSC's regulatory and direct services divisions (Regulatory Services and the Health and Specialty Care System) and DSHS's highly technical laboratory staff are critical to the mission of the HHS system. Without these individuals, HHS agencies cannot fulfill their role to protect the health and safety of Texans, deliver services to the public and carry out public health responsibilities.

Figure IV.6 HHS Recruitment and Retention Exceptional Items for the 2020-21 Biennium ($ in millions)

Agency	Item#	Title	Biennium GR	Biennium AF
DSHS	5	Ensure Stable Staffing of Technical and Scientific Public Health Positions	$8.8	$8.8
HHSC	16	Recruiting and Retaining a Capable and Competent Workforce	$39.9	$55.3
HHSC	35	Attendant Wage Increases	$154.1	$389.4
		Totals	**$202.8**	**$453.5**

DSHS Exceptional Item 5 – Ensure Stability of Technical and Scientific Public Health Positions ($8.8 million GR/AF)

This exceptional item seeks funds to retain technically skilled and scientific staff positions critical to meeting DSHS' public health agency responsibilities. DSHS is experiencing high turnover in specialized public health personnel positions requiring unique experience, training, and education. It can take up to two years to train new hires to be fully effective and independent in their job functions. This item would target salary increases for public health nurses, Texas Center for Infectious Disease nurses, meat safety inspectors, and financial staff.

HHSC Exceptional Item 16 – Recruiting and Retaining a Capable and Competent Workforce ($39.9 million GR/$55.3 million AF)

This item seeks to address the need for critical front-line regulatory, state hospital, and SSLC staff in high turnover or hard-to-fill positions.

HHSC Exceptional Item 35 – Attendant Wage Increases ($154.1 million GR/$389.4 million AF)

This exceptional item would increase the base wage paid to community attendants from $8.00 to $8.50 per hour. Without an increase to the minimum hourly wage, providers will continue to experience higher turnover among community attendants. A stable attendant workforce allows individuals to remain and receive services in the community rather than receive more costly institutional services.

Health and Specialty Care System Workforce

Despite HHSC's efforts to improve workforce recruitment and retention, SSLCs and state hospitals struggle to find and keep employees to serve the specialized needs of the individuals who reside in or receive treatment at these facilities. Annualized turnover at SSLCs has remained above 35 percent since FY 2012. In FY 2017, general turnover was 36.34 percent, but specific positions, such as direct care workers, experienced even higher rates. Direct support professionals at the SSLCs have an annualized turnover rate of 53 percent, and nearly 1 in 5 positions is vacant. Psychiatric nursing assistants at the state hospitals have an annual turnover rate of 32.7 percent, with 43.8 percent of the entry level positions turning over annually.

These staff hold critical positions. They provide daily care, ensuring the safety of people in services and of staff, and are the most prevalent positions in the Health and Specialty Care System. HHSC has several non-financial recruitment and retention initiatives ongoing; however, lower-than-market salaries remain a significant barrier for many, especially given the demands of these high-stress jobs. Wages at the facilities compete directly with other employers – direct care staff, for

example, can receive a higher starting salary working in some fast food restaurants and convenience stores.

HHSC is attempting to address this within the scope that existing budgets allow. However, funding to address turnover and vacancy rates in critical positions is a priority for HHSC in its legislative appropriations request for the 86th Legislature. While current efforts are in the very initial phases, it is believed that higher starting salaries can be an effective recruitment tool for certain positions and certain locations. As such, this is a targeted request, focusing only on facilities with the highest turnover and vacancy rates.

Regulatory Services

The Regulatory Services division continues to face obstacles recruiting and retaining staff in certain positions critical to ensuring the health and safety of people receiving regulated services. For example, turnover rates for Child Care Licensing inspectors are averaging 23 percent, while those for staff who investigate allegations of abuse and neglect in certain provider settings are averaging turnover of 38 percent. In some cases, these vacancies are contributing to backlogs in conducting casework, investigations, and surveys.

This request would target certain position types in geographic areas where the division continues to have high turnover rates and where a more competitive salary would help attract and retain staff. Reducing turnover with competitive compensation is expected to result in overall cost savings to HHSC, especially for positions with significant training costs, and ensure regulatory staff can carry out their responsibilities as efficiently as possible.

More specifically, this request is for salary and wages for front-line positions who protect the health and safety of residents, patients, and children in care. They include:

- Nurses in Long-term Care Regulatory;
- Inspectors for Child Care Licensing;
- Architects and engineers for Health Care Quality and Long-term Care; and
- Investigators for Provider Investigations.

Health and Specialty Care System

HHSC's Health and Specialty Care System oversees operations of 13 state supported living centers, 9 state psychiatric hospitals, a residential treatment center, and an outpatient health clinic. Together, the division provides inpatient psychiatric treatment, behavioral and physical health services, among other

supports, in primarily campus-based environments to approximately 5,000 people with complex mental health needs or an intellectual disability every day.

Exceptional items requested by the division include funds needed to make sure people do not lose access to critical services, as well as items to enhance the services provided. The Health and Specialty Care System worked closely with other areas of the agency on exceptional items that promote the larger continuums of care of people with mental health needs or an intellectual or developmental disability, and, as such, several state hospitals or SSLC exceptional items are represented in other initiatives discussed.

However, in addition to the larger priorities of this population, HHSC takes its role as a direct service provider seriously. This initiative describes the items necessary to continue operating the facilities, and **Figure IV.7** provides a summary of the Health and Specialty Care System items requested for the 2020-21 biennium not discussed in other initiatives.

Figure IV.7 HHS System Health and Specialty Care System Exceptional Items for the 2020-21 Biennium ($ in millions)

Item#	Description	Biennium GR	Biennium AF
26	Enhancing State Hospital and SSLC Services Through Technology	$21.7	$31.2
29	Addressing Major Building, Fleet, and Equipment Failures at State Hospitals and SSLCs	$23.3	$295.0
	Totals	**$45.0**	**$326.2**

Not discussed in other initiatives.

HHSC Exceptional Item 26 – Enhancing State Hospital and SSLC Services Through Technology ($21.7 million GR/$31.2 million AF)

Current IT infrastructure at the SSLCs and state hospitals does not reliably support modern-day health care practice and business processes. HHSC is building in IT infrastructure to hospitals being replaced. However, many facilities will lag behind or are currently at a critical state. This item addresses the need for IT improvements that are integral to service delivery and HHSC's role as a direct care provider. Its application has a significant impact on programmatic operations at the facilities. Even something as simple as fiber infrastructure upgrades are critical to the provision of modern care, but current infrastructure is crumbling and inadequate for a medical facility.

The following include a sampling of ways technology is directly related to the quality of care provided at the SSLCs and hospitals:

- Telemedicine provides greater physician access to individuals as a cost-effective, higher quality alternative to costly contracted physicians.
- Televideo allows for court to be held by video; has an important role in the rising number of dangerous review board activities related to the high demand for maximum security unit capacity; and decreases risks associated with unauthorized departures by limiting the need for individuals to be transported around or off-campus.
- Video surveillance is a quality and safety tool that enhances investigations, including allegations of abuse and neglect, and quality improvement efforts, such as the monitoring of staff interventions.
- Electronic health records allow for more comprehensive and coordinated care across the facilities.

HHSC Exceptional Item 29 – Addressing Major Building, Fleet, and Equipment Failures *at State Hospitals and SSLCs ($23.3 million GR/$295.0 million AF)*

Ensuring the safety of people served at state hospitals and SSLCs, as well as their visitors and staff is one of HHSC's most critical responsibilities. This item uses general revenue and general obligation bonds to address major issues with buildings, fleet, and equipment, including:

- Funding for fleet maintenance and replacement. Of 1,643 vehicles in the HHSC fleet, 1,115 meet replacement criteria; 487 of these vehicles are included in this request. Forklifts and non-highway utility all-terrain vehicles are also necessary for material handling and 14 are provided in this request.
- Funding to replace laundry equipment. The regional laundry model has reduced costs, because paying for laundering services has proven to be more expensive and is increasingly unavailable because challenges associated with high volume, high demand and highly soiled laundry.
- Funding for necessary repair and renovation projects and 8 FTEs (including FTE out-year costs) to manage the associated projects, including roofing projects. Though the 85th legislature appropriated a significant amount of funds to address repair and renovation, the needs of the state hospitals and SSLCs are still extensive.
- Funding to address ligature risks that threaten the Centers for Medicare & Medicaid Services (CMS) certification. State hospitals must address risks in patient bedrooms, bathrooms, and quiet rooms. Recent changes in CMS/Joint Commission perspective on ligature remediation requirements have highlighted the need to expand ligature remediation effort into other patient areas as well.

Without this funding, HHSC risks potential regulatory and Joint Commission violations, and unaddressed needs can reduce the state's capacity (e.g., patient

census must be lowered until repairs can be made) or quality of services. Increasingly, complete failure of infrastructure components and the delayed major repairs to buildings have resulted in high-cost emergency repairs.

Healthy Texas Women Waiver

On July 1, 2016, HHSC launched the Healthy Texas Women (HTW) program. HTW is a state-funded program providing family planning services and related women's health services that contribute to preconception care and better birth outcomes to eligible Texas women. These services include screening and treatment for hypertension, diabetes, high cholesterol, and postpartum depression. With the launch of HTW, HHSC began automatically enrolling eligible Medicaid for Pregnant Women clients to HTW upon conclusion of Medicaid coverage. Increased coordination among women's health services, including Medicaid, has promoted a continuity of care and enabled many women to stay with the same doctor as they move from Medicaid for Pregnant Women to HTW.

HTW's first year of available data underscore the significant impact the program makes in the lives of Texans. A summary of program results for fiscal year 2017 is provided below:[1]

- Client enrollment in HTW grew 109 percent during FY 2017. Clients enroll in HTW through an application process which covers a 12-month period. The monthly client enrollment grew from 105,406 in September 2016 to 220,154 clients in August 2017. In FY 2017, 132,542 clients used HTW services.
- General revenue savings because of HTW is estimated to be $4.3 million.
- Provider and client outreach strategies included direct mail, email, phone calls, professional newsletter notifications, website updates, printed materials, social media, and attending various client and provider facing events.
- Fee-for-service provider enrollment totaled 5,342 for HTW, a 16 percent increase from the 4,603 fee-for-service providers enrolled in FY 2015 in the legacy Texas Women's Health Program.
- Between FY 2012 and FY 2017, there has been a noticeable increase in the number of women receiving long-acting reversible contraception (LARC) across women's health programs, with 10,203 HTW unduplicated clients receiving a LARC in FY 2017.

[1] For a full summary of HTW FY 2017 data, see the Texas Women's Health Program Savings and Performance Report for FY 2017 as required by S.B. 1, 85th Legislature, Regular Session, 2017 (Article II, HHSC, Rider 97) available at: https://hhs.texas.gov/sites/default/files/documents/laws-regulations/reports-presentations/2018/ womens-health-program-savings-performance-report-may-2018.pdf.

HTW Waiver Application

In spring 2017, HHSC was directed to submit a waiver application to the Centers for Medicare and Medicaid Services as soon as possible, and on March 9, 2017, HHSC sent a letter to notify CMS of the state's intent to submit a new Section 1115(a) demonstration waiver application to seek federal participation in the HTW program. HHSC submitted the HTW waiver application to CMS on June 30, 2017, and as of September 25, 2018, continues to have discussions with CMS on the waiver.

Under the waiver application, current HTW clients will not experience a gap in coverage and will be able to receive the same benefits previously provided under the HTW program. Current HTW providers will be able to continue providing services to HTW clients in the demonstration. Through the HTW demonstration, HHSC seeks to enhance women's health care services by increasing access to and participation in the program. The program has proven successful in reaching and serving Texas women in its first year, and the HTW demonstration seeks to continue and expand upon these efforts to ensure women in Texas can get the family planning and women's health services they need. **Figure IV.8** estimates the annual unduplicated enrollment and expenditures estimated for the HTW demonstration.

Figure IV.8 Estimated Annual Unduplicated Enrollment and Expenditures Healthy Texas Women Demonstration

Federal Fiscal Year (FFY)	Annual Unduplicated Enrollment	Annual Expenditures
2019	352,423	$70,996,454
2020	362,182	$76,746,972
2021	372,211	$82,980,722
2022	382,517	$89,738,349
2023	393,109	$97,063,917

Demonstration Financing

HHSC is requesting federal match for the full range of current HTW services. If the waiver is approved, HTW family planning services would receive a 90/10 federal/state match, and other HTW services would be matched at the regular federal medical assistance percentage (hypertension, diabetes, postpartum depression, etc.). Administrative expenses would be matched at a 50/50 rate.

Figure IV.9 provides an estimate of total expenditures, non-federal share amounts, for the HTW demonstration for federal fiscal years 2019-21, assuming an effective date of October 1, 2018.

Figure IV.9 Estimate of Total Expenditures
Healthy Texas Women Demonstration

FFY 2019
October 1, 2018 - September 30, 2019

Medicaid Payments	Expenditures	Non Federal Share	Federal Share
Family Planning (90/10)	$32,444,898	$3,244,490	$29,200,408
Family Planning Pharmacy (90/10)	$13,802,049	$1,380,205	$12,421,844
Non-family-planning Medical Regular FMAP	$21,071,046	$9,098,478	$11,972,568
Non-family-planning Pharmacy Regular FMAP	$1,178,461	$508,859	$669,602
Outreach (50/50)	$2,500,000	$1,250,000	$1,250,000
Total	**$70,996,454**	**$15,482,032**	**$55,514,422**

FFY 2020
October 1, 2019 - September 30, 2020

Medicaid Payments	Expenditures	Non Federal Share	Federal Share
Family Planning (90/10)	$35,213,071	$3,521,307	$31,691,764
Family Planning Pharmacy (90/10)	$14,893,443	$1,489,344	$13,404,099
Non-family-planning Medical Regular FMAP	$22,868,811	$9,874,753	$12,994,058
Non-family-planning Pharmacy Regular FMAP	$1,271,647	$549,097	$722,550
Outreach (50/50)	$2,500,000	$1,250,000	$1,250,000
Total	**$76,746,972**	**$16,684,501**	**$60,062,471**

FFY 2021
October 1, 2020 - September 30, 2021

Medicaid Payments	Expenditures	Non Federal Share	Federal Share
Family Planning (90/10)	$38,217,421	$3,821,742	$34,395,679
Family Planning Pharmacy (90/10)	$16,071,139	$1,607,114	$14,464,025
Non-family-planning Medical Regular FMAP	$24,819,959	$10,717,258	$14,102,701
Non-family-planning Pharmacy Regular FMAP	$1,372,203	$592,517	$779,686
Outreach (50/50)	$2,500,000	$1,250,000	$1,250,000
Total	**$82,980,722**	**$17,988,631**	**$64,992,091**

Medicaid Managed Care Oversight

HHSC is charged with overseeing 20 contracted managed care organizations (MCOs) to ensure more than 3.8 million vulnerable Texans receive medically necessary services. With 92 percent of the Medicaid population served through managed care, HHSC serves primarily in a contract oversight role. To that end, the agency employs a number of oversight tools to verify MCO compliance with state and federal law, as well as their contract terms. HHSC regularly reviews financial, operational, and clinical activities to ensure compliance with policies, procedures, and contract requirements.

Oversight Tools and Functions

HHSC conducts ongoing monitoring through contract deliverables, complaint tracking, and utilization reviews. Monitoring includes oversight of MCO operational functions in addition to quality performance and financial oversight. HHSC employs a number of regular review and audit functions including annual audits of MCO financial reports, utilization reviews, targeted reviews, and performance audits of MCOs. In September 2017, HHSC established an on-site operational review process for MCOs. These operational reviews allow HHSC to conduct an in-depth review of MCO operational compliance and performance across a number of areas to ensure policies and practice align with performance standards. A multi-disciplinary team of more than 20 subject matter experts review key functions and requirements as stipulated in the MCO's contract through modules developed based on contractual standards, in addition to MCO staff interviews.

Additional key oversight functions include monitoring MCO's provider networks and complaint data, which inform HHSC of issues related to access to care or other systemic issues within the Medicaid system affecting members or providers.

HHSC monitors MCO's provider networks to ensure Medicaid members access to care. Ensuring contracted MCOs have an adequate network means Medicaid clients can access the right care, at the right place, at the right time. HHSC uses data analytics tools to monitor network adequacy and respond when it identifies access issues. HHSC continues to enhance its oversight of access to care and uses a variety of tools to monitor MCO provider networks, including time and distance standards, appointment wait time, pay-for-quality measures, and member satisfaction surveys. When deficiencies are discovered, the agency addresses them through its established graduated remedies process.

HHSC also monitors complaints submitted both to the agency directly by members and providers as well as MCO compliance with the grievance and appeal process. HHSC monitors for potential systemic problems that warrant further investigation,

point to the need for policy clarifications, or signal larger operational issues.

Contractual Remedies

Should HHSC identify issues of non-compliance, there are several types of contractual remedies, including monetary and corrective action plans, to hold MCOs accountable. As specified in Section 12 of the Uniform Terms and Conditions of the managed care contracts, at its discretion, HHSC may impose one or more remedies on a case-by-case basis. Remedies issued are contingent on type of non-compliance and not necessarily sequential.

Medicaid Managed Care Oversight Enhancements

Over the course of the next biennium, HHSC will be undertaking a number of initiatives and efforts to bolster its oversight of managed care programs and contracted managed care organizations. These include focused initiatives on network adequacy and access to care, complaints data trending and analysis, strengthening of clinical oversight functions, and further development of a performance management system based on outcomes.

The Legislature required HHSC to conduct an independent review of the agency's contract management and oversight function for Medicaid and CHIP managed care contracts (2018-19 General Appropriations Act, S.B. 1, 85th Legislature, Regular Session, 2017 [Article II, HHSC, Rider 61]). As part of the oversight improvement efforts discussed above, HHSC will be addressing the opportunities outlined in the report for Rider 61. HHSC is currently evaluating the need for additional resources and systems improvements to fully address these findings in addition to identified needs from the major initiatives outlined above.

Information Technology Systems

The Health and Human Services Commission Information Technology organization provides leadership and direction across the HHS system related to automated systems to achieve an efficient and effective health and human services (HHS) system for Texans. HHSC also provides many IT services for the Department of Family and Protective Services. To continue to fulfill this purpose, seven exceptional items are included in the HHSC LAR (see **Figure IV.10**). These items cross multiple agencies and represent the most critical information technology needs to enable HHS programs to provide client services in the most efficient manner possible.

Each HHSC exceptional item is described separately below. Additionally, HHS agencies included in their agency-specific LARs information technology projects that do not impact multiple agencies. Those items are also described below.

Figure IV.10 Information Technology Systems Exceptional Items for the 2020-21 Biennium ($ in millions)

Agency	Item #	Item	Biennium GR	Biennium AF
HHSC	13	HHS Information Technology Security	$21.6	$31.8
HHSC	14	System-Wide Business Enablement Platform	$5.4	$8.0
HHSC	30	Data Center Services Projects	$23.1	$34.3
HHSC	31	Child Care Licensing New License Types	$3.7	$3.7
HHSC	46	CAPPS HCM & Financial Upgrades	$7.6	$8.5
HHSC	47	HHS Telecom Technology Upgrade	$5.6	$6.3
HHSC	48	HHSC Seat Management	$6.3	$9.8
DSHS	2	Maintain Required Agency IT Infrastructure	$6.8	$6.8
		Totals	**$80.1**	**$109.2**

HHSC Exceptional Item 13 – HHS Information Technology Security ($21.6 million GR/$31.8 million AF)

Every day, the HHS System Information Security team repels about 200 million potential cyber-attacks. Funding this item would provide resources to complete software code scans for applications and remediation for vulnerabilities of high risk findings.

This item would fund actions necessary for HHSC's compliance with a 3-year Corrective Action Plan proposed as part of a Resolution Agreement with the U.S. Department of Health and Human Services, Office for Civil Rights (OCR), to settle certain violations of HIPAA that were discovered in 2015 by the legacy Department of Aging and Disability Services (DADS). Because DADS no longer exists as a separate agency and DADS' functions have consolidated into HHSC, HHSC is required to respond to OCR and comply with the CAP as the successor agency.

The proposed CAP requires HHSC to take certain actions to improve its information security program, including a comprehensive security risk assessment of all legacy DADS HIPAA functions that were in existence on April 21, 2015, transferred to HHSC, and are still in existence. This includes information systems, facilities, equipment, business agreements, policies and procedures, and training. Following an inventory and risk analysis of these functions, HHSC is required to implement a risk management plan that identifies how HHSC will implement measures to

address identified risks. The CAP also requires HHSC to hire an external assessor to report progress to OCR.

The benefits of compliance include:

- Avoiding Penalties. If HHSC does not abide by the terms of the OCR-issued CAP, OCR will assess an initial Civil Monetary Penalty of $8 million GR in FY 2018 followed thereafter by an annual penalty of $1.7 million GR per year until HHSC is fully compliant. Over a 10-year period, the OCR penalties at a minimum would accumulate to $23.3 million, all state funds (GR).
- Satisfying state and federal mandates that require all covered entities and their business associates conduct a risk assessment of their healthcare organization.

HHSC Exceptional Item 14 – System-Wide Business Enablement Platform ($5.4 million GR/$8.0 million AF)

This request would fund the creation of a system-wide business platform—a digital fabric—that would support a more integrated, client-centric approach to health and human services delivery and management through a common data repository, shared service elements and resources, and applications capable of supporting multiple programs and missions.

Structural changes to the HHS system in recent years have led to the consolidation of programs and the IT systems and applications that support them. As a result, HHS now uses more than 400 IT applications to support the agency's essential functions, perpetuating the fractured nature of services and operations the Legislature sought to address when it passed S.B. 200. These applications are extremely siloed, with hundreds of infrastructure systems and duplicative features and interfaces.

Moving to a shared HHS platform will consolidate and simplify the current complex system landscape. It will also provide multiple benefits for clients and taxpayers, including: significant improvements in the efficiency and effectiveness in program operations, increased agility to respond to sudden changes in usage without disruption to service, reduction in security risks, reduction in time to implement system changes, the ability to make continuous system enhancements, and reduced cost for system maintenance.

Development of a digital fabric would include the creation of a cloud-based shared platform that is scalable, with shared functionality across programs. This includes security controls, document management, case management, dashboards and data integration tools. HHSC would utilize the Department of Information Resources (DIR) contract to provide Cloud computing services for the required infrastructure and resources.

HHSC Exceptional Item 30 – Data Center Services Projects ($23.1 million GR/$34.3 million AF)

HHSC requests funding to improve security, migrate to the data center and remediate applications to address compliance and security concerns:

- Hardware and Software Security Currency in DIR State Data Centers – to provide new hardware and software needed to ensure the security of sensitive client data.
- Move Third Party Websites into DIR State Data Center – to migrate externally-hosted websites to Data Center Services (DCS) and provide additional support to properly manage domain names, security certificates and platforms to host the more than 500 HHS websites (Government Code 2054, Subchapter L).
- Move HHSC DCS Exempted Systems into DIR State Data Centers – to migrate six DCS systems in order to avoid security breaches that can threaten the security of sensitive client data and impact continuity of services.
- Upgrade WebSphere Environment in DIR State Data Center – to upgrade the WebSphere 7x environment in the consolidated data centers to maintain security compliance. WebSphere is a critical component of how HHSC's applications are supported, and the current iteration of WebSphere is significantly out of date.
- Legacy Application Hardware and Software Remediation – to remediate out of date hardware and software to ensure compliance with agency rules and internal and external audit findings.
- Legacy Long-Term Care Applications Modernization – to move key functions from CARE to more updated technology and is a necessary step to improve functionality.

Failure to upgrade applications may result in security vulnerabilities, put client data at risk and result in additional costs for support and maintenance imposed by DIR.

HHSC Exceptional Item 31 – Child Care Licensing New License Types ($3.7 million GR/ $3.7 million AF)

This item would fund the enhancement of the Child-Care Licensing Automated Support System (CLASS) to accommodate four new license types created by H.B. 7, 85th Legislature, Regular Session, 2017.

The Child Care Licensing (CCL) Division is responsible for protecting the health, safety, and well-being of Texas children who live in or attend child-care operations. The program regulates licensed child-care homes, day care centers, registered family homes, listed family homes, child-placing agencies, general residential operations, independent family and group foster homes, collectively referred to as child-care operations. CCL issues licenses to and regulates child-care

administrators. Texas Human Resources Code, Section 42.002, amended in 2017, created definitions of the following new license types: continuum of care operation, cottage home operation, cottage family home, and specialized child-care home. References to the new operation types requiring licenses were also updated in Sections 42.041(b), 42.042, 42.0421(e), 42.044(e), 42.0448, 42.0449, 42.045(d), 42.0451, 42.0452, 42.046, 42.0561, and 42.063(d).

The current CLASS consists of a web application used by HHSC and DFPS inspectors and investigators; a public and provider website for external users and the general public; and a mobile version of the CLASS system called CLASSMATE used by inspectors and investigators. These applications must be enhanced to accommodate the new license types, and the implementation cost of these changes was not funded during the 85th Legislative Session in 2017. Without this funding, it will be difficult to monitor the safety of children in these settings.

HHSC Exceptional Item 46 – CAPPS HCM & Financial Upgrades ($7.6 million GR/$8.5 million AF)

This item would fund necessary upgrades to the PeopleSoft Centralized Accounting and Payroll/Personnel System (CAPPS) Human Capital Management (HCM) and Financials systems, which are systems that all state agencies are required by state law to use. It also would fund the replacement of an unsupported, legacy Materials and Inventory Management System (MIMS) for State Operated Hospitals and State Supported Living Centers (SSLCs).

To meet the system's unique needs, HHS operates significantly customized versions of the CAPPS Baseline for PeopleSoft HCM and Financials. As a CAPPS Hub Agency approved by the Comptroller of Public Accounts (CPA), HHS is required to stay up-to-date with the CAPPS "Baseline" within 15 months of CPA PeopleTools and Image upgrades and within three months of monthly release packages. Keeping the HHS System's customizations functioning and complying with the comptroller's upgrade timeline requires significant resources and effort.

Failure to make these updates will leave the agency's essential systems vulnerable and unsupported and could lead to outages in our budgeting, accounts payable/accounts receivable, payroll, and purchasing systems. Such outages would have devastating affects including potentially not being able to process payroll, pay vendors, purchase essential supplies, initiate procurements, adjust rates, and meet state and federal reporting requirements.

HHSC Exceptional Item 47 – HHS Telecom Technology Upgrade ($5.6 million GR/ $6.3 million AF)

This item would fund necessary upgrades to HHS telecommunications technology. The current technology supporting voice calls to and from HHSC is slated to "sunset" nationally, as approved by the Federal Communications Commission (FCC). Upgrades are necessary to prepare HHS telephony platforms to support the telecommunications industry's latest communications standard for delivering voice services, as legacy digital service offerings will be retired in 2021. This upgrade will also result in service consolidation and a reduction in future operational costs.

In addition, the current industry standard technology is available at a significantly lower cost when compared to legacy services. This investment will enable the transition from legacy Time Division Multiplexed (TDM) to Session Initiation Protocol (SIP) voice technology. Once the migration is complete, HHSC will avoid costs of $2.7 million per year beginning in FY 2022, through the reduction of operating expenditures associated with replacing legacy services with new IP based services. This request will also allow HHSC to complete a necessary technology refresh for aging telephone instruments.

HHSC Exceptional Item 48 – HHSC Seat Management ($6.3 million GR/ $9.8 million AF)

This item would fund computer-managed services, including hardware and software, to ensure agency staff have the technology required to provide critical and ongoing services to the people of Texas. HHSC and DSHS (within their LAR exceptional item request) require additional funding for computer-managed services including the deployment, operation, and maintenance of assigned computer hardware, such as tablet, laptop, and desktop computer and software, such as Microsoft Office. Uninterrupted funding for seat management services is crucial to HHS and DSHS operations and it is essential to have computing devices that support newer technology, including assistive and adaptive technology applications and critical enterprise applications. Based on industry standards and DIR guidelines, HHS uses a four-year replacement life cycle and procures managed services through a state enterprise contract. The project that would be funded by this item is necessary to meet contractual obligations to provide software and equipment that staff need to complete their job duties and maintain ongoing operations. The refresh plan improves systems reliability through the provision of current technology, achieves economies of scale, and reduces maintenance costs on equipment past end-of-life.

DSHS Exceptional Item 2 – Maintain Required Agency IT Infrastructure ($6.8 million GR/$6.8 million AF)

This item would support the seat management and DCS obligations for DSHS. This IT infrastructure is critical to support the public health programs. If DSHS does not receive funds for this purpose, it would not be able to cover the costs of providing computer workstations for its employees. DSHS would also be out of compliance with statute and related agreements with DIR.

Seat Management − DSHS computers are replaced on a four-year cycle, the maximum amount of time before warranties expire. This contract supports approximately 3,900 devices for DSHS employees. Information Technology is a consolidated function at HHSC, DSHS uses the HHSC seat management contract.

Data Center Services − DSHS uses DCS to support needed infrastructure for its information technology infrastructure. It continues to move towards comprehensive use of DCS, as required by Texas Government Code, Ch. 2054. This cost represents increased expenditures for DSHS in 2020-21 as estimated by DIR for current services.

Application Remediation for DCS − In order to comply with DCS requirements, the following applications must be remediated:

- Central Billing System: Used by DSHS regional clinics and local health departments for Medicaid billing and reimbursement services related to Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The system also provides Medicaid Eligibility verification for several DSHS and HHSC program areas such as HIV, WIC, Kidney Health, and Children with Special Health Needs.
- Poison Control: Clinical information on exposures from calls made to the Poison Control Network.
- Conscientious Objector: Online Affidavit Request for Exemption from Immunizations for Reasons of Conscience.
- Conscientious Objector Junior College: Online Affidavit Request for Exemption from Meningeal Vaccination Requirements of Texas Junior Colleges.

V. SELECT MEDICAID INITIATIVES

Cost Containment Initiatives

Rider 33 Medicaid Cost Containment Status – Fiscal Years (FY) 2018-19

The General Appropriations Act, S.B. 1, 85th Legislature, Regular Session, 2017 (Article II, Health and Human Services Commission, Rider 33, Medicaid Cost Containment) includes cost-containment initiatives with a goal of saving $350 million in general revenue ($830 million all funds) in the 2018-19 biennium. These initiatives are primarily focused on fine-tuning monitoring and oversight functions, reducing fraud, waste and abuse, and ensuring appropriate rates are paid. In addition, $74 million general revenue ($197 million all funds) in savings was achieved by reducing the risk margin for managed care plans.

Based on current implementation plans and savings estimates, $312 million in general revenue is expected to be achieved this biennium. Including risk margin savings, the total is estimated to be $386 million general revenue ($937 million all funds). Savings from the last two biennial Medicaid cost containment efforts totaled more than $575 million in general revenue. As a result of statewide strategy to transform the Texas Medicaid payment and service delivery structure into a managed care model beginning in 2011 with the first 1115 Medicaid waiver, many large Medicaid savings initiatives have been implemented. HHSC is working on identifying smaller increments of savings in order to continually refine our Medicaid program as evidenced by the cost containment efforts described in this report.

Some of the major savings initiatives underway include changes to the Vendor Drug Program; client transitions from fee-for-service to managed care; Office of the Inspector General initiatives to reduce fraud, waste and abuse; and changes to hospital designations.

Implement Changes to the Preferred Drug List and Coverage Options for Specific Drug Classes

The consulting actuary published a report entitled "State of Texas Vendor Drug Program: Formulary Control State vs. MCO" in January 2017 that identified opportunities for savings through reevaluating and changing the preferred drug list (PDL) status in certain therapeutic drug classes.

Drug classes with the most opportunity for savings include antibiotics, antihistamines, antivirals, glucocorticoid inhalers, pediatric vitamins and minerals, and antipsychotics. HHSC has implemented the following changes in accordance with the report: change from preferred to non-preferred status for a specific

antibiotic formulation, create a new preferred drug list for the antihistamines and pediatric vitamin drug classes, change from preferred to non-preferred for an antiviral, change from preferred to non-preferred for an antihistamine, and change from preferred to non-preferred for several antipsychotics. This initiative is expected to generate $36 million in general revenue savings.

STAR Kids Managed Care Capitation Rates

The STAR Kids rating analysis includes an explicit assumption regarding the anticipated reduction in medical claims cost resulting from the implementation of managed care. In deriving the managed care efficiency factor, experience from previous STAR and STAR+PLUS expansions was considered. Based on this analysis, $85.4 million general revenue savings is estimated.

Increase Fraud, Waste, and Abuse Detection through Office of the Inspector General Initiatives, including OIG's Receipt of Recoveries from Managed Care Organization Overpayments

Texas Government Code 531.13 allows the state to retain fraud, waste and abuse recoveries it recoups from provider overpayments in Medicaid managed care according to which party is responsible for the recovery. If an MCO is responsible for the recovery, the MCO keeps half of the overpayment and the other half is an offset to the future state Medicaid payments.

If an MCO and the OIG work together to obtain the recovery, the MCO keeps half of the overpayment and the other half is an offset to the future state Medicaid payments. If the OIG is responsible for obtaining the recovery, the entire overpayments are an offset to the future state Medicaid payments. There is currently no mechanism for processing MCO recoveries as there is for Fee-For-Service (FFS) recoveries. Recoveries due the state are refunded to HHSC as an offset to the future state Medicaid payments. This could result in this item being classified as a cost savings and not revenue for reporting purposes. However, the OIG intends to classify these as recoveries, as Fee-For-Service recoveries are currently counted. The OIG assumes 1/3 of cases in FY 2018-19 will be processed completely by the MCO, 1/3 will be processed by the OIG, and 1/3 will be processed together, yielding $10 million in general revenue savings over the biennium. Total OIG Medicaid cost containment initiatives are expected to yield $20 million in general revenue savings.

Reinstate Previous Hospital Eligibility Criteria for Higher Medicaid Reimbursement

During the 2016-17 biennium, nine hospitals began billing Texas Medicaid at higher reimbursement levels for inpatient and outpatient services previously intended for

rural hospitals only. These hospitals received Medicare designation as a Rural Referral Center, Sole Community Hospital or Critical Access Hospital that were not consistent with Texas legislative appropriation levels. HHSC strengthened its rules to be consistent with Rider 46 of the 2018-19 General Appropriations Act in order to avoid additional costs. Reverting to the previous eligibility criteria is expected to avoid $89 million in general revenue cost to the state.

Figure V.1 Rider 33 Medicaid Containment Initiatives and Other Significant Cost Savings – FY 2018-19

Rider Initiative	Description	Estimated GR Savings
1	Continue strengthening and expanding prior authorization and utilization reviews	**$ -**
2	Incentivize appropriate neonatal intensive care unit utilization and coding	**$ -**
3	Pursuant to Human Resources Code §§32.064 and 32.0641, maximize co-payments in Medicaid programs	**$ -**
4	Increase fraud, waste and abuse prevention, detection, and collections	**$ 20.0**
4.1	*MCO Recoveries: Allow IG to Keep Recoveries from Provider Overpayments in Medicaid Managed Care*	*$ 9.9*
4.2	*Increase Investigative Recoveries through Theory of Constraints*	*$ 1.3*
4.3	*Increase RAC Audit Scenarios*	*$ 1.0*
4.4	*Increase Provider Audits*	*$ 0.8*
4.5	*Front End Error Rates*	*$ 5.1*
4.6	*Durable Medical Equipment Analytics Project*	*$ 1.2*
4.7	*Food and Nutrition Services Disqualified Vendors*	*$ 0.4*
4.8	*Cooperative Disability Investigations Program (CDI)*	*$ 0.3*
5	Implement fee-for-service payment changes and managed care premium adjustments that incentivize the most appropriate and effective use of services	**$ 136.6**
5.1	*Medical Transportation*	*$ 1.5*
5.2	*Clinician Administered Drugs*	*$ 7.1*
5.3	*STAR Kids Managed Care Capitation Rates*	*$ 85.4*
5.4	*Reflect acute care imaging rate reductions implemented mid-fiscal year 2017*	*$ 19.5*
5.5	*Reflect habilitation service rates in Texas Home Living and Home and Community Based Services implemented in late fiscal year 2017*	*$ 16.1*
5.6	*Dental rate reductions*	*$ 6.3*
5.7	*Ambulance rate reductions*	*$ 0.7*
6	Increase efficiencies in the vendor drug program: Implementing changes to the preferred drug list and coverage options for specific drug classes	**$ 35.5**
7	Increase third party recoupments	**$ 17.0**
8	Implement pilot program on motor vehicle subrogation	**$ 1.0**

Rider Initiative	Description	Estimated GR Savings
9	Achieve efficiencies in the printing and distribution of Medicaid identification cards	**$ 2.1**
10	Implement facility cost savings by reducing leased space or decommissioning buildings[1]	**$ 4.0**
11	Recoup administrative costs for programs HHSC administers for other entities, such as the School Health and Related Services Program (SHARS) (Non-GR impact is $6M).	**$ 0-0.5**
12	Seek flexibility from the federal government to improve the efficiency of the Medicaid program.	**$ -**
13	Improve prior authorization and utilization review for non-emergent air ambulance services.	**$ -**
14	Evaluate reimbursement for dual eligibles.	**$ -**
15	Review utilization and appropriateness of rates for durable medical equipment.	**$ 0.8**
16	Enforce Limitations on recipient disenrollment from managed care plans pursuant to Government Code § 533.0076.	**$ -**
17	Identify and execute savings by conducting audit of managed care premiums, fostering collaboration on Medicaid/CHIP data analysis, evaluating trend factor identification methodologies, using a competitive procurement process with price as one component evaluation, ensuring new expansions of managed care are cost-effective and performing cost benefit analysis of contracted human resource functions. [2]	**$ -**
18	Implement additional initiatives and programmatic efficiencies identified by HHSC.	**$ 94.9**
18.1	*Contractor to State Staff Conversions Cost Avoidance*	*$ 2.8*
18.2	*Review policies for assignment of appropriate Resource Utilization Groups (RUGs)*	*TBD*
18.3	*Reinstate previous hospital eligibility criteria for higher Medicaid reimbursement*	*$ 89.4*
18.4	*Reduce STAR and CHIP administrative fees by $.50 per member per month*	*$ 2.0*
18.5	*Reduce Medical Transportation Program administrative expenses*	*$ 0.7*
Total Cost Containment Rider 33 estimated savings as of August 20, 2018		**$ 311.8-312.3**
Remainder to Achieve $350 M		**$ 37.7-38.2**
Other Significant Cost Savings in the FY 2018-19 Biennium: GR in Millions		
Rider 37	Medicaid and CHIP Capitation Risk Margin Adjustment	$ 74.0
Savings estimated from both Rider 33 Cost Containment and Rider 37 Risk Margin Adjustment		
GR Savings in Client Services (includes Cost Containment in Rider 33 and Risk Margin Adjustment Rider 37)		$ 379.1

[1] *Includes cost savings related to reducing energy expenses for HHS facilities in deregulated markets.*

[2] *HHSC is in the process of evaluating its major administrative and Medicaid-related contracts to achieve efficiencies, eliminate duplication, remove non-essential services, improve oversight, and ensure the state receives the best value for the services provided. Additionally, HHSC is actively working with its contractors to identify opportunities for savings.*

While separate from the Medicaid cost containment effort included in Rider 33 initiatives, Rider 37 shown in the last line of the above table, identifies savings from Medicaid MCO risk margin adjustments. In accordance with this rider, HHSC has reduced the risk margin provision included in the Medicaid and CHIP managed care capitation rates from 2.0 percent to 1.5 percent in the STAR, STAR Health, CHIP, Medicaid Dental, and Medical Transportation programs; and, from 2.0 percent to 1.75 percent in the STAR+PLUS (including Dual Demo) and STAR Kids programs. Implementation of this rider is expected to produce $74 million in general revenue in savings over the biennium.

Healthcare Transformation and Quality Improvement Waiver

On December 12, 2011, Texas received approval from the Centers for Medicare and Medicaid Services (CMS) for the Texas Healthcare Transformation and Quality Improvement Program Waiver, a five-year 1115 Demonstration Waiver that expired September 30, 2016. HHSC negotiated the waiver with CMS to meet legislative mandates to expand Medicaid managed care statewide, preserve hospital safety-net supplemental payments (previous Upper Payment Limit funding), achieve savings, and improve quality of care. The approved 1115 waiver included the following goals:

- Expansion of risk-based managed care to new populations and services.
- Support for the development and maintenance of a coordinated care delivery system.
- Improvement of outcomes while containing cost growth.
- Transition to quality-based payment system across managed care and providers.

The waiver allowed the state to expand Medicaid managed care while preserving hospital funding, provided incentive payments for health care improvements, and directed more funding to hospitals and other providers that serve large numbers of Medicaid and uninsured patients. Hospital payments stayed largely the same for the first year of the waiver, with hospital transition payments through September 30, 2012. This approach provided transition time and system stability during development and implementation of waiver payment systems. Effective October 1, 2012, waiver payments were made through two sub-pools: the Uncompensated Care (UC) and Delivery System Reform Incentive Payment (DSRIP) pools.

Uncompensated Care Pool Payments are designed to help offset the costs of uncompensated care provided by hospitals or other providers to Medicaid clients or individuals who have no sources of third party coverage.

DSRIP Pool Payments are incentive payments to hospitals and other providers that develop programs or strategies to improve access to health care, quality of care, cost-effectiveness of care, and the health of the patients and families served.

Additional provider payment programs were developed during the first waiver period and are discussed later in this chapter.

On September 30, 2015, Texas submitted a waiver renewal application requesting a five-year extension that would allow the state to continue all three components of the waiver (statewide managed care, UC pool and DSRIP pool). On May 1, 2016, CMS granted Texas a 15-month extension from October 1, 2016, through December 31, 2017. This extension maintained current funding levels for both UC and DSRIP.

On December 21, 2017, CMS granted Texas a five-year extension from January 1, 2018, through September 30, 2022. CMS provided four years of additional funding for DSRIP with two years of level funding, followed by two years of decreased funding. Texas is required to submit a transition plan outlining how it will further develop delivery system reforms without DSRIP funding or phase-out DSRIP-funded activities. CMS also provided five years of UC funding with the level of funding subject to a revision of the UC pool funding disbursement methodology including definitions of charity care costs. **Figure V.2** shows the total amounts that the state is authorized to allocate for the UC and DSRIP Pools in each demonstration year (DY) including the approved extension periods. These amounts include both state and federal shares.

Figure V.2 Pool Allocations According to Demonstration Year ($ in Billions)

Type of Pool	DY 1 (2011-12)	DY 2 (2012-13)	DY 3 (2013-14)	DY 4 (2014-15)	DY 5 (2015-16)	DY 6 (2016-17) *Extension*
UC	$ 3.7	$3.9	$3.5	$3.3	$3.1	$3.1
DSRIP	$0.5	$2.3	$2.7	$2.9	$3.1	$3.1
Total/DY	**$4.2**	**$6.2**	**$6.2**	**$6.2**	**$6.2**	**$6.2**
Type of Pool	**DY 7 (2017-18)**	**DY 8 (2018-19)**	**DY 9 (2019-20)**	**DY 10 (2020-21)**	**DY11 (2021-22)**	
UC	$3.1	$3.1	$2.3*	$2.3*	$2.3*	
DSRIP	$3.1	$3.1	$2.9	$2.5	$0	
Total/DY	**$6.2**	**$6.2**	**$5.2**	**$4.8**	**$2.3**	

**UC Pool limit amounts for DY 9-11 are placeholder amounts.*

The waiver allowed the state to increase available funding to hospitals and other providers through UC and DSRIP by $60 billion all funds over all 11 years of the waiver by including the use of trends for historic UPL funds and availability of additional funds from managed care savings. In FY 2011, UPL hospital payments were $2.8 billion compared to $4.2 billion available in uncompensated care and DSRIP payments in the first year of the waiver.

Under the transformation waiver, eligibility for UC or DSRIP payments requires participation in a Regional Healthcare Partnership (RHP). Within each RHP, participants include governmental entities providing public funds -- known as intergovernmental transfers -- Medicaid providers and other stakeholders. Participants developed a regional plan to identify partners, community needs, proposed DSRIP projects, and funding distribution. Each RHP must have one anchoring entity, which acts as a primary point of contact for HHSC in the region and is responsible for seeking regional stakeholder engagement and coordinating development of a regional plan. As of August 2018, there are 2,854 DSRIP outcomes being measured and 694 Core Activities being implemented by 298 Medicaid providers, including public and private hospitals, community mental health centers, physician practices (most of which are affiliated with academic health science centers) and local health departments. DSRIP funds are primarily earned based on achievement of outcome measures. As of August 2018, DSRIP providers have earned nearly $13.8 billion since DY 1 and will serve more than 6,574,788 people each demonstration year in DY 7-8 (there may be duplicate counts across providers).

UC payments for the first five years of the waiver have been finalized and disbursed except for small percentages of funds held back for DY 3-5 as a contingency pending resolution of litigation between children's hospitals and CMS.

Before negotiating the long-term waiver extension, CMS required Texas to submit an independent study related to how the two pools in the waiver interact with the Medicaid shortfall and what uncompensated care would be if Texas opted to expand Medicaid. The state submitted the final report to CMS on August 31, 2016.

The 1115 Waiver was renewed, but CMS required that beginning with DY 9, by October 1, 2019, the UC pool payments will be based on charity costs incurred by qualifying providers and must exclude amounts for Medicaid shortfall. The UC payment protocol must include precise definitions of eligible uncompensated provider charity care costs for each qualifying provider type. HHSC is working with CMS to resize the UC pool, develop a new calculation and distribution protocol, and implement the changes as required by the standard terms and conditions of the waiver.

In addition to the UC and DSRIP pools, a portion of the savings created through managed care has been allocated to three additional provider payment programs described below.

The Quality Incentive Payment Program (QIPP) allows both non-state-government-owned (NSGO) and private nursing facilities to receive supplemental payments based upon improvements to certain quality measures. Beginning in September

2017, payments are made quarterly by the STAR+PLUS Managed Care Organizations (MCOs) to nursing facilities based on the facilities' performance related to agreed-upon metrics, which include restraints, falls, pressure ulcers, and antipsychotic drug use. The non-federal share is provided through intergovernmental transfers, and payments are based upon achievement of quality metrics. HHSC is in the process of refining the QIPP supplemental payment program for nursing facilities to continue incentivizing quality improvements and to expand the number of nursing facilities and Medicaid clients benefiting from the quality payments. The QIPP allotment for the first program year was $400 million and for the second year is $446 million. September 1, 2019, is the scheduled date for these modifications.

The Network Access Improvement Program (NAIP) began in March of 2015 as an incentive payment program. It was intended to increase the availability, quality, coordination and effectiveness of primary care, specialty care, and related services for Medicaid clients by providing incentive payments administered by the MCOs to participating health-related institutions (HRIs) and public hospitals. In 2017, CMS determined that NAIP is a pass-through rather than an incentive program, precluding growth beyond its current size of $426 million. Participation in the program is voluntary, and is supported by intergovernmental transfers from or on behalf of public health-related institutions and hospitals. HHSC incorporates NAIP into existing Medicaid managed care contracts, and blends these NAIP costs into the capitation rates.

The Uniform Hospital Rate Increase Program (UHRIP) for inpatient and outpatient hospital services was approved by CMS for implementation in March 2017. UHRIP is a provider payment initiative program through Medicaid managed care organizations under which a service delivery area (SDA) may apply to receive an increase in hospital rates for inpatient and outpatient services for all hospitals in a particular class, such as urban public hospitals, children's hospitals or rural private hospitals. The first program year of UHRIP began with a pilot program that was implemented in December 2017 in the Bexar and El Paso SDAs. UHRIP was extended to the remaining SDAs (except for Travis SDA) in March 2018. The second UHRIP program year began in September 2018. The allotment in the first UHRIP program year was $600 million. This was increased to $1.25 billion for the second program year.

VI. FEDERAL FUNDS: CURRENT ISSUES

This chapter outlines current issues affecting federal funding to the Texas HHS agencies. These include fragmented continuing resolutions due to delays in passage of federal appropriations process, the Budget Control Act of 2011 (sequester), changing interpretation and implementation of federal program policy, and rising caseloads for Medicaid and other entitlement programs. These issues can affect the state's ability to receive federal funds to maintain existing services to recipients.

In addition, the HHS system agencies are implementing state legislative actions, particularly those related to agency consolidation, and assessing potential implications to federal funding streams to ensure continuity of services, seamless transitions for clients, accountability for reporting requirements, and, compliance with state and federal rules and regulations. Agencies are examining the cost allocation methods associated with the federal share of administrative costs for federally funded health and human services programs to ensure the state is maximizing the use of federal funds.

For the 2020-21 biennium, the HHS agencies' legislative appropriations base request includes approximately $45.9 billion in Federal Funds or 58 percent of the total requested appropriations. A detailed table of the top 30 federal funding sources used by HHS agencies is included as **Appendix E.**

Figure VI.1 HHS System Legislative Appropriations Request for the 2020-21 Biennium ($ in millions) – Base Request

Agency	Federal Funds	All Funds	Percent Federal Funds of All Funds
HHSC	$45,282,165,175	$77,343,682,930	59%
DSHS	$581,671,918	$1,594,111,015	36%
Total	$45,863,837,093	$78,937,793,945	**58%**

**Excludes employee benefits, certain payments made as a result of local funding sources (Intergovernmental Transfers), and the value of SNAP benefits.*

Source: Legislative Appropriation Requests for the 2020-21 Biennium

For state fiscal year 2018, the HHS system agencies used almost 200 different sources of federal funds. Of those sources, the top 30 major federal funding streams accounted for approximately 99 percent of all federal funds to the HHS agencies. Medicaid is the largest federal funding source at more than $16.8 billion, accounting for approximately 76 percent. The next largest is the Children's Health Insurance Program (CHIP) at approximately $987 million, accounting for 4.5 percent of all federal funding.

Federal Budget Outlook

Federal Appropriations Bills

On September 8, 2017, the House and Senate approved a continuing resolution for federal fiscal year 2018 that kept the federal government operating through December 8, 2017. Between December 2017 and March 23, 2018, additional appropriations were passed in four short-term continuing resolutions followed by a comprehensive bill that funded the remaining federal fiscal year. All of the 2019 federal appropriation bills have not been passed, although a continuing resolution will again provide funding into early December for those agencies without full year budgets (December 7, 2018).

Future Sequestration Impact

The Budget Control Act of 2011 requires funding reductions to achieve savings and to limit the size of the federal budget. This is commonly referred to as sequestration. Reductions under the act were extended an additional two years by the Bipartisan Budget Act of 2013 requiring cuts over federal fiscal years 2013-23. If Congress enacts appropriations that exceed the caps set in legislation, a sequestration is automatically triggered to reduce appropriations to within the required limits.

Both discretionary and mandatory federal programs are subject to sequestration; however, some programs are exempt, including Medicaid, CHIP, and Temporary Assistance for Needy Families (TANF). Factors, such as level of growth in mandatory programs, and rule exceptions for certain programs, such as a limit on reductions to Medicare, may impact the calculations for the reductions. Additionally, Congress could enact legislation at any time that repeals the law or modifies the exemptions or rules associated with sequestration.

The Bipartisan Budget Act of 2018, prevented discretionary sequester cuts for 2018 and 2019 and allowed for additional funding. Sequestration will return in 2020 under current law.

If future decreases in federal funding occur to discretionary and mandatory programs covered under sequestration, reductions in numbers of clients served and levels of services provided by the Texas HHS system could occur. Estimates of future year reductions are not possible as the exact reduction depends on the factors applied and the base determined as subject to sequestration after applying defined exemptions and special rules. The HHS system agencies continue to monitor and analyze available information and assess the potential impact of a future federal sequestration to clients and services. Federal agencies have not provided specific guidance about future sequestration reductions.

Pending Federal Reauthorizations

Many of the HHS system's federal grant programs are pending program reauthorizations, some for many years. Historically, federal grant programs are extended through the federal appropriations bills passed by Congress for each FFY.

Summary of the Status of Key Programs as of October 1, 2018

On January 22, 2018, Congress passed a continuing resolution (CR) for FY 2018, which provided a six-year extension of the CHIP funding from FY 2018 to 2023. Two key provisions of the CHIP funding extension include the continued 23-percentage point enhanced federal match rate for CHIP that was established by the Affordable Care Act for FY 2018 and FY 2019. The enhanced federal match rate will decrease to 11.5 percentage points in FY 2020 and return to the regular CHIP match rate for FY 2021 through FY 2023. The second provision extends the requirement for states to maintain coverage for children from 2019 to 2023. After October 1, 2019, the requirement is limited to families with incomes at or below 300 percent FPL.

The "child nutrition programs," including the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), are primarily authorized by permanent statutes, the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966. These statutes and programs were last reauthorized by the Healthy, Hunger-Free Kids Act of 2010. The Consolidated Appropriations Act, 2018 provided funding for WIC through September 30, 2018, and a continuing resolution has extended funding into FY 2018.

The TANF program was created in 1996 (P.L. 104-193) and replaced the Aid to Families with Dependent Children (AFDC). TANF is administered by the U.S. Department of Health and Human Services and is an entitlement to the states. The basic TANF block grant has been set at $16.5 billion each year since 1966; as a result, the real value of TANF has fallen by almost 40 percent because of inflation.

TANF has four program goals:

- To provide assistance to needy families so that children can be cared for in their own homes or in the homes of relatives;
- End the dependence of needy parents on government benefits by promoting job preparation, work and marriage;
- Prevent and reduce the incidence of out of wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- Encourage the formation and maintenance of two-parent families.

Since program authorization expired in 2010, Congress has continued TANF with short-term extensions rather than a full reauthorization. The most recent extension was part of the Labor, HHS and Defense federal fiscal year 2019 appropriations bill enacted September 28, 2018. This act extended TANF and the TANF Contingency Fund at current funding levels. TANF is currently set to expire December 7, 2018.

The Ryan White Human Immunodeficiency Virus (HIV)/ Acquired Immune Deficiency Syndrome (AIDS) Treatment Extension Act of 2009 (P.L. 111-87) authorized the program, which is the largest federal program specifically dedicated to providing HIV care and treatment. The legislation was first enacted in 1990. The program has been extended through the federal appropriations process since expiring in 2013. Despite no reauthorization from Congress, appropriations can continue because the act is not a self-repealing appropriation. The public health mission of the DSHS HIV Care Services Program (Ryan White Part B) is to improve access to quality treatment for Texas residents living with HIV who are low-income, uninsured, or underinsured. Program goals are to reduce unmet needs for HIV-related medical care, promote consistent participation in care, maximize the number of people with a suppressed viral load, and reduce HIV transmission. The program has been adjusted each year to accommodate new and emerging needs, such as increased emphasis on core medical services. DSHS continues to monitor appropriations and assess the implementation of the ACA to determine potential fiscal impact to the state.

Agency Specific Federal Issues

This section includes information on federal funding issues affecting specific Texas HHS agencies.

Disability Determination Services Program – HHSC

The Disability Determination Services (DDS) program is 100 percent federally funded by the Social Security Administration (SSA) and is exempt from the sequestration legislation.

The DDS program has operated under a federal hiring freeze the last few years. Staffing levels have been down since 2014, currently DDS has 256 vacant positions. While the program continues to perform better than the national average, DDS continues to work with the SSA to discuss alternatives for workload capacity and staffing strategies.

Early Childhood Intervention – HHSC

Early Childhood Intervention (ECI) is a statewide program for families with children, birth to three years old, with disabilities and developmental delays. Based on available appropriations, HHSC funds a portion of the total ECI program budget through a variety of state and federal funding sources including:

- General Revenue;
- Foundation School Funds;
- Individual with Disabilities Education Act (IDEA) Part B;
- IDEA Part C;
- Temporary Assistance for Needy Families (TANF); and
- Medicaid.

The Program for Infants and Toddlers with Disabilities (PART C of the IDEA) is the largest funding source for the ECI program. The federal agency administering IDEA Part C funding is the Office of Special Education Programs (OSEP), which is part of the Department of Education. The federal requirements for ECI are similar to regulations for public education and require states to provide all eligible children with early intervention services as defined by 34 C.F.R. §303.13, although states determine the eligibility requirements. Despite federal regulations requiring the ECI program to largely function as an entitlement program where any child who is screened eligible is served, IDEA Part C funding for the program is capped. 34 C.F.R §303.732 requires that for each fiscal year, the Department of Education will allot IDEA Part C funds to each state in an amount that bears the same ratio to the aggregate amount as the number of infants and toddlers in the state bears to the number of infants and toddlers in all states. Federal funding has remained fairly level for multiple years, despite increased population and caseload growth in Texas.

Public Health Preparedness – DSHS

The 2013 reauthorization of the 2006 Pandemic All-Hazards Preparedness Act provided states and independently funded jurisdictions with funding for public health and medical preparedness programs, such as the Hospital Preparedness Program (HPP) and the Public Health Emergency Preparedness (PHEP) Cooperative Agreement grants. Additionally, the act provided increased flexibility allowing states to temporarily deploy federally funded state personnel, funded in programs other than preparedness, to meet critical community needs in a disaster. Texas uses dollars from these federally funded programs to fund public health and medical preparedness activities at the local, regional and state level. The current Act is set to expire September 30, 2018. Draft legislation has been introduced for reauthorization.

In FY 2019, Texas received mostly level funding to sustain public health and health care systems preparedness activities.

In FY 2015, Texas received one-time supplemental HPP Ebola preparedness funding. These funds supported hospital preparedness activities including establishing regional treatment centers, assessment of hospitals, and health care coalitions to ensure overall health care system preparedness for Texas; development of a national network for Ebola patient care including establishing the University of Texas Medical Branch as one of approximately ten federally designated regional Ebola and other special pathogen treatment centers; and, the purchase of regional stockpiles of personal protective equipment. This one-time supplemental HPP Ebola preparedness funding will expire June 14, 2020.

In FY 2015, Texas also received one-time supplemental PHEP Ebola preparedness funding. These funds supported eight regional highly contagious infectious disease workshops concentrating on Ebola virus disease; upgraded Texas' laboratory response network capacity to test for Ebola; supported PHEP participating local health departments to prepare for and respond to Ebola; and, the purchase of personal protective equipment for state and regional caches. This one-time supplemental PHEP Ebola preparedness funding expired in June 2017.

Public health and healthcare system preparedness funds remained fairly level in FY 2016, with the exception of PHEP-related funding, which was reduced by approximately $3.6 million. Funding allocations reduced at the state level were shifted by the Centers for Disease Control (CDC) to Zika response in Puerto Rico. Texas was able to mitigate the funding reduction by using carryover funds to continue the PHEP activities associated with the reduced funding, including the funding of local health department PHEP activities. The $3.6 million was restored to Texas by the CDC later that year. In addition, Texas also received one-time supplemental funding from the CDC for Zika Public Health Preparedness and Response (PHPR). These funds were awarded based on the risk of local transmission and could be used to rapidly identify and investigate possible outbreaks of Zika virus, coordinate a comprehensive response to Zika prevention and outbreaks, identify and connect families affected by Zika to community services, and to purchase preparedness resources like mosquito repellant, and supplies for Zika prevention kits. Texas received approximately $6 million in Zika PHPR funds. The Zika funding expired on June 30, 2018.

In FY 18, the CDC established the Public Health Crisis Response (PHCR) funding program. This program established an Approved-But-Unfunded (ABU) list of grantees to enhance the states' ability to rapidly mobilize and respond to public health emergencies identified by the CDC. Texas submitted and was approved for inclusion on the ABU list of grantees. The CDC has used the ABU mechanism twice in FY 19, once for Hurricane Harvey recovery funding and a second allocation funding Opioid Crisis response. Although the funding flow through the Division of State and Local Readiness at the CDC, the response projects are located across divisions within DSHS. Application for inclusion on the ABU is annual. DSHS expects the funding opportunity

announcement in October 2018.

DSHS continues to monitor activities at the federal level in order to assess potential future impacts to public health preparedness funding to Texas. If future federal allocations are reduced to Texas it may diminish state, regional and local public health and healthcare partners' capacity in an all-hazards response. Such capacity may include, but is not limited to; epidemiologic surveillance; investigation and response to disease outbreaks and environmental health concerns; provision of medical surge of essential healthcare providers and services; and, planning, training and exercising efforts for mitigating the health impact of natural and man-made disasters.

Title V Maternal and Child Health Services Block Grant – DSHS/HHSC

The federal Maternal and Child Health Block Grant is authorized under Title V of the Social Security Act and is the longest-standing public health legislation in American history. The original authorization occurred in 1935. The Title V block grant funds essential maternal and child health services while maintaining state flexibility in determining priority needs to improve the health and well-being of women and children. The federal Health Resources and Services Administration (HRSA) determines the allocation formula for the Title V Maternal and Child Health Services Block Grant using the American Community Survey poverty estimates. The formula is based on the number of children living in poverty (in an individual state) as compared to the total number of children living in poverty in the United States. As a Title V Block Grant recipient, the State of Texas is required to spend at least 30 percent of funds on children and adolescents, at least 30 percent of funds on children with special health care needs, and no more than 10 percent on administrative costs. Texas is also required to submit an annual application and report to HRSA, submit a statewide needs assessment every five years, and report ongoing needs assessment findings in each annual block grant application. The last five-year needs assessment was submitted in July 2015.

Recently, the block grant underwent a transformation to focus on reducing reporting burden, maintaining flexibility, and increasing accountability to improve the ability of states to tell a more coherent and compelling narrative about the impact of Title V funding in their state. As part of the block grant transformation, guidance was issued to states to streamline reporting and reduce the number of performance measures. Data from the statewide and ongoing needs assessments informed the selection of state-identified priority needs, National Performance Measures, and State Performance Measures through which to track progress in improving maternal and child health in Texas. Through the implementation of data-driven, evidence-based initiatives, Texas remains committed to the Title V vision of improving the health and well-being of the nation's mothers, infants, children and youth, including children and youth with special health care needs and their families.

Affordable Care Act Funding to the HHS System – HHSC/DSHS

In 2010, the Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Affordability Reconciliation Act of 2010, collectively known as the ACA, were signed into federal law.

The ACA established the Prevention and Public Health Fund (PPHF) to provide expanded and sustained national investments in prevention and public health, improve health outcomes, and to enhance health care quality. Beginning in 2010, the PPHF began funding public health efforts such as building public health infrastructure for immunizations, tobacco prevention, and public health workforce and training. Since 2010, funding for certain core public health activities has shifted from CDC appropriated funds to funds made available through the ACA PPHF. Texas has received funding for several core public health activities through the PPHF including breast and cervical cancer screenings, suicide prevention, the Preventive Health and Health Services Block Grant, abstinence education programs, and several chronic disease prevention activities. Although additional funding has been received, the Affordable Care Act has caused increases in caseloads which have resulted in additional significant cost to the state of Texas.

Beginning in calendar year 2014, ACA required covered entities under Section 9010 to pay the ACA health insurance provider (HIP) fee. The fee is an excise tax, and therefore is non-deductible for federal tax purposes. Covered entities were assessed the calendar year 2016 ACA HIP fee based on premiums paid to the affected Managed Care Organizations (MCOs) and Dental Maintenance Organizations (DMOs), or "insurers," in calendar year 2015. The 2016 payment by the insurers was made to the Internal Revenue Service by September 30, 2016. HHSC reimbursed insurers for this payment in March 2017. The total FY 2017 ACA HIP fee payment to all MCOs/DMOs (including HHSC and DSHS programs) was approximately $275 million, of which $113.1 million was state general revenue.

The payments to the affected MCOs and DMOs included three parts:

- The amount of the health insurance provider fee attributable to Texas Medicaid and CHIP premiums;
- The federal income tax liability, if any, that the insurer incurs because of receiving HHSC's payment for the amount of the ACA HIP Fee; and
- Texas state premium tax attributable to the capitation adjustment.

Certain insurers are exempt from the ACA HIP Fee. Notably, insurers that are non-profit, owned by public entities, or have greater than 80 percent of gross revenues from government supported programs that target low-income, elderly, or disabled populations. The federal Consolidated Appropriations Act, 2016, included a one-year moratorium in calendar year 2017 on the ACA health insurance provider's fee. The

moratorium pertains to calendar year 2016 premium revenue, which in Texas Medicaid/CHIP would have been paid in FY 2018 under the current process for reimbursing MCOs. Enacted on January 22, 2018, along with the continuing resolution legislation, H.R. 195, Division D - Suspension of Certain Health-Related Taxes, Section 4003, also suspends collection of the fee for the 2019 calendar year.

In 2015, the Texas Attorney General filed a lawsuit with five other states over the legality of assessing this fee on Medicaid and CHIP programs. On August 21, 2018, the United States District Court for the Northern District of Texas, Wichita Falls Division, ordered the Internal Revenue Service to repay Texas and five other states more than $839 million dollars.

Beginning in June 2015 under the ACA, certain public and mental health activities were covered by private health insurance plans. These activities included: infectious disease control, prevention, and treatment; health promotion and chronic disease prevention; laboratory services; primary care and nutrition services; behavioral health services; community capacity; and state-owned and privately-owned hospital services.

The HHS system agencies continued implementing certain ACA-related programs and initiatives during FY 2018, such as the Community First Choice program. The status of these programs or initiatives is addressed below**.**

Community First Choice – HHSC

Community First Choice (CFC) is a set of services available to people with disabilities who are enrolled in Medicaid, meet an institutional level of care, and have a need that can be met through a CFC service. This includes people receiving services through one of the four intellectual and developmental disability waivers administered by HHSC, including Home and Community-based Services (HCS), Texas Home Living (TxHmL), Deaf Blind with Multiple Disabilities (DBMD), and Community Living Assistance and Support Services (CLASS). CFC is also available to eligible individuals enrolled in STAR, STAR Health, STAR+PLUS, or STAR Kids. States that offer CFC receive a 6 percent increase in federal matching funds for these services, which are provided as a state plan benefit.

Beginning in FY 2015, Texas provided the following CFC services:

- Personal Assistance Services
- Habilitation Services
- Emergency Response Services
- Support Consultation Services

Disproportionate Share Hospital Program Reductions – HHSC

States make Medicaid Disproportionate Share Hospital (DSH) payments to hospitals serving a disproportionate share of low-income patients and experiencing high levels of uncompensated care costs. While DSH payments predate the ACA, the ACA included reductions to state DSH allotments.

Subsequent legislation has delayed implementation dates, most recently the Bipartisan Budget Act of 2018 shifted the reductions to FY 2020 through 2025. The ACA provisions related to expanded coverage through private insurance and Medicaid were intended to reduce the amount of uncompensated care covered by hospitals and providers, however, certain Medicaid expansions mandated by the ACA were determined by subsequent court actions to be optional to states.

On July 6, 2018, in the *Federal Register*, the federal government released disproportionate share hospital preliminary allotments for FFY 2018. The allotment for Texas was $1,074.8 million in federal funds, as compared to the FFY 2017 preliminary allotment of $1,049.6 million in federal funds. The non-federal share is determined by the annual FMAP percentage.

Provider Enrollment Fee – HHSC

HHSC collects this fee for long-term services and supports providers. The provider screening and enrollment fees are defined as payments from medical providers and suppliers required by the federal Centers for Medicare and Medicaid Services (CMS) as a condition for enrolling as a provider in the Medicaid and CHIP programs. The state collects and receives the funds as Appropriated Receipts - Match for Medicaid. Collected funds may be expended as authorized by federal law to support provider enrollment. In the event revenues collected are greater than expenditures, any unused fee balances shall be disbursed to the federal government as required by federal law.

Healthcare Transformation and Quality Improvement Program 1115 Waiver – HHSC

Texas received approval for the Section 1115 Transformation Waiver in December 2011. The five-year demonstration waiver allowed Texas to expand its use of Medicaid managed care to achieve program savings while preserving locally funded supplemental payments to safety net hospitals. In May 2016, the federal government extended the waiver through December 2017. In December 2017, CMS approved a five-year extension of the waiver from October 2017-September 2022, or Demonstration Years 7-11. The waiver includes an Uncompensated Care (UC) pool and a Delivery System Reform Incentive Program (DSRIP) pool. The UC pool provides payments to hospitals and other providers for a portion of their

uncompensated care. DSRIP payments are made to hospitals and other providers based on the implementation of initiatives which improve health care quality for Medicaid and low-income populations. The non-federal share for the waiver supplemental payments is primarily provided by local governmental entities. See **Chapter V** for additional information about the 1115 Waiver.

Social Services Block Grant – HHSC/DFPS/DSHS/TWC

Title XX Social Services Block Grant (SSBG) funds are appropriated by the Texas Legislature to Texas state agencies to help meet specified social service needs for defined low income and at-risk populations.

Title XX was made a block grant by the Omnibus Budget Reconciliation Act of 1981, PL 97-35. Under this block grant, the state may provide social services directed at the goals of Title XX and may make expenditures for administration and training. The goals for the individuals served include:

- Achieving or maintaining self-sufficiency - economic, physical, and otherwise to include preventing, eliminating, or reducing dependency;
- Preventing or remedying neglect, abuse, and exploitation of children and adults, and preserving, rehabilitating, or reuniting families;
- Preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and
- Securing referral or admission for institutional care when other forms of care are not appropriate or providing services to individuals in institutions.

Achievement of these goals is sought through several programs administered by HHSC, DFPS, and the Texas Workforce Commission (TWC).

As in previous years, the FY 2018 federal budget includes language that allows for 10 percent of TANF funding to be transferred to SSBG. For FY 2018, Texas received a slight increase from $134.5 million in FY 2017 to $136.1 million in FY 2018 due to demographic factors.

Money Follows the Person – HHSC

In 2007, HHSC and DADS successfully competed for a Deficit Reduction Act of 2005 Money Follows the Person (MFP) Demonstration grant award to build upon and enhance its existing Promoting Independence and Money Follows the Person initiatives. The MFP Demonstration provides financial incentives to move individuals from institutions to community settings and includes an enhanced FMAP for client services costs. The MFP Demonstration helps people who are living in a nursing facility or intermediate care facility for individuals with intellectual disabilities

(ICF/IID). It provides individuals long-term services in the community setting of their choice without having to be placed on an interest list. The MFP Demonstration also supports direct services, such as behavioral health and relocation assistance, as well as projects designed to enhance the infrastructure of community based services. Examples of projects include customized employment services and enhanced services and service coordination for people with intellectual and developmental disability with complex medical/behavioral health needs.

Congressional authorization for the MFP Demonstration ended September 30, 2016. CMS awarded a supplemental grant for states to implement sustainability strategies. Supplemental funds allocated by Congress were less than expected. As a result, the state will close-out activities one year earlier than expected. Transitions from institutional services to home and community-based services will continue as before the state received the MFP Demonstration grant. The state will no longer collect the enhanced match for individuals who transition after December 31, 2017. The MFP Demonstration funded projects will conclude no later than the end of FY 2019. All MFP funding must be expended by the end of FFY 2020.

Hurricane Harvey

On August 25, 2017, Hurricane Harvey made landfall as a Category 4 hurricane striking the southeast coast of Texas. Governor Greg Abbott declared a state of disaster in 30 Texas counties. On August 25, the president declared a major disaster exists in the state of Texas and subsequently requested an appropriation of $7.85 billion in federal resources for the response and initial recovery efforts related to Hurricane Harvey. HHSC and DSHS, in conjunction with the Texas Department of Public Safety, Division of Emergency Management, applied for federal funding from Federal Emergency Management Agency (FEMA). HHSC continues to request funding from other federal agencies as it becomes available, to assist with continued Hurricane Harvey recovery efforts. Below in **Figure VI. 2** are federal funding amounts received or requested as of this report:

Figure VI.2 Hurricane Harvey Federal Funding Received by HHS Agencies – 2018-19 ($ in millions)

Agency	Federal Funding	Amount
HHSC	Medicaid	$43,651,685
HHSC	FEMA Disaster Case Management	$45,098,076
HHSC	Crisis Counseling - Immediate Services Program	$2,831,322
HHSC	Crisis Counseling - Regular Services Program	$11,156,585
HHSC	SAMHSA Emergency Response Grant (SERG)	$4,300,000*
HHSC	Other Needs Assistance (ONA) Client Services	$302,533,662

HHSC	Other Needs Assistance (ONA) Administrative	$4,855,551
HHSC	Food Benefits at 100 percent	$786,409,937
HHSC	FEMA Disaster Public Assistance	$25,711,959*
DSHS	FEMA Disaster Public Assistance	$14,891,160
	Total HHS	**$1,241,439,937**

**Requested as of September 14, 2018*

Federal Funds Enhancement Initiatives

The Texas HHS agencies were successful in efforts to enhance revenue and maximize the use of federal funds to provide services during the last fiscal year. By working with various federal agencies, the state identified expenditures where additional federal funds could be accessed and qualified for new opportunities to bring additional money to Texas. Agencies continue to seek available funding and identify innovative ways for increasing access to federal funds to support the state's mission and interests related to health and human services.

TANF Contingency Fund – HHSC

TANF Contingency fund provides states with additional federal funds to help meet the needs of low-income families during periods of economic downturn. States may access TANF Contingency funds by meeting certain criteria. Contingency funds may be used only in the fiscal year for which they are awarded and may not be carried over for use in a succeeding fiscal year. These funds can be used for any purpose for which regular TANF funds are used.

Unlike the regular TANF block grant which provides a fixed funding amount to states, the TANF Contingency Fund provides additional TANF funds to states when certain criteria are met. Previously, Texas has met the requirements, based on SNAP caseload. Since 2012, Texas has received over $340.8 million in funding through the TANF Contingency Fund. If the state remains eligible and if Congress continues appropriations, HHSC will continue to apply for TANF Contingency Funds.

In 2018 Texas applied for and received approximately $53.9 million in additional funds requested through the TANF Contingency Funds grant. A 2019 application will be submitted if Congress appropriates funding.

VII. PROVIDER RATE CONSIDERATIONS AND METHODOLOGY

Overview of Provider Rate Considerations and Methodology

Direct services received by Health and Human Services clients are predominantly provided through the private sector and local public entities. While state employees determine client eligibility and provide regulatory services, medical, residential and social services are generally received by clients in residential or community settings from private and local public-sector individuals or entities.[1] These providers may also serve people who do not receive state-funded services.

The provider community expects, at a minimum, to be reimbursed for the cost of rendering service, and most providers operate as a business, desiring the opportunity to earn a profit when providing efficient care which meets regulatory standards. The Texas HHS system should provide adequate reimbursement to permit client access to necessary and efficiently delivered services of acceptable quality for clients enrolled in state-funded programs.

Reimbursement rates for Medicaid providers are not all established on a cost basis. HHSC develops approximately 46,344 different rates, primarily for the Medicaid program. Of this amount, 360 rates are for health maintenance organizations; 1,000 are for long-term services programs; 1,000 are for nursing facilities; 25 for child foster care services; 43 for School Health and Related Services (SHARS); 515 for inpatient hospital standard dollar amounts; 326 for inpatient hospital diagnostic-related groups; 40,000 for physicians and other professionals; 2,300 for durable medical equipment; and 700 for therapy providers. HHSC uses different methodologies dependent upon the information that is available to HHSC and to the public to evaluate the appropriate rates to reimburse providers. The Centers for Medicare and Medicaid Services (CMS) requires reimbursement rates for client services be "consistent with efficiency, economy, and quality of care" and be "sufficient to enlist enough providers so that services are available to beneficiaries at least to the extent that those services are available to the general population." Many Texas Medicaid providers do not receive reimbursement rates sufficient to cover costs incurred to provide services for Medicaid clients and rely on other revenue sources to be able to operate and serve Medicaid clients. The difference between the cost of providing care and the Medicaid reimbursement rate is sometimes referred to as the "Medicaid shortfall."

[1] State employees also provide mental health and residential services at state hospitals, state supported living centers and state centers.

Appendix F3 illustrates the estimated fiscal impact of a 1 percent rate change in provider reimbursement. The 1 percent rate increment can be used to estimate most of the fiscal impact to the state for each 1 percent rate increase or decrease in provider reimbursement. It is important to note that the table does not include all costs to the state related to the cost of rate changes for services delivered through the managed care model.

Appendix F1 shows overall rate changes required to recognize increases or decreases in costs incurred by providers based on various methodologies. Without additional funding for rate increases, rising costs incurred by providers could erode the quality of services delivered and could result in access-to-care problems for clients if fewer providers are willing to deliver services for the level of Medicaid reimbursement, unless providers can adjust their business practices to reduce costs. **Appendix F2** provides estimates for a $1 per hour increase for long-term services and supports attendant wages.

In addition to the rate tables, information is provided on several specific rate issues, including supplemental payment programs, hospital inpatient rates, nursing facility financing, long-term services and supports and compensation for attendant workers.

Relationship between Fee-For-Service Rates and Managed Care Capitation Rates

Fee-For-Service rates are of obvious importance in the Fee-For-Service system, and are paid for each eligible service from claims submitted to the state. Fee-For-Service rates are also of importance in the managed care delivery system for several reasons.

Fee-For-Service rates are used as a reference tool in certain ways. Many contracts between managed care organizations (MCO) and providers incorporate payment rates based on a percentage of the Fee-For-Service rate for the same service. HHSC requires managed care organizations to pay rates to Medicaid providers that follow the reimbursement principles that are "consistent with efficiency, economy, and quality of care" and are "sufficient to enlist enough providers so that services are available to beneficiaries at least to the extent that those services are available to the general population." HHSC does not require MCOs to use the Fee-For-Service rates, and some MCOs use proprietary reimbursement structures and alternate reimbursement models. These arrangements are negotiated contracts between the MCO and the Medicaid provider to which HHSC is not a party.

Fee-For-Service rate changes are often incorporated into the calculation of managed care capitation rates. Managed care capitation rates are paid to an MCO

per member per month with the expectation that the MCO will manage payments for services to providers on behalf of their enrolled clients through contractual arrangements with providers. HHSC establishes managed care capitation rates using a mathematical analysis that evaluates past experience, risk, and Fee-For-Service rate modifications.

In addition, in accordance with Texas Government Code section 533.00251(c)(1), HHSC is responsible for setting the minimum reimbursement rate paid to a nursing facility in the managed care program. HHSC also produces "proxy" rates for former Fee-For-Service services that have been totally carved in to managed care such as Community Based Alternatives and STAR+PLUS Community First Choice, to facilitate MCO capitation development.

HHSC also administers the Nursing Facility Direct Care Rate Enhancement program for the MCOs and is working with the managed care plans to increase HHSC oversight of the Community Care Attendant Compensation Rate Enhancement program.

Costs presented in **Appendices F1, F2** and **F3** include costs for services delivered through both the Fee-For-Service and managed care systems and include managed care premium tax costs (1.75 percent of managed care premium impact).

Impact of HHS Transformation on HHSC Rate Setting Functions

As part of the HHS Transformation, the Sunset Commission recommended rate analysis and rate setting functions for the HHS system should be consolidated at HHSC. HHSC has transitioned rate analysis responsibilities to the HHSC Rate Analysis Department for several programs, including the Comprehensive Rehabilitation Services program, the Healthy Texas Women program, the Substance Use Disorder program, and others. Many of these programs had reimbursement structures that were paid through contracted amounts. In some cases, these programs will be transitioned to reimburse providers according to a fee schedule with rates that are aligned with the Medicaid reimbursement rate for a similar or identical service.

Additionally, implementation of a Sunset Commission recommendation to transfer the staff who perform desk reviews for cost reports collected from Long-Term Services and Supports providers from the Office of Inspector General to the HHSC Rate Analysis Department has greatly improved completion rates. Annual completion rates for cost report desk reviews has improved from below 40 percent to 100 percent. The accurate and complete desk review of cost reports ensures that reimbursement rate estimates for these providers are based upon only allowable expenditures in accordance with the established methodology.

HHSC also provides rate analysis services for other state agencies. Following the 85th Legislative Session, the Department of Family and Protective Services (DFPS) contracted with HHSC to provide rate analysis services. This contractual arrangement is a statutory requirement. HHSC evaluates costs and develops rates for DFPS' 24-hour Residential Child Care program and the Supervised Independent Living Program. DFPS proposes and adopts rules for its programs. HHSC's other clients include the Texas Department of Criminal Justice and the General Land Office. These interagency contracts allow Texas to apply HHSC's expertise with rate development for client services programs to other state agencies.

Long-term Services and Supports

One of the primary areas of rates in the Medicaid program is for clients receiving long-term services and supports. These rates are developed for service types where Medicaid is often the sole or primary payer. These rates are most often developed using a custom model or cost report data.

Cost Report Reform

HHSC is currently piloting, with providers of services to individuals with intellectual or developmental disabilities (IDD), a change to the cost reporting process. The pilot program requires submission of cost reports biennially rather than annually beginning with providers' 2018 Cost Reports. IDD providers who participate in the Attendant Compensation Rate Enhancement Program will be required to submit Accountability Reports during the alternate years to determine if spending requirements were achieved according to program rules. Additionally, HHSC is expanding the Cost Report Reform initiative to other Long-term Services and Supports programs that submit cost reports on annual basis. This effort is scheduled to begin January 1, 2019, pending approval from CMS and adoption of amendments to HHSC applicable administrative rules. The expansion of the Cost Report Reform initiative will allow the collection of cost reports from Nursing Facilities, Primary Home Care, Day Activity & Health Services, Residential Care, and Community Living Assistance and Support Services Direct Service Agency and Case Management Agency biennially instead of annually.

HHSC anticipates that this continuous improvement opportunity will benefit providers by reducing administrative burdens on both providers and HHSC.

Apportioning Rate Changes Pro Rata

If appropriations are not adequate to fully fund payment rate increases included in this 2020-21 Consolidated Budget Request for a specific program and the Legislature gives no direction as the distribution of appropriated funds across services and cost areas (e.g., direct care versus indirect care) within that long-term

services and supports program, HHSC will distribute appropriated funds for the program proportionally based on each of the program's service types and cost area ratio of rates as determined in accordance with published reimbursement methodology to existing payment rates. Any rate reductions will be applied in a similar manner.

For example, if the Consolidated Budget Request includes a rate increase of 10 percent for Program A, and Program A's rates were comprised of two cost centers: one a direct care cost center and one an indirect cost center, the 10 percent requested rate increase is a total rate increase for the program, comprised of a 20 percent increase for direct care costs and a 5 percent increase for indirect costs (based on a calculation of the rates at the time the request was determined). Further, if funds were appropriated to cover 50 percent of the requested rate increase (i.e., a 5 percent rate increase overall), the direct care cost center would increase 10 percent (50 percent of the 20 percent increase) and the indirect cost center would increase 2.5 percent (50 percent of the 5 percent increase).

Comparison of Nursing Facility Medicaid Rates to Private Pay Rates

Currently, Medicaid nursing facility rates are less than private pay rates. Data from nursing facility providers' fiscal year 2016 cost reports shows the average daily payment for a Medicaid recipient was $131.33, whereas the average daily payment for a private pay resident was $195.86 and the average daily payment for a Medicare resident was $432.96. It should be noted that Medicare residents are significantly more expensive to care for than Medicaid residents because of their higher acuity levels and need for rehabilitative therapies. A comparison of Nursing Facility Medicaid rates to estimated private pay amounts is detailed in **Figure VII.1**.

While the average daily payment for a Medicaid nursing facility recipient was $131.33, the daily rates paid to the nursing facility providers are individual rates based on the recipients' level of need as determined by the recipient's Resource Utilization Group (RUG) level. Texas currently uses the RUG-III classification system which classifies each recipient into one of 36 RUG groups. The RUG group classifies recipients based on the care the recipient requires as determined by their activity levels, underlying illnesses, the complexity of care they need, their cognitive status, and other variables affecting their care. There is also an additional daily payment rate for qualifying ventilator-dependent recipients and qualifying children with tracheostomies requiring daily care.

Importantly, the figures provided below do not include any nursing facility supplemental payments made under the former nursing facility upper payment limits (UPL) program, the Minimum Payment Amounts Program (MPAP) or the Quality Incentive Payment Program (QIPP).

The UPL and MPAP programs allowed qualified non-state government-owned (NSGO) nursing facilities to receive supplemental payments that covered the difference between the Medicaid base rate and what Medicare would have paid for the care of the resident had Medicare been the primary payor. The QIPP program allows both NSGO and private nursing facilities to receive supplemental payments based upon improvements to certain quality measures.

Figure VII.1 Comparison of Nursing Facility Rates – FY 2016

Procedure Description	Average Medicaid Fee	Average Private Pay	Percent Medicaid to Average Private Pay
Nursing Facility	$131.33	$195.86	67.05%

Nursing Facility Supplemental Payments

In 2012, HHSC created a nursing facility upper payment limit (UPL) supplemental payment program for NSGO nursing facilities. Eligible nursing facilities could apply to participate in this program and, if approved, the nursing facilities could receive supplemental payments based on the difference between the amount paid through Fee-For-Service Medicaid and the amount Medicare would have paid for those same services. As with other supplemental payment programs operated by HHSC, the non-federal share of the supplemental Medicaid payment was funded through intergovernmental transfers (IGTs) provided by the non-state governmental entities that own the participating nursing facilities. Payments were made under the nursing facility UPL program for services provided between October 2013 and February 28, 2015. When the nursing facility UPL program was implemented, there were fewer than 30 NSGO nursing facilities in Texas; because of the incentives under the nursing facility UPL program, an additional 90 nursing facilities transitioned from private to public ownership by the time the program ended.

On March 1, 2015, nursing facility services were "carved-in" to managed care. In other words, the capitated payment HHSC makes to Medicaid MCOs includes funds for nursing facility services provided by nursing facilities contracted with the MCOs. Federal regulations prohibit HHSC from continuing the nursing facility UPL program after the carve-in.

In an effort to continue a certain level of funding to the nursing facility UPL participants, HHSC created the minimum payment amount program (MPAP).

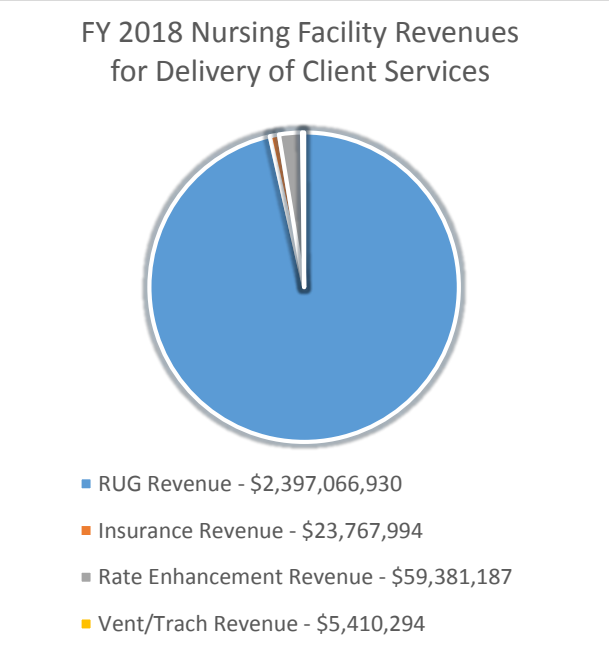
In April 2016, CMS notified HHSC that it had determined that the MPAP IGT responsibility agreement indicated that minimum payments would be made only to nursing facilities that had entered into such an agreement, thereby making MPAP payments contingent upon IGT transfers. CMS went on to state it would not approve any future contract and rate actions containing this arrangement or any

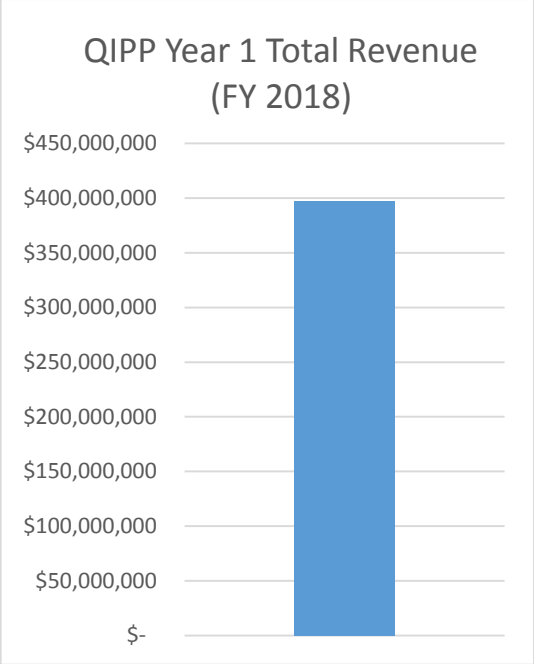
other stipulations on provider payments such as that found in the MPAP. As a result, the MPAP ended August 31, 2016.

To continue supplemental payments to nursing facilities, HHSC implemented QIPP effective September 1, 2017. The non-federal share is provided through IGTs, payment is based upon achievement of quality metrics, and the program is open to both public and private nursing facilities.

In addition to QIPP, nursing facilities can receive additional revenues through the Direct Care Staff Compensation Rate Enhancement program and the Liability Insurance Coverage add-on. For purposes of illustration, the graph below represents the amount of revenue received by nursing facilities through QIPP, the Direct Care Staff Compensation Rate Enhancement program and the Liability Insurance Coverage add-on in proportion to the funds necessary to fully fund the Nursing Facility program per the reimbursement methodology at TAC §355.308.

Figure VII.2 Overview of Medicaid Revenues to Nursing Facilities – FY 2018





Attendant Recruitment and Retention

In response to HHSC Rider 207 of the 2018-19 General Appropriations Act (Article II, S.B. 1, 85th Legislature, Regular Session, 2017), HHSC published the *Community Attendant Recruitment and Retention Strategies* report.

Rider 207 is an expansion of Rider 89 of the 2016-17 General Appropriations Act (Article II, H.B. 1, 84th Legislature, Regular Session, 2015), which requires HHSC to submit a report annually, by August 31, to the Legislative Budget Board and the

Governor on recruitment and retention strategies for community attendants that outlines actual expenditures, cost savings, and accomplishments implementing these strategies.

This report proposed financial and non-financial strategies that may potentially improve the state of community attendant recruitment and retention in Texas. The report reflects HHSC's analysis of data on employment and wages, and strategies used by Medicaid agencies in other states. HHSC also included plans for further research on the issue to be conducted within the next fiscal year.

Attendant Compensation

Direct support workers, typically referred to as "attendants," provide most of the services to clients in a number of community-based programs. Texas faces serious challenges in meeting current and future needs for a stable and adequate attendant workforce. The demand for new attendants in Texas is expected to increase substantially over the next decade because of numerous factors including the aging of the baby-boom generation, the aging of family caregivers, and the increasing prevalence of various disabilities. Meanwhile, retention of attendants has long been a challenge with high rates of job turnover throughout the state. Low compensation is a significant issue, with attendant wages in Texas ranking among the lowest in the nation. The *Community Attendant Recruitment and Retention Strategies* report will assist consideration of financial and non-financial strategies that may improve the retention of attendants.

Appendix F2, Attendant Wages per Hour and Cost of Increasing Attendant Wages by $1.00 per Hour, presents the minimum attendant wages per hour assumed in FY 2019 base payment rates for the various programs, as well as the maximum attendant wages per hour assumed in the FY 2019 rates assuming full participation in one of HHSC's wage enhancement programs.

This table also presents the estimated cost of increasing attendant wages assumed in program rates by $1.00 per hour plus associated payroll taxes and benefits. Costs are presented separately for each individual program employing attendants. Figures presented in this table can be used in calculating the fiscal impact of various wage options for attendants.

General Rate Enhancement Overview

The former Department of Human Services implemented the Direct Care Staff Rate Enhancement and the Attendant Compensation Rate Enhancement programs for nursing facilities and community-based services, respectively, September 1, 2000, in accordance with the General Appropriations Act for 2000-01. The goal of both programs is to improve staffing and compensation levels in nursing facilities and

increased compensation for community care attendants. IID community-based programs were added to the Attendant Compensation Rate Enhancement on September 1, 2010.

Participation in the enhancement programs is optional with providers indicating their desire to enroll and preferred enrollment level during an open enrollment conducted each summer. Funding for enhancement levels is limited to available appropriations. Providers indicate their desire to participate by submitting a signed Enrollment Contract Amendment choosing to enroll and indicating the level of enhanced add-on rate they desire to receive. Requested add-on rate levels are granted beginning with the lowest level and granting successive levels until requested enhancements are granted within available funds. When funds are limited and not all requested levels can be granted, existing levels for each provider are granted priority over newly requested levels.

Providers participating in the Attendant Compensation Rate Enhancement program agree to spend approximately 90 percent of their total attendant revenues, including their enhanced add-on rate revenues, on attendant compensation. The Direct Care Staff Enhancement program for nursing facilities have both staffing and spending requirements. Participating nursing facility providers must spend approximately 85 percent of their total revenues, including their enhanced add-on revenues, on staffing and staff compensation.

HHSC determines each provider's compliance with the rate enhancement spending requirements annually from cost and/or accountability reports. Any participant failing to meet spending and/or staffing requirements for the reporting period is subject to recoupment of the enhanced add-on revenues associated with the unmet spending and/or staffing requirements.

Hospitals

Payment for Inpatient Services

General acute care hospital reimbursement rates for FFS Medicaid clients are set using a prospective payment system (PPS) based on All Patient Refined Diagnosis Related Groups (APR-DRG) patient classification system. Under PPS, each patient is classified into a diagnosis related group (DRG) based on clinical information. Hospitals are paid a pre-determined rate for each DRG stay, regardless of the actual services provided. The rate is calculated using a formula-based standardized average cost of treating a Medicaid inpatient admission (the Standard Dollar Amount or SDA) and a relative weight for each DRG. "Outlier" payments are made in addition to the base DRG payment for clients under age 21 whose treatments are exceptionally costly, or who have long lengths of stay. Currently Medicaid hospital

PPS rates are determined for three hospital categories: Urban, Rural and Children's Hospitals. Freestanding psychiatric hospitals are reimbursed on a per diem basis.

Urban hospitals are defined as hospitals enrolled as Medicaid providers that are located in a metropolitan statistical area (MSA) and do not meet the criteria of a rural, children's or freestanding psychiatric hospital. Urban hospital base rates are set by determining a statewide base SDA for all urban hospitals. These hospitals are eligible for an increase to their statewide base SDA through add-ons (SDA add-ons). Currently urban hospitals may qualify for add-ons related to their geographical wage index, indirect medical education status, trauma designation and safety-net designation. Current urban hospital rates are based on FY 2010 Medicaid inpatient claims data inflated to 2013. The rates set (also known as "rebasing") for FY 2013 were established under budget neutrality, that is, with no additional funding. The rates were set to reimburse providers at approximately 55 percent of total cost. SDA add-on information for the urban hospital rates is validated annually for any changes in trauma designation, safety-net status or teaching status.

The 2016-17 General Appropriations Act (Article II, H.B. 1, 84th Legislature, Regular Session, 2015), included increases for hospital inpatient rates under Special Provisions Relating to all Health and Human Services Agencies, Sections 32 and 59. These increases were implemented September 1, 2015, when the amount of the standard dollar amount (SDA) add-on for trauma-designated hospitals was increased, a new add-on was created for safety-net hospitals and a hospital quality incentive program was created. Increases were primarily funded from the Trauma Account No. 5111. These increases were continued in the 2018-19 General Appropriations Act (Article II, S.B. 1, 85th Legislature, Regular Session, 2017, Rider 46) partially funded with General Revenue. Together, these two changes resulted in an average 8.8 percent increase in inpatient hospital rates.

For Medicaid payment purposes, the definition of rural hospitals was modified in the 2018-19 General Appropriations Act (Article II, S.B. 1, 85th Legislature, Regular Session, 2017, Rider 46) to be hospitals enrolled as Medicaid providers that:

- Are located in a county with 60,000 or fewer persons according to the 2010 U.S. Census; or
- Are designated by Medicare as a Critical Access Hospital (CAH), a Sole Community Hospital (SCH), or a Rural Referral Center (RRC) that is not located in a Metropolitan Statistical Area (MSA), as defined by the U.S. Office of Management and Budget; or
- Meet all of the following:
  - Has 100 or fewer beds;
  - Is designated by Medicare as a CAH, a SCH, or a RRC; and
  - Is located in an MSA.

Before September 1, 2013, rural hospitals were cost reimbursed. Starting on that date, rural hospitals began receiving APR DRG reimbursement pursuant to Texas statute. The rural hospital SDAs are based on their individual hospital cost. The current rural hospital rates were calculated using FY 2010 Medicaid claims data and implemented September 1, 2013 on a budget neutral basis. The rates were inflated to 2014 and have not been updated since that time.

HHSC analysis of rural hospital reimbursement indicates rural hospitals are not being reimbursed all their Medicaid cost. HHSC estimates an increase of approximately $24 million GR for the biennium would be required to bring rural hospital inpatient reimbursement up to cost.

Children's hospitals are Medicaid enrolled hospitals that are designated by Medicare as a children's hospital. On September 1, 2013, children's hospitals transitioned from cost-based reimbursement to APR-DRGs. Children's hospital payments are based on the standardized average cost of treating a Medicaid inpatient admission in a children's hospital. Base rates for children's hospitals are set by determining a statewide base rate for all children's hospitals. The children's hospitals are eligible for an increase to their statewide base SDA through add-ons. Currently children's hospitals may qualify for add-ons related to their geographical wage index, indirect medical education status, and safety-net designation. The current children's hospital SDA rates are based on FY 2011 Medicaid claims data.

Standard Dollar Amount Add-Ons

Trauma − Urban hospitals who are designated as a trauma hospital by DSHS are eligible for an increase to their base SDA through a trauma add-on. For inpatient services with dates of discharge beginning September 1, 2015, the trauma add-on percentages were increased to the following:

- 28.3 percent for hospitals with a Level 1 trauma designation
- 18.1 percent for hospitals with a Level 2 trauma designation
- 3.1 percent for hospitals with a Level 3 trauma designation
- 2 percent for hospitals with a Level 4 trauma designation

Safety Net − The safety-net add-on is an increase to the base SDA to reflect the higher costs of providing inpatient care in a hospital that provides a significant percentage of its services to Medicaid or uninsured patients. The safety-net add on was established for inpatient services with dates of discharge beginning September 1, 2015. To be eligible for the safety-net add-on, a hospital must be an urban or children's hospital that meets the eligibility and qualification requirements described in 1 Tex. Admin. Code §355.8065 (relating to Disproportionate Share Hospital Reimbursement Methodology) for the most recent federal fiscal year for which such eligibility and qualification determinations have been made.

Hospital Outpatient Reimbursement

Outpatient hospital services provided to Fee-For-Service clients are reimbursed at a portion of the hospital's reasonable cost and a maximum ratio of cost to charges (RCC) in effect August 31, 2013. If more recent cost reports reflect a lower RCC, the lower ratio will be used. For children's and state-owned hospitals, reimbursement for outpatient hospital services for high-volume providers is 76.03 percent of the hospital's allowable cost and reimbursement for all other non-rural high-volume providers is 72 percent of the hospital's allowable cost. For outpatient services, a high-volume provider is defined as one that was paid at least $200,000 for FFS and Primary Care Case Management (PCCM)[2] Medicaid services during calendar year 2004. For non-high-volume children's and state-owned hospitals, reimbursement for outpatient hospital services is 72.27 percent of the hospital's allowable cost.

Reimbursement for all other non-rural, non-high-volume providers is 68.44 percent of the hospital's allowable cost. Reimbursement for outpatient hospital services for rural hospitals is 100 percent of the hospital's allowable cost limited by the RCC that was in effect on August 31, 2013, unless a more recently calculated rate is lower.

The 2016-17 General Appropriations Act (Article II, H.B. 1, 84th Legislature, Regular Session, 2015) Special Provisions Relating to all Health and Human Services Agencies (Section 58) directed HHSC to expend certain funds to provide increases in, or add-ons to, Medicaid outpatient provider rates for rural hospitals to ensure access to critical services. To accomplish these legislative objectives, HHSC made the following amendments to the reimbursement methodology for rural hospital outpatient services provided beginning September 1, 2015:

- Increased general outpatient reimbursements up to 100 percent of cost.
- Increased reimbursement for outpatient emergency department services that do not qualify as emergency visits up to 65 percent of cost.
- Created rural hospital add-ons to the outpatient hospital imaging services fee schedule.

[2] PCCM was a managed care option that ended in 2012.

Combined, these changes resulted in an average 1.8 percent increase in rural outpatient hospital rates. HHSC analysis of rural hospital reimbursement indicates that rural hospitals are not currently being reimbursed all their Medicaid cost. Outpatient RCCs were capped in FY 2014 and are no longer increased. HHSC estimates an increase of approximately $25 million GR for the biennium would be required to bring rural hospital outpatient reimbursement up to their Medicaid cost.

Medicaid Shortfall

Medicaid hospital base payment rates do not cover the full cost to the hospital of providing the service. In 2014:

- Inpatient rates covered approximately 57 percent of costs on average for urban Medicaid hospitals and 66.8 percent of costs on average for all Medicaid hospitals; and
- Outpatient rules limit payments to 72 percent of cost for high volume hospitals and 68.4 percent of cost for all others.

The Medicaid shortfall, which is the difference between hospital costs and Medicaid payments, is partially covered by supplemental payments made under the disproportionate share hospital (DSH) program, the uncompensated care (UC) program, and the Uniform Hospital Rate Increase Program (UHRIP).

Supplemental Payment Programs

Supplemental payment programs provide vital funding for Texas's hospital safety-net. These programs include the UC program and Delivery System Incentive Payment Program (DSRIP), DSH, the Network Adequacy Incentive Payment (NAIP) program and the Uniform Hospital Rate Increase Program (UHRIP). All programs except DSH are authorized under the 1115 Waiver. The non-federal share of these programs is funded with intergovernmental transfers (IGT) primarily from public hospital districts and from Local Provider Participation Funds (LPPF). The University of Texas (state-owned) teaching hospitals participate in a Graduate Medical Education (GME) program. The state share of this program is funded by the hospitals with IGT.

Estimated Texas Medicaid hospital payments and supplemental payments totaled $13.862 billion in FY 2016. Only 38.35 percent of these funds came from base Medicaid payment rates; 26.38 percent came from supplemental payment IGTs and 35.27 percent came from federal matching of supplemental payment IGTs.

UHRIP for hospital services was approved by CMS for implementation in March 2017. UHRIP is a provider payment initiative program through Medicaid managed care organizations under which a service delivery area (SDA) may apply to receive

an increase in hospital rates for inpatient and outpatient services for all hospitals in a class. The first program year of UHRIP began with a pilot program that was implemented in December 2017 in the Bexar and El Paso SDAs. UHRIP was extended to the remaining SDAs (except for Travis SDA) in March 2018. The second UHRIP program year commenced in September 2018. The allotment in the first UHRIP program year was $600 million. This was increased to $1.25 billion for the second program year.

While HHSC has administered various supplemental payment programs for more than 30 years, these programs exist in a perpetually changing regulatory environment that exposes them to risks that do not apply to base Medicaid payments. Risks arise from various sources including the funding of the non-federal share of these programs through IGT rather than state general revenue and potential reductions in the available pool sizes or allotments of various supplemental payments.

Known risks include:

- CMS interpretations of federal regulations pertaining to the use of certain types of public-private arrangements such as Low-Income and Needy Care Collaboration Agreements, Collaborative Endeavor Agreements and Public-Private Partnerships.
- New federal managed care regulations limiting the use of IGT Responsibility Agreements.
- Statutory reductions in future DSH allocations under the federal Bipartisan Budget Act of 2018. Reductions are currently scheduled to begin in FFY 2020 at $4 billion a year nationwide; by the final year of reductions, FFY 2025, the reductions will total $8 billion a year nationwide. Specific reductions that will be assigned to Texas are unknown at this time.
- CMS UC pool principles. CMS has indicated it will apply the following principles when determining the size of Texas's UC pool after December 31, 2017:
    - Coverage is the best way to assure beneficiary access to healthcare for low income individuals, and UC pool funding should not pay for costs that would otherwise be covered in a Medicaid expansion.
    - Medicaid should support providing services to Medicaid and low income uninsured individuals.
    - Provider payment rates must be sufficient to promote provider participation and access and should support plans in managing and coordinating care (e.g., UC should not cover costs associated with Medicaid shortfall).
- CMS' position regarding "pay-to-play" arrangements as detailed in the discussion of the nursing facility MPAP above.

Trauma Funds

The 2018-19 General Appropriations Act (Article II, S.B. 1, 85th Legislature, Regular Session, 2017) provided appropriations from the state's trauma fund (GR dedicated Designated Trauma Facility and Emergency Medical Services account 5111) for support of Medicaid trauma-related payments to 290 hospitals. $154 million in annual general revenue appropriation is matched by $203 million in federal funds, which totals $357 million in hospital payments. This trauma payment reduces the size of the Medicaid shortfall at hospitals. HHSC was directed to use these funds to increase hospital inpatient reimbursement through an add-on to the Standard Dollar Amount. The funds increased an already existing Trauma add-on as well as creating a safety-net add on. A quality incentive payment program was created with a portion of the funds. In addition, increases of $30 million of the funds were used for outpatient rural hospital reimbursement.

- This appropriation level includes prior year fund balances as well as current biennium revenues.
  - The Comptroller of Public Accounts Certification of Revenue Estimate for the 2018-19 biennium includes $113.9 million annual revenues for Account 5111
- Use of the fund balance achieves two goals:
  - Use of dedicated account for statutorily authorized purposes.
  - Wind down reliance on GR dedicated funds for GR certification purposes.
- As a result, the annual appropriation level may not be sustainable beyond the 2018-19 biennium (subject to revenue estimate).
- Further revenue may be affected by legislative action as the Driver Responsibility Program and other revenue sources for account 5111 are reviewed.

Indirect Medical Education Add-on Amount Paid Teaching Hospitals

Indirect Medical Education (IME) - Urban hospitals that qualify as teaching hospitals as defined in TAC §355.8052 may receive the IME add-on. The IME add-on is an adjustment to the base SDA to reflect higher patient care costs for teaching hospitals relative to non-teaching hospitals. The current IME add-on is calculated as part of the rebasing process by multiplying the base SDA rate by a Medicare education adjustment factor. The add-on is set at that time and is not adjusted until the next rebasing. If a hospital develops a new teaching program, they will be allowed the add-on at the beginning of the next fiscal year.

Updating the IME add-on using a more current education adjustment factor reflecting changes in the location and number of physician residents was discussed during the 2017 legislative session. The discussions considered three possible approaches to updating the IME add-on:

- An across-the-board update of the adjustment factor using the 2018 data. HHSC's estimate at the time was that updating the adjustment factor would result in an All Funds annual decrease in expenditures of $2.66 million ($1.15 million in General Revenue), and included a redistribution effect such that some hospitals would gain funding and others would lose funding for IME;
- An across-the-board update that is budget neutral i.e. total Medicaid expenditure was held flat, still with a redistribution effect; and
- A "hold harmless" approach using a 2018 adjustment factor but where no hospital would receive less in IME payments than they would if using the adjustment factor currently in use. HHSC's estimate at the time was that this approach would result in an All Funds annual increase of $5.31 million in Medicaid expenditures ($2.29 million General Revenue).

Acute Care Services

Biennial Review of Medicaid Acute Care Fees

Most Medicaid acute care fees are based on the Medicare Relative Value Unit (RVU) system, which is an evidence-based, national standard used to compare the relative value of professional health care services. Based upon empirical measurement, RVUs quantify the relative work, practice expense and malpractice cost associated with each rated service. A total RVU amount, based on the sum of these three components, is then assigned to each Current Procedural Terminology (CPT) code. Rates are typically set at some percentage of the Medicare rate for a similar service. Rates for services that do not have an equivalent Medicare RVU are based on the fees for comparable services, an examination of fees from other states, market rates or other fee analyzer tools.

For the majority of Medicaid acute care programs, agency rules, the Medicaid State Plan or agency policy require fee reviews at periodic intervals. In 2008, HHSC set a goal to review all acute care reimbursement rates at least once every two years and implemented a fee review plan to reach that goal. The intent of the review process was to use a consistent and objective approach to updating rates. Before this initiative, most of the acute care fees had not had a systematic review and had not been updated in six to ten years, in some cases longer. The fee review plan included improving internal processes and assigning a portion of the first level review of acute care fees to the Medicaid claims processing contractor. HHSC added an amendment to the Medicaid claims administrator contract in August 2008 that made the contractor responsible for reviewing and recommending to HHSC changes to approximately one-eighth of approximately 66,000 fees every quarter. HHSC reviews and approves the contractor's work schedule and recommendations, including fee determination and fiscal impact analysis. The first calendar fee review was implemented April 1, 2009. The eighth and final calendar fee review in the first

two-year cycle was completed and implemented January 1, 2011. HHSC continues to update rates based on this established two-year review calendar cycle. One of the results of these fee reviews was the identification and implementation of needed systems changes to allow HHSC to pay separate rates for age groups (children vs. adults) and by place of service (facility or non-facility). It also improved the online fee schedules to allow them to display the most recent fee review dates so that providers will know when the fees were reviewed and revised.

With these reviews, the Texas Medicaid conversion factor that is multiplied by the RVU to determine the payment fee are generally not changed. Conversion factors are revised when appropriations or other considerations warrant an update for fee increases or decreases. Tangible items such as durable medical equipment or physician-administered drugs are reviewed based on available market research and pricing and recommended to be updated as appropriate.

Durable Medical Equipment State Requirements and the 21st Century Cures Act

The 21st Century Cures Act was signed into law December 13, 2016, to help accelerate medical product development. Section 1903(i)(27) of the 21st Century Cures Act provides that federal Medicaid reimbursement to states shall not be made with respect to any amounts expended by a state on the basis of a fee schedule for Durable Medical Equipment (DME) items under Medicare detailed in section 1861(n) of the Act and furnished on or after January 1, 2018, that exceeds certain aggregate limits. Medicare publishes a fee schedule annually, with updates occurring during the course of the year.

The 21st Century Cures Act moved up the date of a provision limiting federal Medicaid reimbursement to states for durable medical equipment prosthetics, orthotics and supplies to Medicare reimbursement rates from January 1, 2019, to January 1, 2018.

The act requires the state to provide an aggregate payment comparison of Medicaid reimbursement to equivalent Medicare reimbursement annually. The first report is due to CMS by March 31, 2019, and will include expenditures for the period of January 1 through December 31, 2018. Any identified overpayments must be returned to CMS or CMS will initiate disallowance proceedings. CMS encourages states to review aggregate DME expenditures quarterly to limit liability by ensuring expenditures are below what Medicare would have paid.

Physicians/Professional Services

Medicaid reimburses all physicians and professionals according to the same fee schedule. Medicaid pays Advanced Practice Nurses and Physician Assistants at 92

percent of the fee paid to physicians for the same service and 100 percent of the fee paid to physicians for laboratory, X-ray and injections. Medicaid also pays Licensed Clinical Social Workers, Licensed Professional Counselors, Licensed Marriage and Family Therapists and Licensed Psychological Associates 70 percent of the fee paid to psychiatrists and psychologists for the same service.

Medicaid currently pays approximately 78 percent of Medicare for physician and professional services to children and 73 percent of Medicare for physician and professional services to adults. This Medicare methodology is based on the primary Medicaid conversion factor of $28.07 for services provided to children and the primary Medicaid conversion factor of $26.73 for services provided to adults. An additional conversion factor of $30.00 was added as an option to increase a rate beyond the normal threshold for children and adults as deemed necessary by medical staff. The Medicare conversion factor for 2017 is $35.80.

Figure VII.3 Comparison of Medicare to Texas Medicaid Conversion Factors For Physicians and Other Professionals

Medicare 2017 Conversion Factor	$35.80
Texas Medicaid 2017 Conversion Factor for Adults	$26.73
Percent of Medicare for Adults	**74.7%**
Texas Medicaid 2017 Conversion Factor for Children	$28.07
Percent of Medicare for Children	**78.3%**

The above **Figure VII.3** does not adequately represent the percentages reimbursed for the most utilized physician procedure codes, which include Evaluation and Management (E&M) services. The E&M services consists of approximately 450 procedure codes that have had minimal, if any, adjustment since 2007. HHSC has maintained the 2007 level RVU's for these procedures codes because of the cost associated with an update. The E&M procedure code grouping includes basic physician office visits, preventative counseling, and established patient periodic visits. Due to the high utilization for these procedure codes, an increase of only $1 to one procedure code represents a cost to HHSC of more than $1 million dollars all funds. Many of these procedure codes remain reimbursed at 40 to 70 percent of the Medicare reimbursement, which is far below the average of approximately 75 to 78 percent of Medicare reimbursement for other Medicaid physician services.

School Health and Related Services

Medicaid services provided by school districts in Texas to Medicaid-eligible students are known as School Health and Related Services (SHARS). The oversight of SHARS is a cooperative effort between the Texas Education Agency and HHSC. SHARS allows local school districts, including public charter schools, to obtain Medicaid reimbursement for certain services provided to students who meet the following requirements:

- Are 20 years of age and younger and eligible for Medicaid
- Meet eligibility requirements for special education described in the Individual with Disabilities Education Act

To be reimbursable through SHARS the services provided must be documented in the student's Individualized Education Program. Services covered by SHARS include:

- Audiology services
- Counseling
- Nursing services
- Occupational therapy
- Personal care services
- Physical therapy
- Physician services
- Psychological services, including assessments
- Speech therapy
- Transportation in a school setting

Providers are reimbursed for medical and transportation services provided under the SHARS Program on a cost basis using federally mandated allocation methodologies. To accommodate participating SHARS districts that require interim cash flow to offset the financial burden of providing for students, an interim FFS claiming system is used. HHSC staff rebase SHARS statewide interim rates on a biennial basis using actual cost data submitted by participating providers via their SHARS cost reports. The current rates can be found at: https://rad.hhs.texas.gov/sites/rad/files/documents/acute-care/2018/2018-shars-rates.pdf. Final reimbursement is arrived at using a cost report, cost reconciliation, and a cost settlement process. This certification process allows the provider to not transfer funds to HHSC for use in drawing down federal funds. The majority of Texas school districts would not have the funds available to provide a state match to draw federal funds and the CPE obviates that need.

The Texas school-based services program is among the largest in the nation in terms of both the number of participating providers and Medicaid reimbursements. The most recently finalized cost report period, FFY 2015, saw the 759 participating Texas school districts receive a total of $628 million in Medicaid reimbursements from the approximately $1.08 billion in total Medicaid allowable costs reported by the districts. These amounts account for a significant portion of the nation's total

school based services costs/payments. The Texas program has grown to now include more than 900 participating districts/public charter schools for FFY 2018. School districts certify that they have used public funds to provide Medicaid eligible services to children enrolled in Medicaid.

CMS has authorized HHSC to retain a 1 percent administrative fee currently scheduled for the first quarter of FFY 2019. HHSC estimates that it will retain approximately $6.04 million in total from the 790 participating providers and will pass through an additional $392 million directly to the participating districts and public charter schools.

Medicaid Administrative Claiming

Texas has operated the Medicaid Administrative Claiming (MAC) program since 1995. The purpose of the MAC program is to provide state-affiliated public agencies in Texas the opportunity to submit reimbursement claims for administrative activities that support the Medicaid program. Texas's MAC program is open to four public entity types:

- Early Childhood Intervention centers
- Local Health Departments
- Local Mental Health Authorities or Local Intellectual and Developmental Disability Authorities
- School districts, including public charter schools and state schools

To participate in the MAC program, an eligible entity must enter into a MAC contract with HHSC. As stated on the Intergovernmental Cooperation Agreement (contract) that is required of all MAC participants, HHSC agrees to pass through to the MAC participants no less than 95 percent of Title XIX federal share of actual and reasonable costs for Medicaid Administration provided by its staff for Medicaid administrative activities under this agreement. HHSC may retain five percent of the Title XIX federal share. Once enrolled, to be claimed through the MAC program, administrative activities performed by the entity must:

- directly support efforts to identify, enroll, and maintain Medicaid eligibility for eligible and potentially-eligible children and adults; and
- directly support the provision of services covered under the Texas Medicaid State Plan.

The following activities have been identified by CMS as eligible for reimbursement:

- outreach
- utilization review
- eligibility determination
- Medicaid referral, coordination, and monitoring
- scheduling or arranging transportation to Medicaid covered services
- translation services
- program planning
- development and interagency coordination
- training
- provider relations
- activities that determine a consumer's need for direct medical care

Dental and Ambulance Services

Most Medicaid acute care fees are based on the Medicare Relative Value Unit system, however, Medicare does not reimburse for dental services. Consequently, HHSC develops dental reimbursement rates with the use of clinical staff and input from professional dental associations and providers. This ensures reimbursement at adequate rates that encourage provider participation. For ambulance services, HHSC determines the fee based on the average of Medicare urban and rural rates.

Dental and Ambulance Supplemental Payment Program

Currently, governmental ambulance and dental providers may receive supplemental payments for costs associated with providing services to Medicaid clients and to the uninsured through the UC program. Beginning in FFY 2019 only charity care costs can be reimbursed through the UC program. Charity care is determined by the provider's charity care policies. An approved provider that meets the required enrollment criteria may receive supplemental payments up to reconciled costs or available funds with the submission of an annual cost report.

Significant Medicaid Fee-for-Service Rate Actions 2012-18

Long-Term Services and Supports (Biennial)

- Nursing Facilities
  - FY 2010-11 – 2.7 percent increase; one percent reduction; additional 2 percent reduction
  - FY 2012-13 – no changes
  - FY 2014-15 – two percent in FY 2014 and four percent in FY 2015 for a total 6 percent increase
  - FY 2016-17 – no changes
- Intermediate Care Facilities for Individuals with Intellectual or Developmental Disabilities (ICF/IID)

- FY 2012-13 – 2 percent reduction
- FY 2014-15 – no change
- FY 2016-17 – 2.02 percent increase

- Community Care other than Home and Community-based Services/Texas Home Living (HCS/TxHmL)
  - FY 2012-13 – Community Based Alternatives (CBA) Personal Attendant Services (PAS) 3.95 percent reduction
  - FY 2014-15 – increases to support $7.50 per hour minimum wage for attendants in FY 2013 and $7.86 per hour in FY 2014;
  - FY 2016-17 – increases to support $8.00 per hour minimum wage for attendants and for increases in the rate enhancement program
- HCS/TxHmL
  - FY 2012-13 – decreases ranging from 1 to 42 percent depending on service
  - FY 2014-15 – no change
  - FY 2016-17 – 2.02 percent increase for two years only for Supervised Living/Residential Support Services (SL/RSS), and Day Habilitation (DH)
  - FY 2018-19 – 20.88 percent decrease only for HCS Supported Home Living and TxHmL Community Support Services

Hospitals (Biennial)

- Inpatient
  - FY 2010-11 – two separate 1 percent reductions
  - FY 2012-13 – moved to statewide standard dollar amount (SDA) for urban hospitals; 8 percent reduction with one-year $20 million hold-harmless
  - FY 2014-15 – 10 percent reduction to outlier payments (children's hospitals exempt); pay adult rates for labor and delivery services provided at children's hospitals; transition children's and rural hospitals from cost-based reimbursement to All Patient Refined Diagnosis Related Group (APR-DRG) reimbursement, with varying SDAs for individual hospitals.
  - FY 2016-17 – 8.8 percent increase in inpatient payments to qualifying hospitals through increased trauma add-on payments, creation of safety-net add-on and hospital quality incentive payments.
- Outpatient
  - FY 2010-11 – two separate one percent reductions
  - FY 2012-13 – eight percent reduction; implemented imaging fee schedule; 40 percent reduction for non-emergent Emergency Room services
  - FY 2014-15 – 5.3 percent reduction and subsequent freeze (children's, rural and state-owned exempt); imaging fees greater than 125 percent of acute care fee reduced to 125 percent of acute care fee; flat fee for non-emergent Emergency Room visits at 125 percent of acute care office visit fee (rural hospitals exempt)

- FY 2016-17 – 1.8 percent increase in statewide average outpatient rates (limited to rural hospitals).

Acute Care (Biennial)

In general, most Acute Care Medicaid services last had a legislatively directed rate increase on September 1, 2007. Many Acute Care provider rates were reduced by 1 percent on September 1, 2010; 1 percent on February 1, 2011; and by varying percentages on September 1, 2011. Significant provider rate actions include:

- Ambulance
  - FY 2010-11 – 29.7 percent increase; two separate one percent reductions
  - FY 2012-13 – [1]Medicare equalization (emergency and Part B deductibles exempt)
  - FY 2014-15 – Fully exempt from Medicare equalization; 5 percent reduction
- Physicians
  - FY 2010-11 – two separate 1 percent reductions
  - January 1, 2013 through December 31, 2014 – Affordable Care Act (ACA) increases for primary care evaluation and management
- Dental Services
  - FY 2010-11 – two separate 1 percent reductions
- Vendor Drug Dispensing
  - FY 2010-11 – two separate 1 percent reductions
  - FY 2012-13 - $0.85
- Therapies
  - FY 2010-11
    - [2]CORF/ORF and Independent Therapist in office setting – three reductions totaling 7 percent
    - Home Health Agencies and Independent Therapist in home setting- two reductions totaling 2 percent
  - FY 2012-13
    - [2]CORF/ORF- 10 percent reduction for evaluations; 19 percent reduction for re-evaluations; 2.5 percent reduction for all other services
    - Independent Therapist- 2.76 percent reduction to Speech evaluations conducted in the home; 10 percent reduction for Speech, Physical and Occupational re-evaluations; 7 percent reduction for all other Speech services
    - Home Health Agencies- 2.76 percent reduction for Speech evaluations; 10 percent reduction for Speech, Physical and Occupational re-evaluations

[1] Reduction in rates for services provided to dual eligible (persons enrolled in both Medicaid and Medicare) to be closer to the Medicaid (lower) rate.

[2] Comprehensive Outpatient Rehabilitation Facility (CORF)/Outpatient Rehabilitation Facility (ORF)

- FY 2014-15
  - [2]CORF/ORF- 2.5 percent reduction
  - Independent Therapist in office setting- 4 percent reduction
  - Home Health Agencies and Independent Therapist in a home setting- 1.5 percent reduction
- FY 2016-17
  - The 2016-17 General Appropriations Act (Article II, 84th Legislature, Regular Session, Rider 50) directed HHSC to achieve at least $50 million in GR savings through rate reductions for acute care therapy services (an average 20 percent rate reduction).
- FY 2018-19
  - 25 percent of 2016-17 reductions restored
  - Therapy assistant reductions implemented: December 1, 2017 (to 85 percent of licensed therapist); September 1, 2018 (to 70 percent of licensed therapist)

VIII. APPENDICES

A. FY 2020-21 LAR Administrator's Statement – HHSC

The Texas Health and Human Services Commission (HHSC) is responsible for the overall delivery of health and human services across the state. This mission is achieved by administering more than 200 programs by nearly 40,000 full-time equivalent (FTE) staff. HHSC's biennial operating budget exceeds $71 billion.

HHSC administers a broad scope of programs in executing its responsibilities, including Medicaid, Children's Health Insurance Program (CHIP), Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Early Childhood Intervention (ECI), Family Violence Program, Disaster Assistance, Healthy Texas Women, state hospitals, and state supported living centers (SSLCs).

As directed by Senate Bill (S.B.) 200, 84th Legislature, Regular Session, 2015, the Health and Human Services (HHS) system recently underwent a holistic transformation. Following Phases One and Two of Transformation, all client service programs, as well as the management and operation of state hospitals and SSLCs, are now aligned under the Chief Program & Services Officer; administrative support is consolidated under the Chief Operating Officer; the Chief Policy Officer coordinates critical programmatic and organizational changes, oversees policy and system improvement projects, and provides regulatory oversight of facility and occupational providers; the Department of Aging and Disability Services (DADS) and Department of Assistive and Rehabilitative Services (DARS) were abolished; and the Department of Family and Protective Services (DFPS) was made a standalone agency that now only receives some administrative support from HHSC (House Bill 5, 85th Legislature, Regular Session, 2017). Additionally, the Department of State Health Services' (DSHS') streamlined structure now solely focuses on its core public health functions.

S.B. 200 was an essential blueprint for organizational restructuring. We embrace transformation because it allows us to tear down operational silos within the HHS system, create a culture that fosters innovation, make data-driven decisions, and reward fiscal accountability. The Legislature envisions, and taxpayers expect, a system that is collaborative with stakeholders and partners, coordinated in its delivery of care and services, innovative in resolving challenges, and fiscally responsible with its management of state funds and resources. While tremendous progress has been made in transforming what we do and how we do it, difficult challenges remain.

HHSC's 2020-21 funding request is the culmination of months of evaluation on how we can do more with less. We viewed each request through the prism of two questions: Is this good for Texas? Is this good for our clients? These tough decisions led us to request funding for a range of programs and to group these requests thematically.

We also solicited and considered stakeholder feedback when determining which exceptional funding requests to include in our 2020-21 Legislative Appropriation Request. This feedback is summarized and included in the HHS System's Consolidated Budget, to be published in October 2018. The sections of this administrator statement that follow highlight some of the agency's greatest needs for the upcoming 2020-21 biennium.

Reduce Community Program Interest Lists

Funding additional Medicaid waiver slots and reducing interest lists are the agency's top priority for the 86th Legislative Session. HHSC operates six long-term services and supports waiver programs for individuals with IDD. These waiver programs allow individuals to live in the community rather than in an institutional setting, such as a nursing facility, intermediate care facility for individuals with an intellectual disability or related condition (ICF/IID), or SSLCs.

Because the demand for community-based services and supports outweighs available resources, HHSC maintains interest lists for the waiver programs until a slot becomes available. As of June 2018, there were more than 263,000 people on interest lists. HHSC also uses targeted slots, separate from the interest list slots, to allow individuals to transition or divert from an institution.

Provide Support for Individuals with an Intellectual or Developmental Disability

For individuals with IDD, HHSC worked with the Centers for Medicare & Medicaid Services (CMS) to receive approval of a state plan amendment to expand Preadmission Screening and Resident Review (PASRR) habilitative services, such as behavioral support, employment assistance, supported employment, day habilitation, and independent living skills training provided through the local authorities to adult Medicaid recipients living in nursing facilities by using federal matching funds in lieu of general revenue. To achieve system efficiencies and comply with federal requirements, HHSC is requesting funding for modernizing the agency's long-term care web portal. Modifications to the portal would allow Local Intellectual & Developmental Disability Authorities (LIDDAs) to record digitally the verification of specialized services provided by contracted providers, and add functionality to ensure specialized services are appropriately assessed, recommended, authorized, verified, and delivered.

The agency is requesting funding for additional long-term services and supports for six Medicaid waiver programs that will support community transitions, reduce interest lists, and provide comprehensive services to people with IDD. Additionally, we are requesting funding to support to individuals with IDD and co-occurring behavioral health diagnoses by replacing expiring Money Follows the Person Demonstration funding.

Increase Inpatient Mental Health Capacity and Maintain Services at SSLCs

Ensuring the safety of people served in state hospitals and SSLCs is one of HHSC's most important responsibilities. Recognizing this, the 85th Legislature made a significant investment in Texas' state hospitals system, appropriating $300 million for new construction or significant repair of state-funded inpatient mental health care facilities. The Legislature's vision included a three-phased approach to address state hospital infrastructure needs. HHSC submitted a comprehensive plan for the three phases of construction. Of the projects currently underway, renovations to add a total of 110 beds are expected to be completed sometime in the 2020-21 biennium.

However, as of May 2018, 817 people were waiting for additional state hospital capacity. Without additional funds, state hospital capacity cannot be increased. Operations funding for expanded state hospital beds in newly completed construction projects is necessary to reduce the time people wait for inpatient psychiatric services and to open up more beds. To implement the second phase of the state hospital comprehensive plan, funding for FTEs currently working on implementation, funded with one-time funds, and additional FTEs to coordinate and manage construction and renovation projects will also be required.

Cost growth, the need for newer client transportation vehicles and laundry equipment, and inflation for food, medical, and other operational costs mean current censuses are not sustainable with current budgets. State hospitals and SSLCs must receive additional funding, decrease the number of people served, or risk not providing the same level of quality care - which could ultimately jeopardize the state's agreement with the Department of Justice or impact hospital certification. Additionally, 2018-19 state hospital appropriations assume revenue generation that is no longer possible, leaving state hospitals with an annual budget shortfall of approximately $18 million.

Similar to state hospitals, the need for community inpatient psychiatric beds consistently exceeds bed availability. Population growth and an increasing percentage of forensic patients in state hospitals has reduced the availability of beds for people who are civilly committed. As a result, large numbers of people with mental illness are waiting in local jails and emergency departments, while waiting

for a community bed to become available. Providing stabilization services close to home facilitates rapid transition back to the community, improves continuity of care, and reduces recidivism. HHSC is seeking additional funds to expand the state's network of inpatient psychiatric beds to provide short-term acute stabilization services for individuals with mental illness. Funding for this item would be used to contract with local mental health authorities (LMHAs) for the purchase of 75 additional inpatient psychiatric beds.

The Legislature's efforts in recent years to increase awareness of and access to behavioral health services have increased the demand for community-based outpatient mental health services, and LMHAs have been challenged to meet this growing demand. At the beginning of fiscal year 2012, more than 7,000 adults and children were waiting for services. In each of the following three biennia, the Legislature made significant investments to expand outpatient capacity. This funding supported a steady expansion of services, and in the past four years, tens of thousands of people have been brought into service. However, demand continues to outpace the supply of services, driven in part by the state's rapid 1.6 percent annual population growth. As a result, HHSC is seeking additional funding to expand outpatient treatment capacity for LMHAs.

Maintain Funding for Community Behavioral Health Services

This past biennium, HHSC's Office of Mental Health Coordination worked with 23 state agencies to continue the long-term implementation of the Texas Statewide Behavioral Health Strategic Plan, as well as continued to expand existing Mental Health First Aid training to higher education instructors and staff as directed by S.B. 1533, 85th Legislature, Regular Session, 2017. The agency made further progress in eliminating waitlists and expanding capacity for community inpatient and outpatient psychiatric services. New funding provided by the 85th Legislature also allowed 14 LMHAs to purchase additional psychiatric hospital beds and reduce community mental health waitlists.

In an effort to continue to increase access to mental health services, we established new collaborative grant programs and continued existing ones. Utilizing funding appropriated by the 85th Legislature, these programs provide services and treatment to Texans with mental illness, those in the criminal justice system, and veterans and their family members.

For the 2020-21 biennium, we hope to maintain fiscal year 2019 funding levels for the House Bill 13 and S.B. 292, 85th Legislature, Regular Session, 2017, mental health grant programs. This will enable HHSC to provide services that will significantly affect mental health gaps throughout Texas by supporting community mental health programs for people experiencing mental illness and reduce recidivism

rates, arrests, incarceration, and wait times for forensic commitments.

Building mental health capacity includes expanding the number of purchased community inpatient beds for short-term acute stabilization services, which also complements the aforementioned request for funding to support new state hospital beds and ongoing implementation of the State Hospital Comprehensive Plan and Statewide Behavioral Health Strategic Plan. To address the increasing demand that is outpacing supply of community mental health and substance abuse services, we hope to expand substance abuse and mental health treatment capacity.

Promote Health, Developmental and Independence Services

HDIS will continue to focus on improving the delivery of services for the upcoming 2020-21 biennium, including collaborating with the Better Birth Outcomes workgroup to focus on maternal and child health issues, promoting brain safety for children, and building on human trafficking prevention efforts. Increasing access to women's health and family planning services for eligible Texas women is a priority for HHSC. HHSC submitted the Healthy Texas Women waiver application to CMS in June 2017, and the agency continues to have discussions with its federal partners regarding the waiver.

To ensure quality client services are provided, we are requesting exceptional item funding for ECI, Blind Children's Vocational Discovery and Development program, and Guardianship Services program. This funding will be used to further the agency's mission of providing necessary services in the most cost effective manner possible.

Enhance Procurement Processes

Through the course of several audits conducted in 2018, HHSC recognized the need for swift, meaningful action to reform procurement operations. Canceled procurements and broken lines of communication jeopardized HHSC's ability to deliver services to Texans who need them. Creating a transition team, HHSC began an extensive internal review, while working with the HHSC Office of Internal Audit, State Auditor's Office, Office of the Governor, Comptroller of Public Accounts, Department of Information Resources, and HHSC Office of the Inspector General.

These reviews looked at all stages of the procurement process, from the determination of need and solicitation, to the evaluation of bids and recommendation for contract award. Each reviewing entity identified problems with HHSC's compliance with the law and provisions of the General Appropriations Act, scoring issues, and alignment with and use of best practices. HHSC also engaged a third-party vendor to perform a comprehensive assessment of the agency's procurement and contracting processes, and to develop a measurable improvement

plan to re-design those processes. After HHSC implements recommendations to improve the procurement and contracting system, the vendor will perform an evaluation of our progress in addressing the root causes of procurement and contracting issues.

While HHSC has begun to address the foundational needs required to operate a compliant, transparent, accountable, and effective procurement system, the agency's next steps are to solidify that foundation and align it with the expectation that HHSC should be a best-in-class operation when measured against public and private organizations. HHSC is also requesting funding and additional procurement and legal staff to support its contracting operations.

Improve Managed Care Oversight

With 92 percent of the Medicaid population served through managed care, HHSC serves primarily in a contract oversight role. To that end, the agency employs a number of oversight tools to verify managed care organization (MCO) compliance with state and federal law, as well as their contract terms. HHSC regularly reviews financial and clinical activities to ensure compliance with policies, procedures, and contract requirements.

In addition to ongoing monitoring through contract deliverables, complaint tracking, and utilization review, in September 2017, HHSC established an on-site operational review process for MCOs. These operational reviews allow HHSC to conduct an in-depth review of MCO operational compliance and performance across a number of areas to ensure policies and practices align with performance standards. A multi-disciplinary team of more than 20 subject matter experts review key functions and requirements as stipulated in MCOs' contract through modules developed based on contractual standards, in addition to MCO staff interviews. MCO contracts also limit allowable expenses and profits, which HHSC monitors through review of quarterly financial data and independent annual financial audits.

We continue to review our managed care oversight processes and will take any additional steps necessary to ensure MCOs meet their obligations to the people we serve. While we do not have a specific funding request at this time, the agency will work with the Legislature to identify future needs to improve its oversight of managed care.

Ensure Security of Client Data

Each day, HHSC repels about 200 million potential cyber-attacks that, if successful, could place the personal data of millions of clients at risk. As the volume and severity of these threats continues to expand, HHSC is seeking additional resources to develop a robust system of risk assessments, security plans, and enhanced

monitoring solutions to prevent data breaches and ensure access to sensitive data is adequately controlled.

Continue Transformation Through Streamlined Program Support

Structural changes to the HHS system in recent years have led to the consolidation of programs, but many of the IT systems and applications that support these programs remain siloed. As a result, HHS now utilizes more than 400 IT applications to support the agency's essential functions, perpetuating the fractured nature of services and operations the Legislature sought to address in S.B. 200.

These applications encompass hundreds of infrastructure systems and duplicative features and interfaces. HHSC is requesting funding for a system-wide business platform that would support a more integrated, client-centric approach to health and human services delivery and management through a common data repository, shared service elements and resources, and mission specific applications capable of supporting multiple programs and missions. Moving to a shared health and human services platform will consolidate and simplify the current complex system landscape. It will also provide multiple benefits for clients and taxpayers, including significant improvements in the efficiency and effectiveness in program operations, increased agility to respond to sudden changes in usage without disruption to service, reduction in security risks, reduction in time to implement system changes, the ability to make continuous system enhancements, and reduced cost for system maintenance.

Fiscal Year 2020-21 Baseline Amounts

The 2020-21 base request for HHSC total $77.3 billion for the upcoming biennium. Of this total, $70.3 billion is for Grants, Client Services, and Food for Wards of the State (90.9 percent of the total baseline request). This baseline request includes adjustments for caseload growth for both Medicaid and CHIP and represent the agency's best estimates at entitlement needs for next biennium at this point in time. HHSC has one exempt position, the Executive Commissioner, and no changes are requested.

We look forward to working with the Legislature, executive branch, clients, and advocates to continue to improve how we serve the needs of Texas.

B. FY 2020-21 LAR Administrator's Statement – DSHS

The mission of the Department of State Health Services (DSHS) is to improve the health, safety and well-being of Texans through good stewardship of public resources by efficiently and effectively carrying out core public health functions. The Legislature, through S.B. 200, 84th Legislature, Regular Session, 2015, restructured DSHS into a highly-focused public health agency and maintained DSHS as a separate agency within the Health and Human Services (HHS) System, while streamlining programs and services. DSHS fully supports and embraces its restructuring as an organization solely dedicated to public health, and appreciates the Legislature's work to better position DSHS to provide statewide public health leadership. As a separate agency within the HHS System, DSHS impacts the health of all Texans by promoting and improving public and population health outcomes.

Over the last two years, DSHS completed a thorough assessment of its structure and operations in light of its new legislative charge to operate with a renewed focus on public health. DSHS is now structured into four new divisions: Community Health Improvement, Consumer Protection, Laboratory and Infectious Disease Services, and Regional and Local Health Operations. These divisions fulfill the agency's mission by:

- preventing, detecting and responding to infectious diseases;
- promoting healthy lifestyles through disease and injury prevention;
- reducing health risks and threats through consumer protection;
- developing evidence-based public health interventions through data analysis and science; and
- providing public health and medical response during disasters and emergencies.

DSHS' transformation has strengthened relationships with public health partners, and fostered collaborations aimed at improving Texas' public health system. As a smaller, more focused agency, DSHS is positioned to lead the state's public health efforts and work more effectively with local health departments across the state. The reorganized DSHS is better able to support local health departments and optimize initiatives designed to promote the health and safety of all Texans.

Additionally, because of its current size, structure and organization, DSHS is more agile in identifying and responding to infectious diseases, biological or chemical threats, and public health disasters. For example, when Hurricane Harvey hit the Texas coast with little time to prepare and with unprecedented effects, DSHS quickly activated the state medical operations center and worked with local, state and federal partners to deploy health and medical assets to assist with medical evacuations. Moreover, DSHS' ability to rapidly organize highly specialized scientific subject matter experts to efficiently direct the expansion of the state's aerial

mosquito vector control efforts exemplifies the agency's capability and capacity for nimble innovation and action as a restructured agency.

Being science and data driven affords DSHS the ability to research and analyze health information to provide key insights to help design evidence-based interventions and measure outcomes. DSHS is now better able to address the root causes of Texas' public health needs through scientific investigation, surveillance and data collection. DSHS' data-driven analysis and response to maternal mortality exemplifies this critical skill set. DSHS is working to measure, analyze and report on maternal death trends and provide evidence-based interventions to help reduce these tragic and often preventable deaths. The Department is also developing public health interventions related to opioid abuse as it relates to maternal mortality through a greater understanding of substance use data, trends, and evidence-based practices.

Although the new DSHS structure has only been in place for a short period of time, DSHS' organizational reinvention is already bearing fruit:

- Agency reorganization aligning complementary functions within the same division.
- Focused effort to strengthen relationships with public health partners, adding value and producing tangible results.
- Collaboration with partners to assess the capabilities and capacities of Texas' public health system and foster improved performance.
- Engagement with stakeholders to identify how DSHS can better meet their needs.
- Creation of a framework that defines DSHS' role as a leader and facilitator of the broader public health system, and its role in directly administering public health functions.

Within this context of renewal and rededication to public health, DSHS developed its 2020–21 Legislative Appropriations Request. The DSHS appropriations request complies with the guidance provided by the Legislative Budget Board and the Governor's Office of Budget and Policy. The LAR addresses the current and future public health needs across DSHS' responsibilities.

The LAR includes nine (9) prioritized exceptional items that span program and infrastructure needs and ensure a stable foundation for state public health services. These exceptional items represent DSHS' refocused mission on public health and seek to provide the Department with the capacity to continue meeting the needs of Texans.

Safeguard the State Public Health Laboratory

The DSHS request supports the state laboratory's ability to continually provide accurate and reliable test results that provide communities, families, and doctors information to prevent adverse health outcomes and death. The laboratory also provides physicians and health care professionals with crucial information needed to diagnose and treat a range of high-risk/high-consequence diseases. The DSHS Laboratory performs public health testing that no other lab in the state performs in order to identify, investigate, and control individual and community disease, and significant health threats. The laboratory faces challenges jeopardizing DSHS' long-term ability to protect the health of Texans. These funds would support existing critical public health testing needs, fully implement X-ALD Newborn Screening, promote a safe and efficient laboratory environment, and ensure the retention of highly-trained laboratory science staff.

Maintain Critical IT Infrastructure

DSHS seeks funds to support seat management and data center services costs. DSHS provides staff access to computers, devices, and related software through a seat management approach. DSHS also uses Data Center Services (DCS) provided by Department of Information Resources (DIR) to support needed infrastructure for its information technology (IT). DSHS does not have sufficient funding to cover seat management and DCS obligations and is requesting funds for this IT infrastructure necessary to carry out public health functions and agency operations vital to serving Texans timely and effectively.

Combat Maternal Mortality and Morbidity in Texas

DSHS requests funding to build upon current efforts that help prevent the incidence of maternal mortality and morbidity among Texas women. DSHS continues working with a range of partners to address maternal mortality and morbidity in the state. DSHS is seeking to implement additional evidence-based and data driven prevention opportunities for improving maternal health outcomes and decreasing maternal mortality and morbidity. These funds would increase current TexasAIM efforts by implementing maternal safety initiatives statewide, provide tools and trainings to ensure identification and care coordination for women at high risk of adverse maternal outcomes, and increase public awareness and prevention activities to ensure moms and babies have the healthiest birth outcomes.

Increase Secure Access to Texas Vital Records

DSHS requests funds to increase the security, data quality, and efficiency of the DSHS vital records office, and improve customer service. DSHS maintains all vital events records in Texas, including birth and death records. These records are a

critical repository utilized by all Texans to establish identity, and they also provide important information on Texas' most pressing public health issues. This item would fund long-term planning for an effective approach to secure Texas vital records; provide capacity to safeguard records; build upon initiatives aimed at improving data quality; address backlogs in processing vital events requests; and, improve responsiveness to customer needs.

Ensure Stability of Technical and Scientific Public Health Positions

DSHS seeks funds to retain technically skilled and scientific staff positions critical to meeting DSHS' public health agency responsibilities. DSHS is experiencing high turnover in specialized public health personnel positions requiring unique experience, training, and education. It can take up to two years to train new hires to be fully effective and independent in their job functions. This item would target salary increases for public health nurses, Texas Center for Infectious Disease nurses, meat safety inspectors, and financial staff.

Detect and Control Tuberculosis in Texas

DSHS requests funds to enhance Tuberculosis (TB) surveillance, investigation, treatment and education activities. TB is a significant public health issue impacting Texans as Texas has a TB rate higher than the national average. Public health activities aim to control the spread of TB, especially in congregate settings such as public and private schools, daycares and hospitals. This item improves TB prevention by providing direct support to local health departments (LHDs) to support TB investigation and response efforts; increase the state's capacity to meet the growing need for complex investigations and response to TB; and address critical infrastructure renovation and repairs needed at the Texas Center for Infectious Disease, the state's tuberculosis hospital.

Increase Usefulness and Accessibility of the State's Public Health Data

DSHS requests funds to improve public health decision making by affording accurate, timely, and user-friendly data to public health policymakers, local health departments, providers, and communities. DSHS plays a critical stewardship role in the management and analysis of public health data. Key partners rely on timely and accessible health trend data to respond effectively to chronic and infectious diseases, behavioral health issues, injuries, and environmental risks. This item would provide tools to better identify emerging and critical public health issues, improve data visualization for increased usability, and provide technological resources to improve customer service.

Bolster Public Health Capacity to Monitor and Respond to Outbreaks

DSHS seeks funds to build its ability to quickly identify emerging infectious disease outbreaks, receive and investigate infectious disease laboratory results, and respond to incidence of high consequence infectious disease. The state's electronic system for processing and categorizing laboratory reports of infectious disease (NEDSS) is at risk of failure due to aging infrastructure. This system is used by DSHS and jurisdictions throughout the state to identify, investigate and combat emerging infectious disease patterns. Additionally, support for the state's Infectious Disease Response Unit capacity is ending, which is utilized by local jurisdictions for surge medical support required during the transport and care of a patient who is infectious with a high consequence disease. This item would stabilize NEDSS, provide more real time analysis of infectious disease data, and maintain deployable health care response teams for high consequence infectious disease incidents.

Replace Vehicles at the End of Their Life Cycle

DSHS seeks funds to replace vehicles that meet or exceed state fleet replacement criteria. DSHS regional staff use state vehicles while providing core public health services throughout the state. Vehicles are also an important need for the Texas Center for Infectious Disease. This item would replace vehicles at the end of their life cycle to save money through reduced fuel, maintenance, and repair costs.

The LAR additionally includes options for a ten percent biennial base reduction following the LBB guidelines. The fiscal impact of the options included in the ten percent reduction schedule total approximately $81.3 million for the 2020–21 biennium. The options included in the schedule would significantly reduce programs critical to protecting public health and impede the department's ability to effectively administer its programs and services.

DSHS submits this Legislative Appropriations Request on behalf of some 3,000 dedicated health professionals across the state working to protect Texans from disease and to enhance their health. DSHS looks forward to continuing to work with the Legislature to improve health and well-being in Texas.

C. 10% Biennial Base Reduction Schedule

HHS agencies submitted items totaling $397.5 million in General Revenue as part of a supplemental schedule required in each agency's LAR. These schedules identify salary savings from holding positions vacant, delayed capital projects, program contract reductions and other actions to reduce spending. Further reductions identified include grant reductions, waiver slot reductions, administrative reductions and closure of mental health facilities. Some, but not all, of these general revenue reductions represents reductions, and in some cases elimination of various HHS programs. Reductions and the impact on FTEs are listed below. Details of the ten percent reductions are shown in the following tables. Some, but not all, of these general revenue reductions would have corresponding federal fund reductions.

Agency Code: 529, HHSC 10 Percent Biennial Base GR Reduction Options Schedule ($ in millions)

Rank	Reduction Item	GR Reduction Amount			Revenue Loss			FTE Reduction	
		FY 2020	FY 2021	Biennial Total	FY 2020	FY 2021	Biennial Total	FY 2020	FY 2021
1	Salary Savings - Hold FTEs Vacant	$4.6	$4.2	$8.8	$5.9	$5.4	$11.3	-	158.6
2	Program Salary Savings - Hold FTEs Vacant	$7.5	$8.1	$15.7	$13.9	$14.7	$28.6	-	457.7
3	Delayed or Deferred Capital Projects	$4.6	$4.6	$9.2	$9.9	$9.9	$19.9	-	7.7
4	Administrative Contract Reductions	$2.2	$2.8	$5.0	$4.3	$5.9	$10.2	-	-
5	Program Contract Reductions	$33.8	$33.8	$67.5	$31.4	$31.4	$62.8	-	-
6	TCCO Reductions	$1.6	$1.6	$3.3	$.0	$.0	$.0	-	-
7	Program Service Reductions	$12.9	$13.3	$26.1	$3.7	$4.1	$7.8	-	0.4
8	Administrative Operating Reductions	$11.2	$11.2	$22.5	$30.4	$30.4	$60.8	-	-
9	1915(c) Waiver Slot Reductions	$63.8	$63.8	$127.5	$99.7	$100.2	$199.9	-	-
10	Grant, Loan or Pass-through Reductions	$8.7	$8.7	$17.4	$.8	$.8	$1.5	-	-
11	Close Mental Health Facilities	$44.0	$44.0	$87.9	$.0	$.0	$.0	-	808.0
12	Program Reductions in Force	$1.7	$1.7	$3.5	$.0	$.0	$.0	-	18.0
	Total	**$196.5**	**$197.8**	**$394.3**	**$200.0**	**$202.8**	**$402.9**	**-**	**1,450.4**

Agency Code: 537, DSHS 10 Percent Biennial Base GR Reduction Options Schedule ($ in millions)

Rank	Reduction Item	GR Reduction Amount			Revenue Loss			FTE Reduction	
		FY 2020	FY 2021	Biennial Total	FY 2020	FY 2021	Biennial Total	FY 2020	FY 2021
1	Community Primary Care Services	$1.4	$1.4	$2.8	$.1	$.1	$.2	8.0	8.0
2	Infectious Disease	$.3	$.3	$.6					
3	Office of Border Public Health	$.2	$.2	$.4				2.0	2.0
4	HHSC Oversight	$.9	$.9	$1.8					
5	Meat Safety Inspections		$4.7	$4.7	$2.4	$4.7	$7.1		143.0
6	Medicaid Trauma Payment to HHSC*	$11.1	$11.1	$22.1					
7	EMS and Trauma Care Systems	$1.5	$1.5	$2.9				0.5	0.5
8	Texas Center for Infectious Disease	$1.5	$1.5	$3.0					
9	Adult Safety Net Vaccine Program	$4.5	$4.5	$8.9	$.1	$.1	$.2		
10	X-Ray Safety Inspections	$3.5	$3.5	$7.0	$4.6	$4.6	$9.2	47.1	47.1
11	HHSC Oversight	$3.6	$3.6	$7.2					
12	HIV/STD Prevention Program**	$12.2	$7.5	$19.8	$106.4	$106.4			
	Total	**$40.6**	**$40.6**	**$81.3**	**$113.6**	**$115.9**	**$16.7**	**57.6**	**200.6**

* This would result in a decrease to federal match for Medicaid.

** This would put at risk over $200 Million in federal HIV/STD grants.

D. Increase Capacity of HHS Community Services (Wait/Interest Lists)

FY 2020-21 LAR
Waiting/Interest List Request
($ in millions)

HHSC	Current Interest Lists April 2018	Percent Eligible	Projected Caseload August 2019	FY 2020			FY 2021			Biennium	
				Additional Caseload at Year End	GR	AF	Additional Caseload at Year End	GR	AF	Additional Caseload August 2021	GR	AF
Comm. Living Asst. & Supp. Svcs. (CLASS)	66,381	33.7%	5,408	600	7.2	19.8	119	$15.2	$41.6	719	$22.4	$61.3
Deaf-Blind w/ Mult. Disab. Waiver (DBMD)	393	30.9%	345	1	0.0	0.0	7	$0.1	$0.2	8	$0.1	$0.3
Home and Community-Based Svcs. (HCS)	92,666	67.4%	25,898	1,825	19.8	49.5	550	$42.9	$107.3	2,375	$62.7	$156.7
Texas Home Living Waiver (TxHmL)	72,680	41.3%	5,124	788	4.8	12.8	117	$10.1	$26.9	905	$15.0	$39.7
Medically Dep. Children's Program (MDCP): SSI	8,379	14.2%	2,208	44	0.8	2.0	45	$2.4	$6.0	88	$3.2	$7.9
Medically Dep. Children's Program (MDCP): MAO	8,967	14.2%	3,651	72	2.2	5.5	74	$6.7	$16.7	146	$9.0	$22.3
STAR+PLUS CBA (MAO only)	12,429	12.8%	19,824	175	1.3	3.4	221	$4.2	$11.1	397	$5.5	$14.4
Total	**261,895**		**62,458**	**3,505**	**$36.2**	**$92.9**	**1,134**	**$81.6**	**$209.7**	**4,639**	**$117.8**	**$302.6**

E. Federal Funds

FY 2018 Top 30 Federal Funding Sources for HHSC ($s in millions)* **			
Number	**CFDA**	**Method of Finance**	**FY 2018**
1	93.778.000	Medical Assistance Program	$16,770,450,690
2	93.767.000	State Children's Insurance Program (CHIP)	$987,030,916
3	93.767.778	CHIP for Medicaid (EFMAP)	$638,939,863
4	10.557.000	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	$553,562,823
5	93.778.004	XIX Medical Assistance Program Administration at 75 percent	$384,325,183
6	97.088.000	Case Management Pilot	$330,000,000
7	93.778.009	School Health and Related Services (SHARS)	$278,533,263
8	93.778.003	XIX Medical Assistance Program at 50 percent	$257,235,888
9	10.561.000	State Administrative Matching for Supplemental Nutrition Assistance Program	$185,119,413
10	93.778.007	XIX Medical Assistance Program Administration at 100 percent	$167,853,626
11	93.959.000	Block Grants for Prevention and Treatment of Substance Abuse	$143,516,956
12	96.001.000	Social Security Disability Insurance	$119,446,579
13	93.667.000	Social Services Block Grant	$95,149,297
14	93.778.005	XIX FMAP at 90 percent	$84,664,990
15	93.778.014	Medicaid − Stimulus	$51,384,376
16	84.181.000	Special Education Grants for Infants & Families w/Disabilities	$44,113,906
17	93.958.000	Block Grants for Community Mental Health	$41,440,075
18	93.045.000	Special Programs for the Aging Title III, Part C Nutrition Services	$38,934,843
19	93.558.667	Temporary Assistance for Needy Families to Title XX	$31,267,821
20	93.558.000	Temporary Assistance for Needy Families	$29,396,968
21	93.788.000	Opioid State Targeted Response	$27,362,357
22	93.796.000	State Survey and Certification of HC Providers & Suppliers Title XIX	$25,790,940
23	93.044.000	Special Programs for the Aging Title III	$25,257,258
24	93.791.000	Money Follows Person Rebalancing Demonstration	$23,824,221
25	93.796.000	State Survey and Certification Title XIX at 75 percent	$22,752,180
26	93.778.018	XIX Medicaid − SST	$20,170,278
27	93.575.000	Child Care and Development Block Grant	$17,035,149
28	93.994.000	Maternal and Child Health Services Block Grants to the States	$12,861,024
29	93.053.000	Nutrition Services Incentive Program	$11,183,533
30	10.557.013	WIC - Breastfeeding Peer Counseling	$10,220,102
HHSC Top 30 Total			**$21,428,824,518**

*Source 2018-2019 data Legislative Appropriations Request 2020-2021

**Excludes employee benefits, certain payments made as a result of local funding sources (Intergovernmental Transfers), and the value of SNAP benefits.

E. Federal Funds, *continued*

FY 2018 Top 30 Federal Funding Sources for DSHS ($s in millions)* **			
Number	**CFDA**	**Method of Finance**	**FY 2018**
1	93.917.000	HIV Care Formula Grants	$126,108,282
2	93.074.002	Public Health Emergency Preparedness	$42,403,321
3	93.994.000	Maternal and Child Health Services Block Grants to the States	$21,546,043
4	97.036.002	Hurricane Harvey Public Assistance	$21,228,200
5	93.940.006	HIV Prevention Program: Category A: HIV Prevention Core	$18,592,183
6	93.539.000	HCR Prevention and Public Health Fund	$17,131,101
7	93.074.001	National Bioterrorism Hospital Preparedness Program	$16,520,524
8	93.268.000	Immunization Grants	$12,674,678
9	93.323.000	Chikungunya Cap Infect Supplement	$11,854,289
10	93.778.003	Medical Assistance Program at 50 percent	$10,125,413
11	93.758.000	Preventive Health and Health Services Block Grant	$8,655,544
12	93.116.000	Project & Cooperative Agreements for Tuberculosis Control	$7,904,006
13	93.977.000	Preventive Health Services-STD Control Grants	$7,353,190
14	14.241.000	Housing Opportunities for Persons with AIDS	$4,960,224
15	93.069.001	Public Health Emergency Preparedness – Zika	$4,629,010
16	93.778.020	Medicaid - Sec 1115 Delivery System Reform Incentive Program (DSRIP)	$4,054,935
17	10.475.000	Coop-Agreements with States Intrastate Meat and Poultry Inspection	$3,376,994
18	93.944.000	HIV/AIDS Surveillance	$2,524,103
19	93.966.000	Zika Health Care Services Program	$2,495,202
20	93.136.003	Rape Prevention Education	$2,335,008
21	93.898.000	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	$1,975,546
22	93.815.000	Domestic Ebola Supplement Epidemiology and Laboratory Capacity	$1,924,305
23	93.305.001	National State Based Tobacco Control Programs	$1,506,724
24	93.940.000	HIV Prevention Activities-Health Department Based	$1,412,609
25	93.817.000	HPP Ebola Supplemental Grant	$1,146,519
26	93.733.000	Sustaining the Interoperability of ImmTrac with HER Systems (HCR)	$1,119,475
27	93.735.000	State Public Health Approaches to Ensuring Quitline Capacity (HCR)	$1,048,935
28	93.757.001	State Public Health to Prevent, Control and Promote School Health	$934,151
29	93.073.000	Birth Defects and Developmental Disabilities	$788,633
30	93.103.000	Food and Drug Administration Research	$785,699
DSHS Top 30 Total			**$359,114,846**

HHS Top 30 Total	**$21,787,939,364**
HHS All Federal Funds Total	**$21,866,871,517**

*Source 2018-2019 data Legislative Appropriations Request 2020-2021

**Excludes employee benefits, certain payments made as a result of local funding sources (Intergovernmental Transfers), and the value of SNAP benefits.

F1. Rate Schedule - Rate Change Based on Current Review of Costs and Cost of One Percent Rate Change. Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

KEY – A - Access based; B - Based on rates from other Medicaid programs; BR - Blue Ribbon file of claims data; CD - Percent of claims data; CR - Cost Reports used for prospective rate - trend to FY 2020-21; T - Trending from current rate to FY 2020-21; M - Based on Medicare rates; PA - Pro forma analysis

Program by Budget Agency	Last Legislative or Federal Rate Increase		Rate Reduction Since Last Rate Increase		Method of Determining Rate Change	Estimated 2018-19 Biennial Cost		Percentage Rate Change to Fully Fund Methodology		Estimated 2020-21 Biennial Cost of Rate Change		Estimated 2020-21 Biennial Cost of One Percent Rate Change	
	Date	Percent	Date	Percent		AF	GR	2020	2021	AF	GR	AF	GR
Long Term Care Programs (Legacy DADS)													
Note 1 Community First Choice (CFC)													
Community Living Assistance and Support Services (CLASS) Attendant and Habilitation	6/1/2015	New program	N/A	N/A	CR	216,691,438	82,961,315	10.45%	10.45%	18,540,100	6,354,619	1,774,938	608,360
Deaf-Blind with Multiple Disabilities (DBMD) Attendant and Habilitation	6/1/2015	New program	N/A	N/A	B	9,993,391	3,938,158	10.45%	10.45%	974,826	334,122	93,326	31,987
Home and Community-Based Services (HCS) Supported Home Living (SHL)	6/1/2015	New program	8/1/2017	20.88%	CR	107,209,595	45,164,300	30.96%	30.96%	25,661,349	8,795,428	828,736	284,049
Texas Home Living (TxHmL) - Community Support Services (CSS)	6/1/2015	New program	8/1/2017	20.88%	CR	98,087,182	38,367,327	30.96%	30.96%	22,304,607	7,644,904	720,330	246,893
Emergency Response Services	6/1/2015	New program	N/A	N/A	PA	79,921	31,039	25.03%	25.03%	19,973	6,845	798	273
Personal Care Services (PCS)	6/1/2015	New program	N/A	N/A	B	4,617,437	1,687,704	9.45%	9.45%	441,188	151,216	46,687	16,002
Personal Care Services (PCS) Behavioral Health Condition	6/1/2015	New program	N/A	N/A	B	13,701,963	5,008,158	9.45%	9.45%	1,309,198	448,723	138,539	47,483
Consumer Directed Services (CDS):													
Financial Management Services (FMS) Fee:													
CLASS and DBMD FMS Fee	6/1/2015	New program	N/A	N/A	PA	1,889,157	723,778	9.45%	9.45%	163,265	55,959	17,276	5,921
HCS and TxHmL FMS Fee	6/1/2015	New program	N/A	N/A	PA	301,844	124,609	9.45%	9.45%	27,612	9,464	2,922	1,002
PCS FMS Fee	6/1/2015	New program	N/A	N/A	PA	2,313,760	845,695	9.45%	9.45%	221,076	75,773	23,394	8,018
CDS Consumer Payment Rates:													
Community Living Assistance and Support Services (CLASS) Attendant and Habilitation	6/1/2015	New program	N/A	N/A	CR	188,800,583	72,283,173	19.13%	19.13%	32,927,999	13,261,751	1,721,114	693,179
Deaf-Blind with Multiple Disabilities (DBMD) Attendant and Habilitation	6/1/2015	New program	N/A	N/A	B	5,168,795	2,036,899	19.90%	19.90%	1,037,140	417,708	52,122	20,992

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Home and Community-Based Services (HCS) Supported Home Living (SHL)	6/1/2015	New program	N/A	N/A	CR	70,367,223	29,643,675	7.54%	7.54%	5,206,652	2,096,979	690,352	278,039
Texas Home Living (TxHmL) - Community Support Services (CSS)	6/1/2015	New program	N/A	N/A	CR	40,443,757	15,819,792	7.54%	7.54%	2,843,934	1,145,395	377,078	151,869
Personal Care Services (PCS)	6/1/2015	New program	N/A	N/A	B	3,387,861	1,441,535	25.48%	25.48%	863,288	347,689	33,878	13,644
Personal Care Services (PCS) Behavioral Health Condition	6/1/2015	New program	N/A	N/A	B	18,608,878	7,918,078	23.97%	23.97%	4,459,995	1,796,263	186,088	74,947
Support Consultation	6/1/2015	New program	N/A	N/A	PA	6,864	2,732	9.45%	9.45%	613	210	64	22
CFC Total						$781,669,649	$307,997,966			$117,002,815	$42,943,048	$6,707,642	$2,482,680
Community Living Assistance & Support Services (CLASS)													
Case Management Services	6/1/2007	2.72%	N/A	N/A	PA	24,500,458	9,380,113	-2.71%	-2.71%	(605,976)	(244,057)	223,354	89,956
Habilitation Services	8/1/2008	0.23%	N/A	N/A	CR	9,175	3,513	10.45%	10.45%	811	327	78	32
Prevocational Services	8/1/2008	0.23%	N/A	N/A	CR	7,918,857	3,031,771	10.47%	10.47%	10,457,041	4,211,573	998,828	402,278
Notes 2 & 3 Employment Assistance	9/1/2013	New service	N/A	N/A	PA	0	0	9.44%	9.44%	0	0	0	0
Note 3 Supported Employment	9/1/2013	88.23%	N/A	N/A	PA	25,788	9,873	9.44%	9.44%	2,083	839	220	88
Note 3 Registered Nurse (RN)	9/1/2007	28.33%	N/A	N/A	PA	1,256,263	480,966	9.45%	9.45%	108,235	43,592	11,454	4,613
Note 3 Specialized RN	1/1/2008	New service	N/A	N/A	PA	26,966	10,324	9.44%	9.44%	2,270	914	240	96
Note 3 Licensed Vocational Nurse (LVN)	9/1/2007	17.17%	N/A	N/A	PA	1,493,681	571,862	5.93%	5.93%	80,674	32,491	13,610	5,481

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Note 3 Specialized LVN	1/1/2008	New service	N/A	N/A	PA	680,001	260,341	5.95%	5.95%	36,723	14,790	6,176	2,488
Note 3 Physical Therapy (PT)	9/1/2009	15.77%	N/A	N/A	PA	1,655,232	633,713	9.45%	9.45%	142,628	57,443	15,088	6,076
Note 3 Occupational Therapy (OT)	9/1/2009	14.83%	N/A	N/A	PA	641,032	245,422	9.44%	9.44%	55,074	22,181	5,832	2,349
Note 3 Speech & Language Therapy (SP)	9/1/2009	22.18%	N/A	N/A	PA	938,638	359,362	9.45%	9.45%	80,699	32,502	8,538	3,439
Notes 2 & 3 Cognitive Rehabilitation Therapy	9/1/2014	New service	N/A	N/A	PA	0	0	7.72%	7.72%	0	0	0	0
Specialized Therapies	9/1/2009	15.77%	N/A	N/A	PA	67,701,746	25,919,925	9.45%	9.45%	5,832,133	2,348,891	616,916	248,463
Notes 2 & 3 Auditory Integration Training / Auditory Enhancement Training	9/1/2009	N/A	N/A	N/A	PA	0	0	9.44%	9.44%	0	0	0	0
Note 3 Nutritional Services	9/1/2009	N/A	N/A	N/A	PA	14,027	5,370	11.74%	11.74%	1,502	605	128	52
Note 3 Behavioral Support	9/1/2009	11.04%	N/A	N/A	PA	2,009,901	769,500	7.72%	7.72%	141,063	56,813	18,272	7,359
Note 3 Respite - In-Home	9/1/2007	3.32%	N/A	N/A	PA	9,892,578	3,787,419	9.45%	9.45%	851,364	342,887	90,092	36,285
Respite - Out-of-Home	9/1/2007	10.10%	N/A	N/A	CR	532,506	203,872	38.32%	38.32%	184,004	74,108	4,802	1,934
Requisition Fees - Specialized Therapies	9/1/2001	New service	N/A	N/A	PA	6,654,147	2,547,571	42.86%	42.86%	2,598,304	1,046,467	60,624	24,416
Assessments:													
Direct Service Agency (DSA) Full Assessment	9/1/2007	2.69%	N/A	N/A	PA	130,195	49,846	9.45%	9.45%	11,456	4,614	1,212	488
Case Management Agency (CMA) Full Assessment	9/1/2007	2.69%	N/A	N/A	PA	161,310	61,758	9.45%	9.45%	14,546	5,859	1,540	621
Note 2 DSA or CMA Partial Assessment	9/1/2007	2.69%	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Support Family Services:													
Note 2 Family Pass-through Payment	9/1/2009	9.05%	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0

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Program by Budget Agency	Last Legislative or Federal Rate Increase		Rate Reduction Since Last Rate Increase		Method of Determining	Estimated 2018-19 Biennial Cost		Percentage Rate Change to Fully Fund Methodology		Estimated 2020-21 Biennial Cost of Rate Change		Estimated 2020-21 Biennial Cost of One Percent Rate Change	
Note 2 Child Placing Agency	9/1/2009	1.28%	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Continued Family Services:													
Note 2 Family Pass-through Payment	9/1/2009	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Note 2 Child Placing Agency	9/1/2009	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Note 2 Transition Assistance Services	9/1/2007	1.46%	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Consumer Directed Services (CDS):													
Financial Management Services (FMS) Fee	9/1/2007	New service	N/A	N/A	PA	12,486,097	4,780,360	9.45%	9.45%	1,075,449	433,137	113,804	45,834
CDS Consumer Payment Rates:													
Habilitation Services	8/1/2009	6.79%	N/A	N/A	CR	121,689	46,589	19.13%	19.13%	21,049	8,477	1,100	443
Note 3 Employment Assistance	9/1/2014	New service	N/A	N/A	PA	10,502	4,021	13.89%	13.89%	1,349	543	98	40
Note 3 Supported Employment	9/1/2013	New service	N/A	N/A	PA	285,507	109,308	13.89%	13.89%	36,011	14,503	2,592	1,044
Note 3 In-Home Respite	9/1/2007	3.71%	N/A	N/A	PA	13,528,976	5,179,631	10.51%	10.51%	1,294,850	521,501	123,238	49,634
Out-of-Home Respite	9/1/2007	10.70%	N/A	N/A	CR	1,035,516	396,452	40.37%	40.37%	376,274	151,544	9,322	3,754
Note 3 Physical Therapy (PT)	9/1/2009	New service	N/A	N/A	PA	7,002	2,681	9.58%	9.58%	622	250	64	26
Note 3 Occupational Therapy (OT)	9/1/2009	New service	N/A	N/A	PA	29,659	11,355	9.58%	9.58%	2,590	1,043	270	108
Note 3 Speech & Language Therapy (SP)	9/1/2009	New service	N/A	N/A	PA	26,382	10,101	9.58%	9.58%	2,299	926	240	96
Notes 2 & 3 Cognitive Rehabilitation Therapy	9/1/2009	New service	N/A	N/A	PA	0	0	7.82%	7.82%	0	0	0	0
Note 3 Registered Nurse (RN)	9/1/2009	New service	N/A	N/A	PA	310,613	118,919	9.67%	9.67%	27,217	10,962	2,814	1,134
Notes 2 & 3 Specialized RN	9/1/2009	New service	N/A	N/A	PA	0	0	9.63%	9.63%	0	0	0	0

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Note 3 Licensed Vocational Nurse (LVN)	9/1/2009	New service	N/A	N/A	PA	2,153,311	824,405	6.13%	6.13%	120,397	48,490	19,626	7,905
Note 3 Specialized LVN	9/1/2009	New service	N/A	N/A	PA	168,305	64,436	6.13%	6.13%	14,766	5,947	2,410	971
Notes 2 & 3 Support Consultation	9/1/2009	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
CLASS Total						$156,406,059.80	$59,880,780.55			$22,967,507.00	$9,250,162.00	$2,352,582.00	$947,503.00
Community Attendant Services (CAS)													
Non-Priority	9/1/2015	1.35%	N/A	N/A	CR	1,513,805,281	643,954,572	20.35%	20.35%	294,235,838	118,499,702	14,460,061	5,823,604
Priority	8/1/2009	7.50%	N/A	N/A	CR	16,274,117	6,922,814	20.50%	20.50%	3,236,801	1,303,580	157,903	63,593
Consumer Directed Services (CDS):													
Financial Management Services (FMS) Fee	9/1/2007	New service	N/A	N/A	PA	1,477,918	628,689	9.45%	9.45%	142,716	57,478	15,102	6,082
CDS Consumer Payment Rates:													
Non-Priority	9/1/2015	1.46%	N/A	N/A	CR	12,518,805	5,325,349	31.50%	31.50%	4,029,318	1,622,769	127,929	51,522
Priority	8/1/2009	8.11%	N/A	N/A	CR	133,844	56,936	31.88%	31.88%	43,079	17,349	1,352	545
Notes 2 & 3 Support Consultation	9/1/2009	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
CAS Total						$1,544,209,965.70	$656,888,359.75			$301,687,752.00	$121,500,878.00	$14,762,347.00	$5,945,346.00
Deaf Blind Multiple Disabilities (DBMD) Waiver													
Case Management Services	9/1/2007	1.43%	N/A	N/A	PA	261,953	103,229	7.47%	7.47%	19,766	7,961	2,646	1,066
Pre-Enrollment Assessment	9/1/2007	1.43%	N/A	N/A	PA	1,913	754	7.47%	7.47%	148	60	20	8
Day Habilitation	8/1/2009	6.13%	N/A	N/A	B	987,770	389,256	10.45%	10.45%	100,426	40,447	9,614	3,872
Residential Habilitation	8/1/2009	6.13%	N/A	N/A	B	85,022	33,505	10.45%	10.45%	8,178	3,294	782	315
Note 3 Respite - In-Home	9/1/2007	3.32%	N/A	N/A	PA	392,971	154,861	9.45%	9.45%	37,356	15,045	3,954	1,593
Respite - Out-of-Home	9/1/2007	13.09%	N/A	N/A	B	17,716	6,982	9.45%	9.45%	1,706	343	180	72
Notes 2 & 3 Supported Employment	10/1/2009	19.92%	9/1/2011	1.02%	PA	0	0	-1.00%	-1.00%	0	0	0	0
Licensed Home Health Assisted Living Services (19-24 Hours)	9/1/2007	1.43%	N/A	N/A	PA	3,221,018	1,269,327	9.45%	9.45%	307,946	124,025	32,586	13,124
Licensed Assisted Living Services (19-24 Hours)	9/1/2007	1.43%	N/A	N/A	PA	1,813,200	714,539	9.45%	9.45%	173,542	69,894	18,364	7,396
Assisted Living Services (18 Hours or Less)	9/1/2007	1.43%	N/A	N/A	PA	692,707	272,979	9.45%	9.45%	66,204	26,663	7,006	2,822
Note 3 Behavioral Support	9/1/2009	11.04%	N/A	N/A	PA	13,017	5,130	7.72%	7.72%	1,020	411	132	54
Chore Services	8/1/2009	8.32%	N/A	N/A	B	46,926	18,492	29.88%	29.88%	12,988	5,231	434	175
Notes 2 & 3 Employment Assistance	10/1/2009	19.92%	9/1/2011	1.02%	PA	0	0	-2.15%	-2.15%	0	0	0	0

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Intervener	6/15/2010	17.69%	N/A	N/A	PA	1,921,230	757,111	24.44%	24.44%	447,952	180,413	18,328	7,382
Intervener I	6/15/2010	New service	N/A	N/A	PA	9,993,391	3,938,158	16.92%	16.92%	2,455,343	988,890	145,074	58,428
Note 2 Intervener II	6/15/2010	New service	N/A	N/A	PA	0	0	10.56%	10.56%	0	0	0	0
Intervener III	6/15/2010	New service	N/A	N/A	PA	568	224	5.94%	5.94%	36	14	6	2
Note 3 Registered Nurse (RN)	9/1/2007	28.33%	N/A	N/A	PA	112,643	44,390	9.45%	9.45%	10,734	4,323	1,136	457
Notes 2 & 3 Specialized RN	8/1/2009	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Note 3 Licensed Vocational Nurse (LVN)	9/1/2007	17.17%	N/A	N/A	PA	153,873	60,638	5.93%	5.93%	9,120	3,674	1,538	619
Note 3 Specialized LVN	8/1/2009	New service	N/A	N/A	PA	26,126	10,295	5.94%	5.94%	1,591	641	268	108
Orientation and Mobility Services	9/1/2007	1.43%	N/A	N/A	PA	0	0	94.18%	94.18%	0	0	0	0
Note 3 Physical Therapy (PT)	9/1/2009	15.77%	N/A	N/A	PA	1,317	519	9.45%	9.45%	125	50	14	6
Note 3 Occupational Therapy (OT)	9/1/2009	14.83%	N/A	N/A	PA	33,766	13,306	9.44%	9.44%	3,217	1,296	340	137
Note 3 Speech & Language Therapy (SP)	9/1/2009	22.18%	N/A	N/A	PA	64,260	25,323	9.45%	9.45%	6,151	2,478	650	262
Notes 2 & 3 Audiology	5/1/2010	New service	N/A	N/A	PA	0	0	9.44%	9.44%	0	0	0	0
Note 3 Dietary Services	9/1/2009	11.45%	N/A	N/A	PA	1,204	475	11.74%	11.74%	140	56	12	4
Note 2 Transition Assistance Services	9/1/2007	1.46%	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Requisition Fees - Adaptive Aids / Medical Supplies / Dental Services	10/1/2009	New service	N/A	N/A	PA	10,874	4,285	42.86%	42.86%	4,709	1,897	110	44
Requisition Fees - Minor Home Modifications	10/1/2009	New service	N/A	N/A	PA	1,821	717	42.86%	42.86%	771	311	18	8
Consumer Directed Services (CDS):													
Financial Management Services (FMS) Fee	9/1/2007	New service	N/A	N/A	PA	535,449	211,008	9.45%	9.45%	51,112	20,585	5,408	2,178
CDS Consumer Payment Rates:													

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Note 2 Residential Habilitation Services	8/1/2009	6.53%	N/A	N/A	B	0	0	17.24%	17.24%	0	0	0	0
Notes 2 & 3 Employment Assistance	9/1/2013	New service	N/A	N/A	PA	0	0	-2.82%	-2.82%	0	0	0	0
Notes 2 & 3 Supported Employment	9/1/2013	New service	N/A	N/A	PA	0	0	-1.64%	-1.64%	0	0	0	0
Intervener	6/15/2010	18.77%	N/A	N/A	PA	1,003,897	395,612	24.41%	24.41%	246,496	99,276	10,098	4,067
Intervener I	6/15/2010	New service	N/A	N/A	PA	340,518	134,190	17.75%	17.75%	61,107	24,611	3,442	1,386
Intervener II	6/15/2010	New service	N/A	N/A	PA	298,847	117,769	10.99%	10.99%	33,117	13,338	3,014	1,214
Intervener III	6/15/2010	New service	N/A	N/A	PA	42,409	16,712	6.15%	6.15%	2,637	1,062	428	172
Note 3 In-Home Respite	9/1/2007	3.71%	N/A	N/A	PA	486,908	191,879	10.51%	10.51%	51,378	20,693	4,890	1,969
Out-of-Home Respite	9/1/2007	13.89%	N/A	N/A	B	11,912	4,694	5.50%	5.50%	650	262	118	48
Note 2 Support Consultation	10/1/2009	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
DBMD Total						$22,575,227.41	$8,896,359.62			$4,115,666.00	$1,657,244.00	$270,610.00	$108,988.00
Home and Community Based Services (HCS)													
Host Home / Companion Care:													
LON 1	6/1/2010	0.86%	9/1/2011	1.92%	CR	207,964,051	87,609,238	-11.30%	-11.30%	(23,072,892)	(9,292,607)	2,041,670	822,283
LON 5	6/1/2010	0.85%	9/1/2011	1.83%	CR	347,314,164	146,313,408	-10.68%	-10.68%	(36,407,639)	(14,663,177)	3,409,690	1,373,252
LON 8	6/1/2010	0.86%	9/1/2011	1.49%	CR	162,999,875	68,667,131	-8.25%	-8.25%	(13,200,047)	(5,316,318)	1,600,166	644,466
LON 6	6/1/2010	0.86%	9/1/2011	1.18%	CR	92,091,061	38,795,300	-6.08%	-6.08%	(5,499,904)	(2,215,087)	904,108	364,130
LON 9	6/1/2010	0.85%	9/1/2011	0.95%	CR	1,796,958	757,006	-4.50%	-4.50%	(79,487)	(32,013)	17,644	7,106
Social Work	6/1/2010	19.14%	9/1/2011	1.01%	CR	25,534	10,757	6.95%	6.95%	1,738	700	250	100
Notes 2 & 3 Behavioral Support	10/1/2009	2.51%	N/A	N/A	PA	0	0	7.72%	7.72%	0	0	0	0
Note 3 Physical Therapy (PT)	10/1/2009	4.47%	N/A	N/A	PA	2,768,984	1,166,493	9.45%	9.45%	256,804	103,427	27,164	10,940
Note 3 Occupational Therapy (OT)	9/1/2007	4.41%	10/1/2009	1.58%	PA	1,418,846	597,719	9.44%	9.44%	131,386	52,916	13,910	5,603
Note 3 Speech & Language Therapy (SP)	10/1/2009	2.93%	N/A	N/A	PA	9,144,186	3,852,181	9.45%	9.45%	847,946	341,511	89,722	36,136
Note 3 Audiology	9/1/2007	4.41%	10/1/2009	28.86%	PA	32,660	13,759	9.44%	9.44%	3,013	1,214	320	129
Notes 2 & 3 Cognitive Rehabilitation Therapy	4/1/2014	New service	N/A	N/A	PA	0	0	7.72%	7.72%	0	0	0	0
Note 3 Dietary Services	10/1/2009	11.23%	N/A	N/A	PA	544,216	229,262	11.74%	11.74%	62,722	25,261	5,342	2,151

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Note 3 Registered Nurse (RN)	10/1/2009	New service	N/A	N/A	PA	24,419,180	10,287,094	9.45%	9.45%	2,264,684	912,102	239,670	96,527
Note 3 Specialized RN	10/1/2009	New service	N/A	N/A	PA	619,418	260,943	9.45%	9.45%	57,427	23,129	6,080	2,448
Note 3 Licensed Vocational Nurse (LVN)	10/1/2009	New service	N/A	N/A	PA	9,632,683	4,057,971	5.93%	5.93%	560,608	225,785	94,570	38,088
Note 3 Specialized LVN	10/1/2009	New service	N/A	N/A	PA	2,162,278	910,905	5.94%	5.94%	126,122	50,796	21,238	8,554
Transition Assistance Services	3/1/2014	New service	N/A	N/A	PA	167,988	70,769	9.45%	9.45%	15,573	6,272	1,648	663
Supervised Living (3-bed) and Residential Support Services (4-bed):													
LON 1	9/1/2015	0.76%	N/A	N/A	CR	155,826,417	65,645,161	-7.15%	-7.15%	(10,881,492)	(4,382,521)	1,522,496	613,185
LON 5	9/1/2015	0.80%	N/A	N/A	CR	419,581,505	176,757,548	-6.84%	-6.84%	(28,063,126)	(11,302,424)	4,102,246	1,652,180
LON 8	9/1/2015	0.85%	N/A	N/A	CR	216,480,572	91,197,001	-6.43%	-6.43%	(13,613,918)	(5,483,005)	2,117,156	852,684
LON 6	9/1/2015	0.92%	N/A	N/A	CR	105,679,328	44,519,643	-5.86%	-5.86%	(6,062,053)	(2,441,492)	1,034,394	416,602
LON 9	9/1/2015	1.08%	N/A	N/A	CR	23,696,025	9,982,450	-4.50%	-4.50%	(1,045,755)	(421,178)	232,138	93,493
Day Habilitation:													
LON 1	9/1/2015	3.94%	N/A	N/A	CR	41,600,945	17,525,274	33.57%	33.57%	13,437,286	5,411,867	400,306	161,224
LON 5	9/1/2015	3.57%	N/A	N/A	CR	97,714,807	41,164,421	29.81%	29.81%	28,118,497	11,324,725	943,148	379,853
LON 8	9/1/2015	2.95%	N/A	N/A	CR	50,422,256	21,241,437	22.09%	22.09%	10,786,321	4,344,191	488,314	196,669
LON 6	9/1/2015	2.06%	N/A	N/A	CR	29,231,787	12,314,506	13.92%	13.92%	3,957,321	1,593,811	284,230	114,473
LON 9	9/1/2015	0.48%	N/A	N/A	CR	9,272,011	3,906,030	2.05%	2.05%	186,246	75,011	90,696	36,527
Supported Home Living	6/1/2010	0.86%	8/1/2017	20.88%	PA	8,584,798	3,616,527	6.54%	6.54%	431,717	173,874	65,986	26,575
Respite	6/1/2010	8.29%	N/A	N/A	CR	7,982,275	3,362,701	-9.63%	-9.63%	(734,427)	(295,790)	76,228	30,701
Note 3 Supported Employment	6/1/2010	0.86%	N/A	N/A	PA	1,860,172	783,637	-1.00%	-1.00%	(17,886)	(7,204)	17,940	7,225
Note 3 Employment Assistance	9/1/2013	New service	N/A	N/A	PA	9,632,683	4,057,971	-2.15%	-2.15%	(5,454)	(2,196)	2,542	1,024
Requisition Fees - Adaptive Aids / Medical Supplies / Dental Services	10/1/2009	New service	N/A	N/A	PA	2,689,498	1,133,008	42.86%	42.86%	1,131,512	455,717	26,400	10,633
Note 2 Requisition Fees - Minor Home Modifications	10/1/2009	New service	N/A	N/A	PA	0	0	42.86%	42.86%	0	0	0	0
(CDS):													
Financial Management Services (FMS) Fee	10/1/2009	83.64%	9/1/2011	23.37%	PA	2,752,438	1,159,522	9.45%	9.45%	255,299	102,822	27,016	10,881
CDS Consumer Payment Rates:													
Note 2 Supported Home Living	6/1/2010	0.89%	9/1/2011	23.71%	CR	0	0	11.49%	11.49%	0	0	0	0

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Respite	6/1/2010	8.78%	9/1/2011	1.22%	CR	4,441,615	1,871,124	-1.90%	-1.90%	(82,946)	(33,406)	43,572	17,548
Note 3 Supported Employment	9/1/2013	New service	N/A	N/A	PA	143,765	60,564	3.49%	3.49%	4,926	1,984	1,412	569
Note 3 Employment Assistance	9/1/2013	New service	N/A	N/A	PA	38,936	16,403	2.31%	2.31%	884	356	384	154
Notes 2 & 3 Cognitive Rehabilitation Therapy	9/1/2013	New service	N/A	N/A	PA	0	0	7.82%	7.82%	0	0	0	0
Note 3 Registered Nurse (RN)	9/1/2013	New service	N/A	N/A	PA	222,172	93,595	9.67%	9.67%	20,976	8,448	2,168	873
Note 3 Specialized RN	9/1/2013	New service	N/A	N/A	PA	0	0	9.63%	9.63%	0	0	0	0
Note 3 Licensed Vocational Nurse (LVN)	9/1/2013	New service	N/A	N/A	PA	698,462	294,242	6.13%	6.13%	41,961	16,899	6,840	2,755
Note 3 Specialized LVN	9/1/2013	New service	N/A	N/A	PA	0	0	6.13%	6.13%	0	0	0	0
Support Consultation	2/1/2008	New service	N/A	N/A	PA	220	93	9.45%	9.45%	20	8	2	0
HCS Total						$2,051,654,765.94	$864,302,789.58			-$76,066,037.00	-$30,635,592.00	$19,958,806.00	$8,038,404.00
Intermediate Care Facilities for Individuals with an Intellectual Disability or Related Conditions (ICF/IID)													
Note 2 High Medical Needs (HMN) Group 1 Add-on	1/1/2015	New Service	N/A	N/A	PA	0	0	0.41%	0.41%	0	0	0	0
Note 2 HMN Group 2 Add-on	1/1/2015	New Service	N/A	N/A	PA	0	0	0.54%	0.54%	0	0	0	0
Note 2 HMN Group 3 Add-on	1/1/2015	New Service	N/A	N/A	PA	0	0	0.84%	0.84%	0	0	0	0
Small LON 1	9/1/2015	2.02%	N/A	N/A	CR	104,619,043	44,515,004	20.65%	20.65%	24,165,483	9,732,633	1,170,148	471,277
Small LON 5	9/1/2015	2.02%	N/A	N/A	CR	240,464,403	102,316,687	13.67%	13.67%	36,012,367	14,503,958	2,633,588	1,060,676
Small LON 8	9/1/2015	2.03%	N/A	N/A	CR	71,612,538	30,470,862	7.81%	7.81%	6,043,928	2,434,188	774,318	311,856
Small LON 6	9/1/2015	2.02%	N/A	N/A	CR	35,815,030	15,239,159	3.55%	3.55%	1,343,775	541,204	378,897	152,601
Small LON 9	9/1/2015	2.02%	N/A	N/A	CR	4,993,763	2,124,827	-10.50%	-10.50%	(541,367)	(218,035)	51,548	20,761
Medium LON 1	9/1/2015	2.02%	N/A	N/A	CR	14,376,032	6,117,161	22.79%	22.79%	3,787,362	1,525,363	166,193	66,934
Medium LON 5	9/1/2015	2.02%	N/A	N/A	CR	20,327,201	8,649,450	14.43%	14.43%	3,319,218	1,336,818	230,080	92,664
Medium LON 8	9/1/2015	2.02%	N/A	N/A	CR	2,925,498	1,244,832	5.41%	5.41%	174,337	70,215	32,250	12,989
Medium LON 6	9/1/2015	2.03%	N/A	N/A	CR	235,293	100,120	1.15%	1.15%	2,963	1,193	2,574	1,037
Note 2 Medium LON 9	9/1/2015	2.02%	N/A	N/A	CR	0	0	-10.76%	-10.76%	0	0	0	0
Large LON 1	9/1/2015	2.03%	N/A	N/A	CR	1,382,327	588,182	38.81%	38.81%	636,578	256,382	16,403	6,606
Large LON 5	9/1/2015	2.02%	N/A	N/A	CR	11,644,986	4,954,958	34.45%	34.45%	4,557,513	1,835,543	132,313	53,289
Large LON 8	9/1/2015	2.02%	N/A	N/A	CR	3,522,980	1,499,033	26.69%	26.69%	1,060,929	427,290	39,757	16,012

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Large LON 6	9/1/2015	2.02%	N/A	N/A	CR	948,261	403,486	13.71%	13.71%	137,051	55,197	9,994	4,025
Large LON 9	9/1/2015	2.02%	N/A	N/A	CR	1,032,411	439,292	-8.21%	-8.21%	(87,296)	(35,159)	10,631	4,281
ICF/IID Total						$513,899,766.66	$218,663,053.33			$80,612,841.00	$32,466,790.00	$5,648,694.00	$2,275,008.00
Note 4 Nursing Facility (NF)													
Fee-for-Service													
Daily Services	9/1/2014	3.92%	N/A	N/A	CR	584,942,520	248,820,312	14.82%	14.82%	101,678,268	40,951,013	6,862,131	2,763,729
Enhancement Add-on	9/1/2000	New Service	N/A	N/A	PA	53,418,667	22,726,474	27.50%	27.50%	5,932,001	2,389,118	215,709	86,877
Ventilator Add-on (Continuous)	9/1/2014	3.92%	N/A	N/A	CR	2,268,275	965,151	9.45%	9.45%	208,895	84,133	22,106	8,903
Ventilator Add-on (Less than Continuous)	9/1/2014	3.92%	N/A	N/A	CR	0	0	9.45%	9.45%	0	0	0	0
Pediatric Tracheostomy Add-on	9/1/2014	3.92%	N/A	N/A	CR	31,725	13,499	9.45%	9.45%	3,016	1,215	319	129
Liability Insurance Add-on	9/1/2014	3.73%	N/A	N/A	CR	7,153,083	3,043,180	22.75%	22.75%	1,641,924	661,286	72,158	29,062
Note 5 Hospice in Nursing Facility	9/1/2014	3.92%	N/A	N/A	B	440,996,195	187,611,242	14.82%	14.82%	88,142,309	35,498,879	5,948,607	2,395,772
NF Rehabilitative Therapy Services:													
Occupational Therapy (OT) Rehabilitative Service	3/1/2008	New service	N/A	N/A	PA	1,383	588	9.45%	9.45%	148	60	16	6
Note 2 Contracted OT Rehabilitative Service	3/1/2008	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Physical Therapy (PT) Rehabilitative Service	3/1/2008	New service	N/A	N/A	PA	1,317	560	9.45%	9.45%	142	57	15	6
Note 2 Contracted PT Rehabilitative Service	3/1/2008	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Speech Therapy (ST) Rehabilitative Service	3/1/2008	New service	N/A	N/A	PA	329	140	9.45%	9.45%	36	14	4	2
Note 2 Contracted ST Rehabilitative Service	3/1/2008	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
OT Rehabilitative Assessment	3/1/2008	New service	N/A	N/A	PA	132	56	9.45%	9.45%	14	6	2	0
Note 2 Contracted OT Rehabilitative Assessment	3/1/2008	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Note 2 PT Rehabilitative Assessment	3/1/2008	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Note 2 Contracted PT Rehabilitative Assessment	3/1/2008	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0

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Note 2 ST Rehabilitative Assessment	3/1/2008	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Note 2 Contracted ST Rehabilitative Assessment	3/1/2008	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Subtotal Fee-for-Service										$197,606,753	$79,585,781	$13,121,067	$5,284,486
Notes 6, 7 & 8 STAR+PLUS Long Term Care -- Nursing Facility	9/1/2014	3.92%	N/A	N/A	PA	4,848,080,559	2,062,545,662	14.82%	14.82%	748,948,805	301,634,055	50,536,357	20,353,175
Nursing Facility Total										$946,555,558	$381,219,836	$63,657,424	$25,637,661
Note 9 Program of All-inclusive Care for the Elderly	9/1/2012	-0.5% OVERALL	NA	NA	PA	86,345,163	36,777,861	5.79%	5.79%	4,998,016	2,012,951	863,452	347,755
Preadmission Screening and Resident Review (PASRR)													
Specialized Services													
OT Specialized Services	3/1/2008	New service	N/A	N/A	PA	1,875,438	796,458	9.45%	9.45%	68,899	27,749	7,290	2,936
Note 2 Contracted OT Specialized Services	3/1/2008	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
PT Specialized Services	3/1/2008	New service	N/A	N/A	PA	1,929,221	819,298	9.45%	9.45%	65,368	26,327	6,917	2,786
Contracted PT Specialized Services Note 2	3/1/2008	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
ST Specialized Services	3/1/2008	New service	N/A	N/A	PA	1,029,068	437,023	9.45%	9.45%	33,665	13,558	3,563	1,435
Note 2 Contracted ST Specialized Services	3/1/2008	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Assessments													
OT Specialized Assessment	3/1/2008	New service	N/A	N/A	PA	8,917	3,787	9.45%	9.45%	267	108	28	12
Note 2 Contracted OT Specialized Assessment	3/1/2008	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
PT Specialized Assessment	3/1/2008	New service	N/A	N/A	PA	8,225	3,493	9.45%	9.45%	253	102	26	10
Note 2 Contracted PT Specialized Assessment	3/1/2008	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0

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ST Specialized Assessment	3/1/2008	New service	N/A	N/A	PA	3,112	1,321	9.45%	9.45%	82	33	8	4
Note 2 Contracted ST Specialized Assessment	3/1/2008	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
PASRR Total										$168,534	$67,877	$17,832	$7,183
Prescribed Pediatric Extended Care Center (PPECC)													
Daily	9/1/2017	New program	N/A	N/A	PA	4,157,712	1,756,010	13.07%	13.07%	1,630,512	656,512	124,731	50,222
Hourly	9/1/2017	New program	N/A	N/A	PA	461,968	195,112	13.07%	13.07%	181,168	72,945	13,859	5,581
Transportation	9/1/2017	New program	N/A	N/A	PA	394,784	166,737	0.16%	0.16%	1,872	754	11,844	4,769
PPECC Total										$1,813,552	$730,211	$150,434	$60,572
Texas Home Living (TxHmL)													
Note 3 Behavioral Support	9/1/2009	2.51%	N/A	N/A	PA	1,100,868	430,611	7.72%	7.72%	79,030	31,829	10,236	4,123
Note 3 Physical Therapy (PT)	9/1/2009	4.47%	N/A	N/A	PA	109,596	42,869	9.45%	9.45%	9,636	3,880	1,020	411
Note 3 Occupational Therapy (OT)	9/1/2008	4.41%	9/1/2009	1.58%	PA	73,793	28,865	9.44%	9.44%	6,487	2,612	686	276
Note 3 Speech & Language Therapy (SP)	9/1/2009	2.93%	N/A	N/A	PA	1,331,321	520,754	9.45%	9.45%	117,125	47,172	12,394	4,992
Notes 2 & 3 Audiology	9/1/2008	4.41%	9/1/2009	28.86%	PA	0	0	9.44%	9.44%	0	0	0	0
Note 3 Dietary Services	9/1/2009	11.23%	9/1/2008	0.12%	PA	16,931	6,622	11.74%	11.74%	1,857	748	158	64
Note 3 Registered Nurse (RN)	10/1/2009	New service	N/A	N/A	PA	815,284	318,903	9.45%	9.45%	71,650	28,857	7,582	3,053
Note 3 Specialized RN	10/1/2009	New service	N/A	N/A	PA	530	207	9.45%	9.45%	47	18	4	2
Note 3 Licensed Vocational Nurse (LVN)	10/1/2009	New service	N/A	N/A	PA	130,171	50,917	5.93%	5.93%	7,184	2,893	1,212	488
Notes 2 & 3 Specialized LVN	10/1/2009	New service	N/A	N/A	PA	0	0	5.94%	5.94%	0	0	0	0
Note 2 Transition Assistance Services	3/1/2014	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0

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Day Habilitation	9/1/2015	3.57%	N/A	N/A	CR	18,169,418	7,107,065	4.40%	4.40%	732,261	294,918	166,428	67,029
Community Support Services	10/1/2009	0.86%	8/1/2017	20.88%	CR	7,324,890	2,865,170	30.96%	30.96%	1,660,390	668,722	53,622	21,597
Respite	10/1/2009	15.85%	2/1/2011	1.00%	CR	44,661,612	17,469,629	-9.63%	-9.63%	(3,915,744)	(1,577,066)	406,420	163,686
Note 3 Employment Assistance	2/1/2011	0.86%	9/1/2013	1.02%	PA	78,326	30,638	-2.15%	-2.15%	(1,528)	(615)	712	287
Note 3 Supported Employment	2/1/2011	0.86%	9/1/2013	1.02%	PA	179,138	70,071	-1.00%	-1.00%	(1,623)	(653)	1,628	655
Requisition Fees - Adaptive Aids / Medical Supplies / Dental Services	3/11/2004	New service	N/A	N/A	PA	236,134	92,365	42.86%	42.86%	94,190	37,935	2,198	885
Note 2 Requisition Fees - Minor Home Modifications	3/11/2004	New service	N/A	N/A	PA	0	0	42.86%	42.86%	0	0	0	0
Consumer Directed Services (CDS):													
Financial Management Services (FMS) Fee	10/1/2009	83.64%	2/1/2011	23.37%	PA	3,846,441	1,504,556	9.45%	9.45%	338,584	136,364	35,830	14,431
CDS Consumer Payment Rates:													
Day Habilitation	9/1/2010	0.96%	9/1/2013	3.36%	CR	938,283	367,015	23.25%	23.25%	203,747	82,059	8,764	3,530
Community Support Services Note 2	9/1/2010	0.89%	9/2/2013	25.29%	CR	0	0	11.49%	11.49%	0	0	0	0
Respite	9/1/2010	8.78%	9/3/2013	3.14%	CR	14,818,895	5,796,490	-1.90%	-1.90%	(262,898)	(105,882)	138,098	55,619
Note 3 Supported Employment	9/1/2010	0.88%	9/4/2013	3.08%	PA	158,154	61,863	3.49%	3.49%	5,146	2,073	1,474	593
Note 3 Employment Assistance	9/1/2010	0.88%	9/5/2013	3.08%	PA	27,444	10,735	2.31%	2.31%	596	240	258	104
Note 3 Physical Therapy (PT)	10/1/2009	5.98%	N/A	N/A	PA	5,899	2,308	9.58%	9.58%	517	208	54	22
Note 3 Occupational Therapy (OT)	2/1/2008	New service	10/1/2009	24.00%	PA	6,596	2,580	9.58%	9.58%	587	236	62	25
Note 3 Speech & Language Therapy (SP)	10/1/2009	4.40%	N/A	N/A	PA	96,207	37,632	9.58%	9.58%	8,553	3,445	894	360
Notes 2 & 3 Audiology	2/1/2008	New service	10/1/2009	28.27%	PA	0	0	9.63%	9.63%	0	0	0	0
Note 3 Behavioral Support	10/1/2009	3.90%	N/A	N/A	PA	115,914	45,340	7.82%	7.82%	8,434	3,397	1,078	434

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Notes 2 & 3 Dietary Services	10/1/2009	13.79%	N/A	N/A	PA	0	0	11.96%	11.96%	0	0	0	0
Notes 2 & 3 Registered Nurse (RN)	10/1/2009	New service	N/A	N/A	PA	0	0	9.67%	9.67%	0	0	0	0
Notes 2 & 3 Specialized RN	10/1/2009	New service	N/A	N/A	PA	0	0	9.63%	9.63%	0	0	0	0
Notes 2 & 3 Licensed Vocational Nurse (LVN)	10/1/2009	New service	N/A	N/A	PA	0	0	6.13%	6.13%	0	0	0	0
Specialized LVN Notes 2 & 3	10/1/2009	New service	N/A	N/A	PA	0	0	6.13%	6.13%	0	0	0	0
Support Consultation	2/1/2008	New service	N/A	N/A	PP	119	46	9.45%	9.45%	11	4	2	0
TxHmL Total										($835,761)	($336,606)	$850,814	$342,666
Title XX Services													
Adult Foster Care	9/1/2008	1.44%	N/A	N/A	PA	121,975	121,975	9.45%	9.45%	11,527	11,526	1,220	1,220
Consumer Managed Personal Assistance Services (CMPAS):													
Average Regionally-Negotiated Hourly Rate	9/1/2017	14.26%	N/A	N/A	PA	10,035,937	10,035,937	9.45%	9.45%	948,396	948,396	100,360	100,360
Consumer Directed Services (CDS):													
Financial Management Services (FMS) Fee	9/1/2007	New service	N/A	N/A	PA	24,940	24,940	31.50%	31.50%	7,855	7,856	250	250
CDS Average Regionally-Negotiated Hourly Rate	9/1/2017	14.26%	N/A	N/A	PA	821,208	821,208	31.88%	31.88%	261,771	261,770	8,212	8,212
Day Activity & Health Services (DAHS)	9/1/2015	0.42%	N/A	N/A	CR	32,192,969	32,192,969	6.33%	6.33%	2,036,937	2,036,936	321,930	321,930
Emergency Response Services (ERS)	9/1/2007	1.43%	N/A	N/A	PA	11,422,833	11,422,833	25.03%	25.03%	2,859,546	2,859,546	114,228	114,228
Home-delivered Meals (HDM)	9/1/2007	1.43%	N/A	N/A	PA	37,026,311	37,026,311	25.05%	25.05%	9,275,278	9,275,278	370,264	370,264
Family Care (FC):													
Non-Priority	9/1/2015	1.35%	N/A	N/A	CR	70,222,321	70,222,321	20.35%	20.35%	14,288,961	14,288,960	702,224	702,224
Priority	8/1/2009	7.50%	N/A	N/A	CR	1,088,612	1,088,612	20.50%	20.50%	223,151	223,152	10,886	10,886

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CDS Consumer Directed Services:													
Financial Management Services (FMS) Fee	9/1/2009	New service	N/A	N/A	PA	245,740	245,740	9.45%	9.45%	23,222	23,222	2,458	2,458
CDS Consumer Payment Rates:													
CDS Non-Priority	9/1/2015	1.46%	N/A	N/A	CR	24,940	24,940	31.50%	31.50%	7,855	7,856	250	250
CDS Priority	8/1/2009	8.11%	N/A	N/A	CR	821,208	821,208	31.88%	31.88%	261,771	261,770	8,212	8,212
Residential Care (RC)													
Apartment	9/1/2015	0.41%	2/1/2018	-1.24%	CR	1,524,036	1,524,036	9.45%	9.45%	144,021	144,022	15,240	15,240
Note 2 Apartment Bed Hold	2/1/2018	2.34%	N/A	N/A	PA	0	0	0.00%	0.00%	0	0	0	0
Non-Apartment	9/1/2015	0.52%	2/1/2018	-1.62%	CR	5,474,848	5,474,848	9.45%	9.45%	517,373	517,374	54,748	54,748
Non-Apartment Bed Hold	9/1/2018	2.34%	N/A	N/A	PA	3,689	3,689	0.00%	0.00%	0	0	0	0
Title XX Services Total										$30,867,664	$30,867,664	$1,710,482	$1,710,482
Total Legacy DADS (with totals only included)										$1,428,890,091	$589,731,512	$116,087,667	$47,556,493

Note 1: The Community First Choice (CFC) rates are based on the rates for the corresponding, non-CFC services. The CFC State Plan services are a weighted average of the Community Living Assistance and Support Services (CLASS) Habilitation rate and the proxy rate for attendant services used "in the calculation of the STAR+PLUS managed care capitation rates for the Home and Community-based Services (HCBS) risk group. The cost impact of the CFC State Plan service is included in the STAR+PLUS Long Term Care -

Note 2: No services were provided during the base period, so it is not possible to forecast the cost to increase services.

Note 3: The rates for services that are available in multiple 1915(c) Waiver programs are set using data from all programs with sufficient reliable cost report data. These services are referred to as Common Services.

Note 4: STAR+PLUS Long Term Care -- Nursing Facility costs are included in the total Nursing Facility costs rather than with the total Managed Care costs. STAR+PLUS Managed Care Organizations are required to pay Nursing Facilities the fee-for-service rates including all add-ons. As a result, any adjustment to the fee-for services rates will directly impact the STAR+PLUS Long Term Care -- Nursing Facility costs.

Note 5: Nursing Facility Hospice rates are tied by federal law to 95% of Nursing Facility fee-for-service rates, therefore any changes to the Nursing Facility rates will impact the Hospice Payments.

Note 6: Reflects the impact of potential DADS fee-for-service rate increases on corresponding services delivered through managed care.

Note 7: STAR+PLUS NF Costs include all costs associated with Nursing Facilities such as Ventilators, Enhancement, etc.

Note 8: Percentage Rate changes and Estimated costs of rate changes represent the amount added to the respective Fiscal Year to fully fund.

Note 9: Represents cost growth for existing sites only. Does not include caseload growth.

DARS Legacy Programs													
Comprehensive Rehabilitation Services (CRS)													
Residential Services													
Residential Services Base	9/1/2017	32.21%	N/A	N/A	PA	1,274,812	542,539	32.21%	32.21%	411,321	165,658	12,772	5,144
Residential Services Base Core	9/1/2017	23.22%	N/A	N/A	PA	84,685	35,997	23.22%	23.22%	21,010	8,462	904	364
Residential Services Base Core Tier 1	9/1/2017	14.91%	N/A	N/A	PA	561,339	238,870	14.91%	14.91%	84,564	34,058	5,672	2,285
Residential Services Base Core Tier 2	9/1/2017	10.98%	N/A	N/A	PA	1,864,356	792,624	10.98%	10.98%	219,259	88,305	19,972	8,044
Residential Services Base Core Tier 3	9/1/2017	8.69%	N/A	N/A	PA	3,840,509	1,633,252	8.69%	8.69%	351,094	141,401	40,414	16,277

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Residential Services Base Core Tier 4	9/1/2017	7.19%	N/A	N/A	PA	3,144,605	1,338,771	7.19%	7.19%	220,718	88,893	30,707	12,367
Residential Services Base Core Tier 5	9/1/2017	6.13%	N/A	N/A	PA	1,668,062	709,820	6.13%	6.13%	103,122	41,532	16,824	6,776
Residential Services Base Core Tier 6	9/1/2017	5.34%	N/A	N/A	PA	1,075,866	457,265	5.34%	5.34%	63,029	25,385	11,796	4,751
Residential Services Base Core Tier 7	9/1/2017	4.74%	N/A	N/A	PA	224,299	95,361	4.74%	4.74%	11,205	4,513	2,366	953
Residential Services Base Core Tier 8	9/1/2017	4.25%	N/A	N/A	PA	26,079	11,053	4.25%	4.25%	1,401	565	330	133
Non-Residential Services													
Non-residential Base Service Facility-based	9/1/2017	41.48%	N/A	N/A	PA	114,985	48,926	46.50%	46.50%	53,468	21,535	1,150	463
Non-residential Base Service Community-based	9/1/2017	46.50%	N/A	N/A	PA	9,562	4,069	41.48%	41.48%	3,966	1,597	96	38
Note 1 Aquatic Therapy - Individual	9/1/2017	N/A	N/A	N/A	M	8,306	3,534	-8.16%	-8.16%	0	0	0	0
Aquatic Therapy - Group Rate	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Aquatic Therapy - Small Group Rate	9/1/2017	New service	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Behavior Management	9/1/2017	N/A	N/A	N/A	M	19,299	8,212	41.90%	41.90%	8,087	3,257	192	78
Cognitive Rehabilitation Therapy (CRT)	9/1/2017	N/A	N/A	N/A	M	108,675	46,241	13.31%	13.31%	14,465	5,826	1,086	437
Notes 2 & 3 Cognitive Rehabilitation Therapy (CRT) - Group Rate	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Notes 2 & 3 Cognitive Rehabilitation Therapy (CRT) - Small Group Rate	9/1/2017	New service	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Notes 2 & 3 Massage Therapy	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 3 Neuropsychiatric / Neuropsychological Services - Individual	9/1/2017	N/A	N/A	N/A	M	13,744	5,848	12.80%	12.80%	1,759	709	138	56
Notes 1 & 3 Neuropsychiatric / Neuropsychological Services - Evaluation	9/1/2017	N/A	N/A	N/A	M	3,543	1,508	-63.31%	-63.31%	0	0	0	0

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Notes 2 & 3 Neuropsychiatric / Neuropsychological Services - Re-evaluation	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 3 Neuropsychiatric / Neuropsychological Services - Group Rate	9/1/2017	N/A	N/A	N/A	M	57,101	24,297	2.35%	2.35%	1,345	541	572	230
Notes 2 & 3 Neuropsychiatric / Neuropsychological Services - Small Group Rate	9/1/2017	New service	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Occupational Therapy - Individual	9/1/2017	N/A	N/A	N/A	M	95,402	40,594	2.90%	2.90%	2,770	1,116	954	384
Occupational Therapy - Evaluation	9/1/2017	N/A	N/A	N/A	M	1,206	513	54.39%	54.39%	656	264	12	4
Note 1 Occupational Therapy - Re-Evaluation	9/1/2017	N/A	N/A	N/A	M	1,270	540	-40.82%	-40.82%	0	0	0	0
Note 2 Occupational Therapy - Group Rate	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Occupational Therapy - Small Group Rate	9/1/2017	New service	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 1 Physical Therapy - Individual	9/1/2017	N/A	N/A	N/A	M	523,592	222,788	-14.00%	-14.00%	0	0	0	0
Physical Therapy - Evaluation	9/1/2017	N/A	N/A	N/A	M	1,310	557	79.25%	79.25%	1,038	418	14	6
Physical Therapy - Re-Evaluation	9/1/2017	N/A	N/A	N/A	M	1,013	431	2.51%	2.51%	25	10	10	4
Physical Therapy - Group Rate	9/1/2017	N/A	N/A	N/A	M	49,577	21,095	24.73%	24.73%	12,262	4,938	496	200
Physical Therapy - Small Group Rate	9/1/2017	New service	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Speech/Language Pathology - Individual	9/1/2017	N/A	N/A	N/A	M	136,280	57,987	30.12%	30.12%	41,054	16,535	1,362	549
Note 1 Speech/Language Pathology - Evaluation	9/1/2017	N/A	N/A	N/A	M	4,810	2,047	-75.14%	-75.14%	0	0	0	0

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Note 2 Speech/Language Pathology - Re-Evaluation	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 1 Speech/Language Pathology - Group Rate	9/1/2017	N/A	N/A	N/A	M	17,083	7,269	-1.42%	-1.42%	0	0	0	0
Speech/Language Pathology - Small Group Rate	9/1/2017	New service	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Family Therapy - Individual	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 2 Family Therapy - Group Rate	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 2 Art Therapy - Individual	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 2 Art Therapy - Group Rate	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Art Therapy - Small Group Rate	9/1/2017	New service	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 2 Chemical Dependency -	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 2 Chemical Dependency - Group Rate	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Chemical Dependency - Small Group Rate	9/1/2017	New service	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 2 Recreational Therapy - Individual	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 2 Recreational Therapy - Group Rate	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Recreational Therapy - Small Group Rate	9/1/2017	New service	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 2 Music Therapy - Individual	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 2 Music Therapy - Group Rate	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Music Therapy - Small Group Rate	9/1/2017	New service	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0

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Note 2 Mental Health Counseling - Individual	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 2 Mental Health Counseling -	9/1/2017	N/A	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Mental Health Counseling - Small Group Rate	9/1/2017	New service	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Case Management	9/1/2017	New service	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Certified Brain Injury Specialist (CBIS)	9/1/2017	New service	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Community Independence Supports Paraprofessional	9/1/2017	New service	N/A	N/A	M	0	0	0.00%	0.00%	0	0	0	0
Note 1 Medical team conference with family present	9/1/2017	N/A	N/A	N/A	M	3,412	1,452	0.00%	0.00%	0	0	0	0
Note 1 Medical team conference without family present	9/1/2017	N/A	N/A	N/A	M	5,726	2,436	0.00%	0.00%	0	0	0	0
CRS Total						$14,940,507.79	$6,355,895.97			$1,627,618.00	$655,518.00	$147,839.00	$59,543.00
Early Childhood Intervention (ECI)													
ECI - Case Management	3/15/2010	24.00%	NA	NA	CR	35,849,254	15,516,207	1.88%	3.54%	1,004,490	439,495	371,180	162,391
Training	3/15/2010	5.71%	NA	NA	CR	66,301,636	28,696,834	1.88%	3.54%	1,859,372	813,532	687,076	300,596
ECI Total						$102,150,890.00	$44,213,041.00			$2,863,862.00	$1,253,027.00	$1,058,256.00	$462,987.00
Total DARS Legacy Programs										**$4,491,480**	**$1,908,545**	**$1,206,095**	**$522,530**

Note 1: Effective 9/1/2017, the rates for the existing CRS non-residential core therapy services were adopted as fixed rates. Prior to this date the services were billed using Current Procedural Terminology (CPT®) codes and the corresponding rates. Different codes, and therefore different rates, may have been used for the same service. As a result, the percent rate change to fully fund the methodology and the biennial cost of a 1 percent rate change cannot be determined.

Note 2: No services were provided during the base period, so it is not possible to forecast the cost to increase services.

Note 3: Historically, Neuropsychiatric and Neuropsychological Services have been billed using the same codes, therefore it is not possible to separate the costs for the current biennium or the cost of the 2020-21 rate change. Effective 9/1/2017, there will be separate codes for Neuropsychiatric and Neuropsychological Services, and the costs can be tracked separately for each service.

DSHS Legacy Programs													
Children with Special Health Care Needs (CSHCN) - Ambulance Services Notes 1 & 2	9/1/2009	2.50%	2/1/2011	2.00%	B	837,390	590,360	1.00%	1.00%	8,374	8,374	8,374	8,374
CSHCN - Drugs/Biologicals Notes 1 & 2	10/1/2008	2.50%	2/1/2011	2.00%	B	21,914,122	15,449,456	1.00%	1.00%	219,141	219,142	219,142	219,142

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CSHCN - Durable Medical Equipment, Prosthetics, Orthotics, Supplies Notes 1 & 2	Various 2008	2.50%	2/1/2011	2.00%	B	2,154,226	1,518,729	1.00%	1.00%	21,542	21,542	21,542	21,542
CSHCN - Nursing Notes 1 & 2	11/1/2002	2.50%	2/1/2011	2.00%	B	42,135	29,705	1.00%	1.00%	421	422	422	422
CSHCN - Physician & Professional Services - Total Notes 1 & 2	9/1/2007	2.50%	2/1/2011	2.00%	B	7,168,680	5,053,919	1.00%	1.00%	71,687	71,686	71,686	71,686
CSHCN - Outpatient Hospital Notes 1 & 2	9/1/2007	2.50%	2/1/2011	2.00%	B	8,263,261	5,825,599	1.00%	1.00%	82,633	82,632	82,632	82,632
Home and Community Based Services - Adult Mental Health Note 3	6/1/2016	New Service	NA	NA	B	39,291,105	19,872,419	3.80%	3.80%	60,300,054	30,731,923	15,868,436	8,087,348
Maternal and Child Health - Dental Notes 1 & 2	9/1/2007	2.50%	2/1/2011	2.00%	B	5,745,922	520,938	1.00%	1.00%	57,459	57,460	57,460	57,460
Maternal and Child Health - Physician & Professional Services - Adults Notes 1 & 2	9/1/2007	2.50%	2/1/2011	2.00%	B	660,376	660,376	1.00%	1.00%	6,604	6,604	6,604	6,604
Note 1 & 2 Maternal and Child Health - Physician & Professional Services - Children	9/1/2007	2.50%	2/1/2011	2.00%	B	2,472,256	0	1.00%	1.00%	24,723	24,722	24,722	24,722
Mental Health (MH) Targeted Case Management - Adult Note 4	9/1/2004	New Service	NA	NA	CR	9,789,764	4,180,700	0.00%	0.00%	0	0	9,789,764	4,283,511
Mental Health (MH) Targeted Case Management - Children Note 4	9/1/2004	New Service	NA	NA	CR	5,749,544	2,455,332	0.00%	0.00%	0	0	5,749,544	2,515,713
MH Rehabilitative Services - Adult Note 4	9/1/2004	New Service	NA	NA	CR	30,660,836	13,083,726	0.00%	0.00%	0	0	30,660,836	13,415,649

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MH Rehabilitative Services - Children Note 4	9/1/2004	New Service	NA	NA	CR	18,007,640	7,684,092	0.00%	0.00%	0	0	18,007,640	7,879,243
Substance Use Disorder (Indigent Services) Notes 1, 2 & 5	9/1/2016	Varied	NA	NA	CR	199,535,844	49,287,574	6.27%	6.27%	213,645,004	62,619,350	34,074,164	9,987,138
TEFRA Based Inpatient Hospital (Cost-Based) Notes 1 & 2	NA	NA	NA	NA	CR	4,846,320	3,416,655	1.00%	1.00%	48,463	48,464	48,464	48,464
Home and Community-based Services – Adult Mental Health (HCBS-AMH)													
Transition Assistance Services	7/1/2016	New program	N/A	N/A	PA	276,927	117,832	9.45%	9.45%	276,927	111,532	29,300	11,801
Rehabilitation Services:													
Psychosocial Rehabilitative Services, Individual	7/1/2016	New program	N/A	N/A	B	653,564	278,091	9.45%	9.45%	653,564	263,223	69,160	27,855
Psychosocial Rehabilitative Services, Group	7/1/2016	New program	N/A	N/A	B	9,907	4,215	9.45%	9.45%	9,907	3,990	1,048	422
Employment Services:													
Notes 6 Supported Employment	7/1/2016	New program	N/A	N/A	CR	21,899	9,318	9.44%	9.44%	21,899	8,820	2,320	934
Note 6 Employment Assistance	7/1/2016	New program	N/A	N/A	CR	12,687	5,398	9.44%	9.44%	12,687	5,110	1,344	541
Non-Medical Transportation	7/1/2016	New program	N/A	N/A	PA	4,497,402	1,913,645	0.00%	0.00%	4,497,402	1,811,329	0	0
Community Psychiatric Supports and Treatment	7/1/2016	New program	N/A	N/A	PA	105,265	44,790	7.72%	7.72%	105,265	42,396	13,634	5,491
Peer Support	7/1/2016	New program	N/A	N/A	PA	17,885	7,610	9.44%	9.44%	17,885	7,203	1,894	763
Community-based Residential Assistance Services:													
Host Home/Companion Care	7/1/2016	New program	N/A	N/A	B	90,146	38,357	9.45%	9.45%	90,146	36,306	9,540	3,842
Supervised Living Services	7/1/2016	New program	N/A	N/A	B	2,062,132	877,437	5.18%	5.18%	2,062,132	830,524	398,138	160,350
Assisted Living services	7/1/2016	New program	N/A	N/A	B	185,086	78,754	9.45%	9.45%	185,086	74,543	19,586	7,888
Supported Home Living	7/1/2016	New program	N/A	N/A	B	7,350	3,128	3.61%	3.61%	7,350	2,961	2,034	819
Respite Care:													
Note 7 In-home Respite	7/1/2016	New program	N/A	N/A	CR	0	0	9.45%	9.45%	0	0	0	0
Note 7 Out-of-home Respite	7/1/2016	New program	N/A	N/A	CR	0	0	9.45%	9.45%	0	0	0	0

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Note 7 Adult foster care (AFC) Out-of-home Respite	7/1/2016	New program	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Note 7 Nursing facility	7/1/2016	New program	N/A	N/A	CR	0	0	14.82%	14.82%	0	0	0	0
Note 7 24-hour residential habilitation home	7/1/2016	New program	N/A	N/A	CR	0	0	5.18%	5.18%	0	0	0	0
Note 7 Licensed assisted living facilities	7/1/2016	New program	N/A	N/A	CR	0	0	9.45%	9.45%	0	0	0	0
Home Delivered Meals (HDM):													
HDM Medicaid	7/1/2016	New program	N/A	N/A	PA	9,189	3,910	10.68%	10.68%	9,189	3,700	860	346
Note 7 HDM Non-Medicaid	7/1/2016	New program	N/A	N/A	PA	0	0	10.70%	10.70%	0	0	0	0
Nursing:													
Registered Nurse (RN)	7/1/2016	New program	N/A	N/A	CR	73,347	31,209	14.06%	14.06%	73,347	29,540	5,218	2,101
Licensed Vocational Nurse (LVN)	7/1/2016	New program	N/A	N/A	CR	1,663	707	5.93%	5.93%	1,663	669	280	112
Substance Use Disorder (SUD) Services (Abuse & Dependence):													
SUD Assessment	7/1/2016	New program	N/A	N/A	PA	83	35	9.45%	9.45%	83	34	8	4
SUD Individual	7/1/2016	New program	N/A	N/A	PA	66,286	28,205	9.45%	9.45%	66,286	26,697	7,014	2,825
Note 7 SUD Group	7/1/2016	New program	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
HCBS – AMH Recovery Management	7/1/2016	New program	N/A	N/A	PA	2,780,318	1,183,025	9.45%	9.45%	2,780,318	1,119,773	294,214	118,495
HCBS - AMH Total										$10,871,136	$4,378,350	$855,592	$344,589
Youth Empowerment Services (YES) Waiver													
Community Living Supports (Bachelor's Degree)	9/1/2013	198.92%	N/A	N/A	PA	10,330,107	4,396,857	0.00%	0.00%	0	0	0	0
Community Living Supports (Master's Degree)	9/1/2013	109.37%	N/A	N/A	PA	1,884,281	802,137	0.00%	0.00%	0	0	0	0
Family Supports	9/1/2013	26.01%	N/A	N/A	PA	778,000	331,086	9.44%	9.44%	81,590	32,859	8,643	3,481
Non-Medical Transportation	9/1/2010	New service	N/A	N/A	PA	213,835	91,037	0.00%	0.00%	0	0	0	0
Paraprofessional Services	9/1/2013	13.26%	N/A	N/A	PA	1,014,221	431,414	9.45%	9.45%	111,822	45,035	11,833	4,766
Transitional Services Coordination	9/1/2010	New service	N/A	N/A	PA	2,532	1,078	9.45%	9.45%	239	96	26	10

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Pre-Engagement Fee	4/1/2013	New service	N/A	N/A	PA	3,043	1,295	0.00%	0.00%	0	0	0	0
Professional Services:													
Art Therapy	9/1/2010	New service	N/A	N/A	PA	518,364	220,893	13.02%	13.02%	68,153	27,448	5,236	2,108
Music Therapy	9/1/2010	New service	N/A	N/A	PA	609,317	259,371	13.02%	13.02%	88,084	35,474	6,767	2,726
Animal-assisted Therapy	9/1/2010	New service	N/A	N/A	PA	717,385	305,317	13.02%	13.02%	104,913	42,251	8,060	3,246
Recreational Therapy	9/1/2010	New service	N/A	N/A	PA	2,455,700	1,044,999	13.02%	13.02%	362,268	145,897	27,832	11,209
Counseling	9/1/2010	New service	N/A	N/A	CR	25,512	10,848	9.45%	9.45%	2,903	1,169	307	124
Supportive Family-based Alternatives:													
Family (Mandated Minimum)	9/1/2010	New service	N/A	N/A	PA	25,484	10,763	9.45%	9.45%	3,612	1,455	382	154
Child Placing Agency	9/1/2010	New service	N/A	N/A	PA	25,017	10,566	9.45%	9.45%	3,546	1,428	376	152
Supported Employment	9/1/2013	New service	N/A	N/A	CR	3,181	1,350	9.44%	9.44%	354	142	38	16
Employment Assistance	9/1/2013	New service	N/A	N/A	CR	3,024	1,286	9.44%	9.44%	295	119	32	12
In-Home Respite	9/1/2013	110.06%	N/A	N/A	CR	1,098,998	467,462	9.45%	9.45%	121,381	48,884	12,844	5,173
Out-of-Home Respite - Camp	9/1/2010	New service	N/A	N/A	CR	447,877	190,661	9.46%	9.46%	46,699	18,808	4,939	1,989
Out-of-Home Respite - DFPS Residential Child Care:													
Family (Mandated Minimum)	9/1/2010	New service	N/A	N/A	PA	24,725	10,489	9.45%	9.45%	2,814	1,134	298	120
Child Placing Agency	9/1/2010	New service	N/A	N/A	PA	24,269	10,310	9.45%	9.45%	3,084	1,242	326	132
General Residential Operation (GRO) providing Emergency Care Services	9/1/2010	New service	4/1/2011	46.98%	PA	58,759	25,023	9.45%	9.45%	5,989	2,412	634	255
Out-of-Home Respite - Licensed Child Care Center:													
Note 7 Preschool (ages 3 - 5)	9/1/2010	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
School Age (ages 6 and older)	9/1/2010	New service	N/A	N/A	PA	507	215	9.45%	9.45%	55	22	6	2
Certified:													
Note 7 Preschool (ages 3 - 5)	9/1/2010	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Note 7 School Age (ages 6 and older)	9/1/2010	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Out-of-Home Respite - Licensed Child Care Home:													
Note 7 Preschool (ages 3 - 5)	9/1/2010	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
School Age (ages 6 and older)	9/1/2010	New service	N/A	N/A	PA	423	180	9.45%	9.45%	40	16	4	2

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Out-of-Home Respite - Licensed Child Care Home - TRSP Certified:													
Note 7 Preschool (ages 3 - 5)	9/1/2010	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Note 7 School Age (ages 6 and older)	9/1/2010	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Out-of-Home Respite - Registered Child Care Home:													
Note 7 Preschool (ages 3 - 5)	9/1/2010	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Note 7 School Age (ages 6 and older)	9/1/2010	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Out-of-Home Respite - Registered Child Care Home - TRSP Certified:													
Note 7 Preschool (ages 3 - 5)	9/1/2010	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Note 7 School Age (ages 6 and older)	9/1/2010	New service	N/A	N/A	PA	0	0	9.45%	9.45%	0	0	0	0
Requisition Fees - Adaptive Aids and Supports, Art Therapy, Music Therapy, Animal-assisted Therapy and Recreational Therapy	9/1/2010	New service	N/A	N/A	PA	458,443	195,044	42.86%	42.86%	226,904	91,381	5,294	2,132
Requisition Fees - Minor Home Modifications	9/1/2010	New service	N/A	N/A	PA	354	151	42.86%	42.86%	126	50	2	0
YES Total										$1,234,871	$497,322	$93,879	$37,809
Total DSHS Legacy Programs (with totals only included)										**$331,770,897**	**$118,957,281**	**$132,050,460**	**$54,305,092**

Note 1: Any increase in rates must be funded with GR to maintain level services since federal block grants will not be increased for rate increases

Note 2: "GR" for these programs is Fund 8003 GR Match for Maternal Child Health Block Grant or 8002 General Revenue for Substance Abuse Block Grant. Any reduction in general revenue may result in loss of federal block grants and elimination of this program. For Substance Abuse Disorder, there is not a required State Match but a required State Maintenance of Effort of State funding to be no less than prior two year average.

Note 3: Home and Community-based Services Adult Mental Health (HCBS-AMH) transferred to HHSC on 9/1/16. HCBS-AMH services beginning in SFY2017. The HCBS services include those for non-Medicaid clients and non-eligible services for Medicaid clients (Indigent) paid by 100% GR. Therefore FMAP is not a state Medicaid match percentage. This is the state portion of both State Match and Indigent services using a blended rate. HCBS is not fully implemented.

Note 4: Mental Health Targeted Case Management and Rehabilitative Services rates adjusted effective 9-1-2011 to reflect the change in reimbursement methodology eliminating cost settlement adjusted rates to reflect a statewide prospective in lieu of provider specific rate with cost settlement.

Note 5: Substance Use Disorder for indigent services transferred to HHSC on 9/1/16. Substance Use Disorder for indigent services has requested an Exceptional Item to maintain treatment capacity in FY18-19. Additionally, a rate increase is requested to bring remaining rates up to February 2015 Rate Study recommendations. This rate increase will need to be funded 100% with State Funds. The rate under FMAP is the projected percentage of SAPT Block Grant MOE (State) funding.

Note 6: The rates for services that are available in multiple 1915(c) Waiver programs are set using data from all programs with sufficient reliable cost report data. These services are referred to as Common Services.

Note 7: No services were provided during the base period, so it is not possible to forecast the cost to increase services.

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HHSC													
Ambulance Services (Air Transportation) Notes 1 & 2	9/1/2009	29.97%	2/1/2011	2.00%	M	73,884,120	31,975,834	3.80%	3.80%	3,053,669	1,336,130	803,597	351,613
Ambulance Services (Ground Transportation) Notes 1 & 2	9/1/2009	29.97%	2/1/2011	2.00%	M	240,157,385	103,936,172	3.80%	3.80%	9,966,720	4,360,927	2,622,821	1,147,613
Ambulatory Surgical Center/Hospital Ambulatory Surgical Center	9/1/2007	2.50%	9/1/2011	5.00%	M	34,157,053	14,782,612	39.00%	39.00%	136,754,159	59,836,728	3,506,517	1,534,275
Anesthesia - Adults	1/1/2010	9.23%	2/1/2011	2.00%	M	68,374,029	29,591,157	3.80%	3.80%	2,858,427	1,250,701	752,217	329,132
Anesthesia - Children	9/1/2007	21.58%	2/1/2011	2.00%	M	79,297,887	34,318,823	3.80%	3.80%	3,301,446	1,444,544	868,802	380,143
Anesthesia - Certified Registered Nurse Anesthetist - Adults	1/1/2010	9.23%	2/1/2011	2.00%	M	47,141,391	20,402,020	3.80%	3.80%	1,969,327	861,677	518,243	226,756
Anesthesia - Certified Registered Nurse Anesthetist - Children	9/1/2007	21.58%	2/1/2011	2.00%	M	40,982,655	17,736,620	3.80%	3.80%	1,707,644	747,178	449,380	196,626
Birthing Centers - Facility Services Note 3	7/1/2012	250.00%	9/1/2011	5.00%	A, CD	599,090	259,276	3.80%	3.80%	25,167	11,012	6,623	2,898
Birthing Centers - Professional Services Note 3	7/1/2012	250.00%	NA	NA	A, CD	450,328	194,895	10.81%	10.81%	53,976	23,618	4,993	2,184
Children & Pregnant Women - Case Management -Adults	9/1/2007	55.50%	2/1/2011	2.00%	B	90,750	39,275	3.80%	3.80%	3,612	1,580	951	417
Children & Pregnant Women - Case Management - Children	9/1/2007	55.50%	2/1/2011	2.00%	B	2,153,242	931,888	3.80%	3.80%	85,704	37,500	22,553	9,868
Children's Health Insurance Program (CHIP) (including perinate, excluding pharmacy costs)	9/1/2016	4.1% (9/1/16)	NA	NA	T	1,254,327,522	103,122,728	35.56%	45.09%	505,807,573	38,542,537	12,543,276	955,798
CHIP Dental	9/1/2016	8.4% Overall	NA	NA	T	220,451,668	18,073,497	3.80%	7.74%	12,720,061	969,269	2,204,516	167,984
Clinical Laboratory Fees (non-state owned)	4/1/2008	2.60%	9/1/2011	10.50%	M	721,935,911	317,044,891	7.00%	7.00%	51,659,760	22,603,708	7,379,965	3,229,101

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Dental Services - Adults	9/1/2007	52.50%	2/1/2011	2.00%	A,CD	22,858,817	9,892,921	3.80%	3.80%	955,591	418,118	251,471	110,031
Dental Services - Children's	9/1/2007	52.50%	2/1/2011	2.00%	A,CD	2,411,411,792	1,043,619,420	3.80%	3.80%	101,371,444	44,354,943	26,676,695	11,672,353
Durable Medical Equipment, Prosthetics, Orthotics, Supplies (DMEPOS)													
Diabetic Equipment and Supplies	Various 2008	10.00%	9/1/2011	10.00%	A,CD,M	12,561,795	5,436,539	3.80%	3.80%	525,987	230,145	138,417	60,564
Hearing Services	Various 2008	10.00%	9/1/2011	Reimbursement limited to lesser of provider's acquisition cost or fees determined by HHSC.	A,CD,M	10,740,422	4,648,278	3.80%	3.80%	430,077	188,180	113,178	49,521
Hospital Beds and Accessories	Various 2008	10.00%	9/1/2011	10.00%	A,CD,M	10,828,331	4,686,324	3.80%	3.80%	446,144	195,209	117,407	51,371
Incontinence Supplies	Various 2008	10.00%	9/1/2011	10.00%	A,CD,M	261,962,385	113,373,018	8.51%	8.51%	23,692,286	10,366,544	2,784,052	1,218,160
Kidney Machines and Access	Various 2008	10.00%	9/1/2011	10.00%	A,CD	2,131,525	922,489	3.80%	3.80%	87,370	38,229	22,992	10,060
Miscellaneous DME Equipment and Supplies	Various 2008	10.00%	9/1/2011	10.00%	A,CD,M	168,951,906	73,119,610	3.80%	3.80%	6,919,183	3,027,482	1,820,837	796,706
Mobility Aids	Various 2008	10.00%	9/1/2011	10.00%	A,CD,M	10,604,300	4,589,367	8.04%	8.04%	915,219	400,453	113,833	49,808
Neurostimulators	Various 2008	10.00%	9/1/2011	10.00%	A,CD,M	1,180,331	510,828	3.80%	3.80%	49,730	21,759	13,087	5,727
Nutrition (Enteral and Parenteral)	Various 2008	10.00%	9/1/2011	10.00%	A,CD,M	282,340,510	122,192,336	3.80%	3.80%	11,383,711	4,980,936	2,995,714	1,310,773
Orthotics	Various 2008	10.00%	9/1/2011	10.00%	A,CD,M	33,773,351	14,616,552	14.88%	14.88%	5,391,829	2,359,190	362,354	158,547
Oxygen and Related Respiratory Equipment	Various 2008	10.00%	9/1/2011	10.00%	A,CD,M	82,511,705	35,709,711	3.80%	3.80%	3,377,535	1,477,837	888,825	388,905
Prosthetics	Various 2008	10.00%	9/1/2011	10.00%	A,CD,M	10,774,341	4,662,958	10.97%	10.97%	1,261,724	552,066	115,016	50,325
Speech Generating Devices/Augmentive Communication Devices	Various 2008	10.00%	9/1/2011	10.00%	A,CD,M	2,294,710	993,113	7.89%	7.89%	191,895	83,963	24,321	10,642
Wheel Chairs	Various 2008	10.00%	9/1/2011	10.00%	A,CD,M	86,050,918	37,241,424	9.17%	9.17%	8,529,362	3,732,015	930,138	406,981

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Wound Therapy	Various 2008	10.00%	9/1/2011	10.00%	A,CD,M	5,139,416	2,224,255	3.80%	3.80%	215,951	94,489	56,829	24,866
Vision	5/1/2016	6.50%	5/1/2016	10.00%	A,CD,M	60,281,289	26,088,752	7.56%	7.56%	4,985,565	2,181,428	659,466	288,549
Environmental Lead Investigations	7/1/2010	New Benefit	2/1/2011	2.00%	A	3,864	1,672	3.80%	3.80%	155	68	41	18
Family Planning Clinics - Adults	9/1/2007	4.00%	9/1/2011	5.00%	A, M	3,773,714	1,633,201	11.28%	11.28%	468,681	205,071	41,549	18,180
Family Planning Clinics - Children	9/1/2007	10.06%	9/1/2011	5.00%	A, M	4,133,886	1,789,078	10.81%	10.81%	492,230	215,375	45,535	19,923
Federally Qualified Health Centers Notes 4 & 5	1/1/2016	Medicare Economic Index (MEI) (1.1%) or MEI+0.5%	1/1/2011	1.00%	T	439,975,422	190,376,761	1.00%	1.00%	4,555,455	1,993,237	4,555,455	1,993,237
Freestanding Psychiatric Hospitals (non-state owned)	1/1/2008	18.18%	9/1/2011	8.00%	T,M	214,394,424	92,766,931	24.00%	24.00%	51,838,815	22,682,053	2,159,951	945,085
Freestanding Psychiatric Hospitals -(state owned)	NA	NA	NA	NA	M	21,748,768	9,411,853	40.00%	40.00%	8,671,876	3,794,379	216,796	94,859
HHA- Home Health Aide Services	9/1/2007	2.50%	2/1/2011	2.00%	A,CD,M	152,709	66,090	3.80%	3.80%	6,418	2,808	1,689	739
HHA - Other Services (Supplies) - Adults	9/1/2007	2.50%	2/1/2011	2.00%	A,CD,M	47,275,516	20,460,067	3.80%	3.80%	1,989,194	870,369	523,472	229,044
HHA - Other Services (Supplies) - Children	9/1/2007	2.50%	2/1/2011	2.00%	A,CD,M	42,077,907	18,210,627	3.80%	3.80%	1,774,226	776,311	466,901	204,292
HHA - Skilled Nursing Services - Adults	9/1/2007	2.50%	2/1/2011	2.00%	A,CD,M	18,909,133	8,183,562	3.80%	3.80%	796,019	348,297	209,479	91,658
HHA - Skilled Nursing Services - Children	9/1/2007	2.50%	2/1/2011	2.00%	A,CD,M	4,366,201	1,889,504	3.80%	3.80%	180,119	78,811	47,400	20,740
Inpatient Hospital Note 6	9/1/2015	$312,514,064		NA	BR	7,069,891,391	3,059,046,407	55.00%	55.00%	4,013,239,053	1,755,991,155	72,967,983	31,927,112
Laboratory Services - Adults	9/1/2007	12.50%	2/1/2011	2.00%	A,M	188,893,856	81,750,159	11.28%	11.28%	23,298,466	10,194,218	2,065,467	903,743
Laboratory Services - Children	9/1/2007	27.50%	2/1/2011	2.00%	A,M	103,622,886	44,846,283	10.81%	10.81%	12,261,402	5,364,963	1,134,265	496,296

F1. Rate Schedule - Rate Change Based on Current Review of Costs and Cost of One Percent Rate Change. Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

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Long-Acting Reversible Contraceptive (LARC), Sterilization, and Associated Services - Adults	9/1/2013	18.00%	NA	NA	CD	39,368,466	17,254,417	3.80%	3.80%	1,677,644	167,764	441,485	44,149
Long-Acting Reversible Contraceptive (LARC), Sterilization, and Associated Services - Children	9/1/2013	19.00%	NA	NA	CD	33,137,090	14,341,188	3.80%	3.80%	1,393,852	139,386	366,804	36,681
Maternity Service Clinic	NA	NA	9/1/2011	7.00%	A,M	377,354	163,313	11.28%	11.28%	46,693	20,430	4,139	1,811
Medicare Advantage Note 1	NA	NA	1/1/2012	Decrease in payment rate from $25 to $10.	PA	35,089,101	14,930,449	388.10%	388.10%	137,405,226	55,339,527	354,046	142,591
Orthodontics - Adults	9/1/2007	52.50%	2/1/2011	2.00%	A,CD	229,294	99,235	3.80%	3.80%	9,602	4,202	2,527	1,106
Orthodontics - Children	9/1/2007	52.50%	2/1/2011	2.00%	A,CD	13,193,098	5,709,756	3.80%	3.80%	556,087	243,315	146,338	64,030
Outpatient Hospital Note 7	9/1/2015	$29,573,966		NA	CD	2,530,235,556	1,094,814,796	38.00%	43.00%	1,057,775,937	462,826,475	26,114,206	11,426,268
Outpatient Imaging Note 8	9/1/2015	$3,000,000		NA	M	385,522,808	166,812,957	13.00%	13.00%	52,066,994	22,781,893	4,005,153	1,752,453
Physician- Administered Drugs/Biological Fees (Nononcology) - Adults	10/1/2008	3.59%	2/1/2011	24.00%	A,M	31,080,879	13,451,294	11.28%	11.28%	3,875,799	1,695,851	343,600	150,342
Physician- Administered Drugs/Biological Fees (Nononcology) - Children	10/1/2008	3.59%	2/1/2011	24.00%	A,M	20,687,338	8,953,140	10.81%	10.81%	2,463,625	1,077,956	227,903	99,719
Physician And Other Practitioners - Adults	1/1/2013	ACA increase to Medicare for Evaluation and Management Services for two years	1/1/2015	ACA increases expire	A, B, M,CD	1,383,207,068	598,629,302	11.28%	11.28%	171,657,648	75,108,595	15,217,877	6,658,563
Physician And Other Practitioners - Children	1/1/2013	ACA increase to Medicare for Evaluation and Management Services for two years	1/1/2015	ACA increases expire	A, B, M,CD	2,363,338,979	1,022,814,296	10.81%	10.81%	280,680,462	122,811,402	25,964,890	11,360,907

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Physician-Administered Oncology Drugs - Adults	10/1/2008	3.59%	2/1/2011	2.00%	A,M	119,747,504	51,824,753	3.80%	3.80%	4,931,359	2,157,711	1,297,726	567,819
Physician-Administered Oncology Drugs - Children	10/1/2008	3.59%	2/1/2011	2.00%	A,M	31,198,805	13,502,330	3.80%	3.80%	1,311,409	573,806	345,107	151,001
Physicians Vaccine Administration - Adults	1/1/2013	ACA increase to Medicare for Evaluation and Management Services for two years	1/1/2015	ACA increases expire	A	7,628,391	3,301,442	11.28%	11.28%	954,157	417,490	84,589	37,012
Note 1: Medicare Advantage costs are estimated using the 2018-2019 PACE QMB rate as a proxy.													
Physicians Vaccine Administration - Children	1/1/2013	ACA increase to Medicare for Evaluation and Management Services for two years	1/1/2015	ACA increases expire	A	100,940,641	43,685,452	10.81%	10.81%	12,059,601	5,276,662	1,115,597	488,128
Audiologist - Adults	9/1/2007	12.50%	2/1/2011	2.00%	A,M	255,548	110,597	11.28%	11.28%	31,964	13,986	2,834	1,240
Audiologist - Children	9/1/2007	27.50%	2/1/2011	2.00%	A,M	1,237,941	535,761	10.81%	10.81%	146,616	64,152	13,563	5,935
Certified Nurse Midwife - Adults	9/1/2007	27.50%	2/1/2011	2.00%	A,M	1,275,803	552,147	11.28%	11.28%	159,447	69,765	14,135	6,185
Certified Nurse Midwife - Children	9/1/2007	27.50%	2/1/2011	2.00%	A,M	236,515	102,360	10.81%	10.81%	28,237	12,356	2,612	1,143
Chiropractors - Adults	9/1/2007	12.50%	2/1/2011	2.00%	A,M	420,367	181,928	11.28%	11.28%	52,342	22,902	4,640	2,030
Chiropractors - Children	9/1/2007	27.50%	2/1/2011	2.00%	A,M	372,929	161,398	10.81%	10.81%	44,440	19,445	4,111	1,799
Geneticist - Adults	9/1/2007	12.50%	2/1/2011	2.00%	A,M	2,053,753	888,831	11.28%	11.28%	256,981	112,441	22,782	9,968
Geneticist - Children	9/1/2007	27.50%	2/1/2011	2.00%	A,M	1,669,780	722,653	10.81%	10.81%	196,887	86,148	18,213	7,969
Licensed Clinical Social Worker/CCP Social Worker - Adults	9/1/2007	12.50%	2/1/2011	2.00%	A,M	2,509,858	1,086,225	11.28%	11.28%	312,771	136,853	27,728	12,133
Licensed Clinical Social Worker/CCP Social Worker - Children	9/1/2007	27.50%	2/1/2011	2.00%	A,M	12,578,384	5,443,718	10.81%	10.81%	1,496,028	654,586	138,393	60,554

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Licensed Marriage and Family Therapist - Adults	9/1/2007	12.50%	2/1/2011	2.00%	A,M	153,136	66,275	11.28%	11.28%	19,005	8,315	1,685	738
Licensed Marriage and Family Therapist - Children	9/1/2007	27.50%	2/1/2011	2.00%	A,M	1,541,244	667,025	10.81%	10.81%	183,173	80,147	16,945	7,415
Licensed Professional Counselors - Adults	9/1/2007	12.50%	2/1/2011	2.00%	A,M	30,549,465	13,221,307	11.28%	11.28%	3,783,236	1,655,350	335,393	146,751
Licensed Professional Counselors - Children	9/1/2007	27.50%	2/1/2011	2.00%	A,M	116,025,461	50,213,914	10.81%	10.81%	13,798,411	6,037,478	1,276,449	558,508
Nephrology - Adults	9/1/2007	12.50%	2/1/2011	2.00%	A,M	78,105,928	33,802,963	11.28%	11.28%	9,758,638	4,269,880	865,128	378,535
Nephrology - Children	9/1/2007	27.50%	2/1/2011	2.00%	A,M	270,662	117,138	10.81%	10.81%	31,434	13,754	2,908	1,273
Optometrist/Optician - Adults	9/1/2007	12.50%	2/1/2011	2.00%	A,M	26,216,012	11,345,859	11.28%	11.28%	3,222,397	1,409,956	285,674	124,996
Optometrist/Optician - Children	9/1/2007	27.50%	2/1/2011	2.00%	A,M	108,179,222	46,818,191	10.81%	10.81%	12,858,704	5,626,310	1,189,519	520,473
Physician Assistants and Nurse Practitioners - Adults	9/1/2007	12.50%	2/1/2011	2.00%	A,M	6,891,815	2,982,664	11.28%	11.28%	856,956	374,960	75,971	33,241
Physician Assistants and Nurse Practitioners - Children	9/1/2007	27.50%	2/1/2011	2.00%	A,M	40,606,844	17,573,975	10.81%	10.81%	4,846,808	2,120,715	448,363	196,181
Podiatrist - Adults	9/1/2007	12.50%	2/1/2011	2.00%	A,M	6,722,052	2,909,194	11.28%	11.28%	837,005	366,230	74,202	32,467
Podiatrist - Children	9/1/2007	27.50%	2/1/2011	2.00%	A,M	7,113,692	3,078,689	10.81%	10.81%	848,367	371,202	78,480	34,339
Psychologists - Adults	9/1/2007	12.50%	2/1/2011	2.00%	A,M	3,223,563	1,395,105	11.28%	11.28%	401,111	175,505	35,560	15,559
Psychologists - Children	9/1/2007	27.50%	2/1/2011	2.00%	A,M	28,181,369	12,196,434	10.81%	10.81%	3,355,332	1,468,121	310,391	135,811
Licensed Psychological Associate - Adults	NA	NA	NA	NA	A,M	27,927	12,086	11.28%	11.28%	3,492	1,527	310	136
Licensed Psychological Associate - Children	NA	NA	NA	NA	A,M	1,413,864	611,897	10.81%	10.81%	168,867	73,888	15,621	6,835
Portable X-ray Supplier - Adults	9/1/2007	12.50%	2/1/2011	2.00%	A,M	19,213,817	8,315,424	11.28%	11.28%	2,379,730	1,041,249	210,969	92,309
Portable X-ray Supplier - Children	9/1/2007	27.50%	2/1/2011	2.00%	A,M	13,564,504	5,870,495	10.81%	10.81%	1,611,054	704,915	149,034	65,210

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Provisionally Licensed Psychologist - Adults	NA	NA	NA	NA	A,M	17,161	7,427	11.28%	11.28%	2,120	927	188	82
Provisionally Licensed Psychologist - Children	NA	NA	NA	NA	A,M	179,815	77,821	10.81%	10.81%	21,343	9,338	1,975	864
Radiation Therapy Centers - Adults	NA	NA	2/1/2011	2.00%	A,M	818,775	354,352	11.28%	11.28%	99,864	43,696	8,853	3,874
Radiation Therapy Centers - Children	NA	NA	2/1/2011	2.00%	A,M	1,228,217	531,552	10.81%	10.81%	144,615	63,276	13,378	5,853
Renal Dialysis Facilities	9/1/2007	2.50%	9/1/2011	5.00%	CD	62,119,190	26,878,528	5.00%	5.00%	2,993,131	1,309,643	598,627	261,929
Rural Health Clinics Note 9	1/1/2016	Medicare Economic Index (MEI) (1.1%)	NA	NA	T	206,860,815	89,540,421	1.00%	1.00%	2,489,791	1,089,402	2,489,791	1,089,402
Notes 10 & 11 STAR+PLUS Long Term Care - Community Based Alternatives	9/1/2015	Increase in attendant base wage rate to $8.00 per hour	NA	NA	PA	2,643,009,150	1,039,087,429	11.35%	11.35%	331,742,775	122,905,743	29,225,129	10,827,474
Notes 10 & 11 STAR+PLUS Long Term Care - Day Activity and Health Services	9/1/2015	0.42%	N/A	N/A	PA	279,776,488	119,013,015	6.29%	6.29%	19,470,535	7,841,385	3,093,652	1,245,910
Notes 10, 11 & 12 STAR KIDS Long Term Care - Medically Dependent Children Program	9/1/2015	Increase in attendant base wage rate to $8.00 per hour	NA	NA	PA	169,537,596	72,079,306	9.45%	9.45%	19,337,099	7,787,580	2,046,254	824,083
Notes 10 & 11 STAR+PLUS Long Term Care - Primary Home Care	9/1/2015	Increase in attendant base wage rate to $8.00 per hour	NA	NA	PA	2,968,205,517	1,252,294,775	20.16%	20.16%	661,752,177	264,297,986	32,820,863	13,108,363
Substance Use Disorder Services (Chemical Dependency Treatment Facility)	9/1/2013	19.00%	NA	NA	A, B, CD	36,083,752	15,616,455	3.80%	3.80%	1,510,799	661,048	397,578	173,960
TEFRA Based Inpatient Hospital (Cost-Based)	NA	NA	NA	NA	CB	337,620,637	146,086,031	3.00%	7.00%	17,322,301	7,579,070	3,548,521	1,552,666

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Texas Women's Health Program (GR ONLY)	9/1/2007	22.50%	2/1/2011	2.00%	A,CD,M	42,724,462	18,490,445	3.80%	3.80%	1,700,542	1,700,542	447,511	447,511
Therapy Services - Comprehensive Outpatient Rehabilitation Facility (CORF) / Outpatient Rehabilitation Facility (ORF) (PT 65, PS25) - Children	1/1/2006	NA	9/1/2013	2.5% NOTE: Significant reductions for the 2016-17 biennium were pending at the time of publication	A,M	336,896,263	145,803,170	0.00%	0.00%	0	0	3,621,999	1,584,802
Therapy Services - Home Health Agency - Adults	1/1/2006	NA	9/1/2013	1.5% NOTE: Significant reductions for the 2016-17 biennium were pending at the time of publication	A,M	4,830,957	2,090,759	0.00%	0.00%	0	0	53,539	23,426
Therapy Services - Home Health Agency - Children	1/1/2006	NA	9/1/2013	1.5% NOTE: Significant reductions for the 2016-17 biennium were pending from implementation at the time of publication	A,M	871,757,924	377,282,512	0.00%	0.00%	0	0	9,373,398	4,101,323

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Therapy Services - Independent Therapists (PT 34, 35, 50) - Adults	1/1/2006	NA	9/1/2013	4.00% - office setting 1.50% - home setting NOTE: Significant reductions for the 2016-17 biennium were enjoined from implementation at the time of publication	A,M	12,947,798	5,603,594	0.00%	0.00%	0	0	143,339	62,718
Therapy Services - Independent Therapists (PT 34, 35, 50) - Children	1/1/2006	NA	9/1/2013	4.00% - office setting 1.50% - home setting NOTE: Significant reductions for the 2016-17 biennium were enjoined from implementation at the time of publication	A,M	237,671,473	102,860,310	0.00%	0.00%	0	0	2,558,161	1,119,321
Therapy Services - Independent Therapists (Early Childhood Intervention) - Children	1/1/2006	NA	9/1/2013	1.5% NOTE: Significant reductions for the 2016-17 biennium were enjoined from implementation at the time of publication	A,M	61,397,087	26,571,651	0.00%	0.00%	0		670,437	293,349
THSteps Medical Checkups	9/1/2007	27.50%	2/1/2011	2.00%	A,M	241,761,055	104,630,214	10.81%	10.81%	28,611,389	12,518,881	2,646,752	1,158,084
THSteps Newborn	9/1/2007	27.50%	2/1/2011	2.00%	A,M	271,249,461	117,392,312	10.81%	10.81%	31,965,685	13,986,551	2,957,048	1,293,854
THSteps Other Services (Managed Care only)	NA	NA	2/1/2011	2.00%		570,370,546	246,847,005	3.80%	3.80%	24,046,331	10,521,440	6,327,981	2,768,799

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THSteps Personal Care Services and Attendant Care	8/1/2009	7.00%	9/1/2010	1.00%	B	241,857,970	104,672,157	3.80%	3.80%	9,655,490	4,224,755	2,540,918	1,111,778
THSteps Private Duty Nursing	7/1/2008	15.00%	2/1/2011	2.00%	B	1,284,969,416	556,113,660	3.80%	3.80%	51,479,397	22,524,784	13,547,210	5,927,575
Tuberculosis Clinics	NA	NA	9/1/2011	5.00%	A,M	380,012	164,463	11.28%	11.28%	46,333	20,273	4,108	1,797
Total HHSC (with totals only included)										**$9,142,868,074**	**$3,788,118,812**	**$396,086,221**	**$166,938,768**

Note 1:	Basic and Advanced Life Support Costs were allocated between air and ground ambulance based on number of clients served.
Note 2:	Effective September 1, 2013, Ambulance Services were fully exempted from Medicare equalization which increased revenues received for dually-eligible consumers.
Note 3:	Rural Health Centers are exempt from rate changes because they have federally mandated Medical Economic Inflators (MEI) provided annually. Estimates are based on 1 percent increase in reimbursement.
Note 4:	Federally Qualified Health Center Rate increases are limited to MEI plus .5 percent, they have federally mandated Medical Economic Inflators provided annually. Estimates are based on 1 percent increase in reimbursement.
Note 5:	Recently, some Federally Qualified Health Centers (FQHCs) have acquired physician practices and retained their client base. This activity may cause FQHC costs to increase over the next biennium as FQHC rates are significantly higher than physician reimbursement. HHSC does not have a way of predicting how many clients will be moved to the FQHC client base, and therefore it is difficult.
Note 6:	Last rate of increase percentage column for Inpatient Hospitals reflects actual dollars appropriated by the 84th legislature Trauma designated and Safety Net Hospitals.
Note 7:	Last rate of increase percentage column for Outpatient Hospitals reflects actual dollars appropriated by the 84th legislature for rural hospital outpatient reimbursement increases.
Note 8:	Last rate of increase percentage column for Outpatient Hospital Imagings reflects actual dollars appropriated by the 84th legislature for rural hospital outpatient reimbursement increases.
Note 9:	Rural Health Centers are exempt from rate changes because they have federally mandated Medical Economic Inflators provided annually
Note 10:	Reflects the impact of potential DADS fee-for-service rate increases on corresponding services delivered through managed care.
Note 11:	Percentage Rate changes and Estimated costs of rate changes represent the amount added to the respective Fiscal Year to fully fund.
Note 12:	STAR Kids expansion occurred November 1, 2016.

Total HHS	**$10,046,916,393**	**$4,209,565,678**	**$585,871,744**	**$249,671,746**

F2. Rate Schedule – Attendant Wages per Hour and Cost of Increasing Attendant Wages by $1.00 per Hour

Program	Minimum Attendant Wages per Hour Assumed in FY 2018 Rates	Percent Payroll Taxes and Benefits Assumed in FY 2018 Rates	Total Attendant Compensation Assumed in FY 2018 Rates	Attendant hours per Unit of Service	Maximum Attendant Wages per Hour Assumed in FY 2018 Rates Assuming Full Participation in Enhancement Program	Per Unit Cost of Increasing Rate to Support $1.00 per Hour Increase in Attendant Wages	Cost of Increasing Attendant Wages by $1.00 per Hour Plus Associated Payroll Taxes and Benefits				
							FY 2020		FY 2021		
							AF	GR	AF	GR	
Residential Care (Not eligible for CFC)	$8.00	10.78%	$8.86	1.26	9.39	$1.40	$154,232	$154,232	$154,232	$154,232	
Primary Home Care (PHC) Nonpriority (Not eligible for CFC)	$8.00	8.20%	$8.66	1.00	9.75	$1.08	$1,018,317	$410,789	$1,018,316	$409,465	
PHC Priority (Not eligible for CFC)	$8.02	8.50%	$8.70	1.00	9.77	$1.09	$6,447	$2,601	$6,447	$2,592	
Community Attendant Services (Not eligible for CFC)	$8.00	8.20%	$8.66	1.00	9.75	$1.08	$80,782,647	$28,150,320	$72,598,357	$29,191,799	
Family Care (Not eligible for CFC)	$8.00	8.20%	$8.66	1.00	9.75	$1.08	$3,426,867	$3,426,867	$3,426,867	$3,426,867	
Client Managed Personal Attendant Services (Not eligible for CFC)	$8.00	10.25%	$8.82	1.00	8.00	$1.10	$533,870	$533,870	$533,870	$533,870	
Day Activity and Health Services (DAHS) - Title XIX Medicaid (Not eligible for CFC)	$8.00	9.38%	$8.75	0.24	15.29	$0.26	$153,399	$61,881	$156,972	$83,118	
DAHS - Title XX (Not eligible for CFC)	$8.00	9.38%	$8.75	0.24	15.29	$0.26	$292,783	$292,783	$292,783	$292,783	
Community Living Assistance and Support Services	$9.25	10.25%	$10.20	1.00	11.00	$1.10	$14,294,838	$4,909,105	$14,294,838	$4,890,521	
Community Living Assistance and Support Services Respite	$8.00	10.25%	$8.82	1.00	9.75	$1.10	$911,859	$367,844	$911,859	$366,859	
Deaf Blind Multiple Disabilities Waiver	$9.25	10.25%	$10.20	1.00	11.00	$1.10	$562	$193	$562	$192	
Home and Community-based Services Residential Direct Service Worker (Not eligible for CFC)	$8.78	16.29%	$10.19	7.01	8.94	$8.15	$24,795,185	$10,002,378	$24,795,185	$9,970,144	
Home and Community-based Services Supported Home Living	$10.11	16.29%	$11.76	1.00	11.36	$1.16	$4,523,093	$1,553,230	$4,523,093	$1,547,350	
Texas Home Living Community Support Services	$10.11	16.29%	$11.76	1.00	11.36	$1.16	$3,348,028	$1,149,713	$3,348,028	$1,145,360	
Subtotal Fee-for-Service (Legacy DADS)							***$123,242,127***	***$51,015,805***	***$126,061,409***	***$51,994,954***	
Texas Health Steps (TxHSteps) - Personal Care Services	$8.00	10.25%	$8.82	0.25	8.00	$0.28	$1,120,831	$429,278	$1,138,765	$434,667	
TxHSteps - Behavioral Personal Care Services	$9.16	10.25%	$10.10	0.25	9.16	$0.28	$2,189,927	$825,603	$2,224,966	$835,920	
Subtotal Texas Health Steps							***$3,310,759***	***$1,254,881***	***$3,363,731***	***$1,270,586***	
STARPLUS DAHS (including 1.75% Managed Care State Premium Tax, 1.75% Risk Margin) (Not eligible for CFC)	$8.00	9.38%	$8.75	0.24	15.29	$0.26	$3,132,836	$1,263,786	$3,307,424	$1,329,915	
STARPLUS PAS (including 1.75% Managed Care State Premium Tax, 1.75% Risk Margin)	$8.00	10.25%	$8.82	1.00	9.75	$1.10	$215,388,993	$82,822,300	$227,371,192	$87,142,283	
STARPLUS Respite (including 1.75% Managed Care State Premium Tax, 1.75% Risk Margin) (Not eligible for CFC)	$8.00	10.25%	$8.82	1.00	9.75	$1.10	$3,824,688	$1,542,878	$4,037,831	$1,623,612	
STARPLUS PCS (including 1.75% Managed Care State Premium Tax, 1.75% Risk Margin) (Not eligible for CFC)	$8.00	10.25%	$8.82	1.00	9.75	$1.10	$98,503	$39,736	$103,992	$41,815	
STARPLUS Adult HAB (including 1.75% Managed Care State Premium Tax, 1.75% Risk Margin)	$8.00	10.25%	$8.82	1.00	9.75	$1.10	$1,429,332	$549,664	$1,508,987	$578,334	
STARPLUS CBA ALRC (including 1.75% Managed Care State Premium Tax, 1.75% Risk Margin) (Not eligible for CFC)	$8.11	10.78%	$8.98	1.26	9.50	$1.40	$1,417,422	$571,788	$1,496,413	$601,708	
STARPLUS Flex. Family Support attendant (including 1.75% Managed Care State Premium Tax, 1.75% Risk Margin)	$8.00	10.25%	$8.82	1.00	9.75	$1.10	$448	$172	$473	$181	
Subtotal STAR+PLUS							***$225,272,221***	***$86,790,325***	***$237,826,312***	***$91,317,848***	
STAR Kids DAHS (including 1.75% Managed Care State Premium Tax, 1.75% Risk Margin) (Not eligible for CFC)	$8.00	9.38%	$8.75	0.24	15.29	$0.26	$4,745	$1,914	$5,040	$2,027	
STAR Kids PAS (including 1.75% Managed Care State Premium Tax, 1.75% Risk Margin)	$8.00	10.25%	$8.82	1.00	9.75	$1.10	$90,862	$33,094	$96,456	$35,006	
STAR Kids Respite (including 1.75% Managed Care State Premium Tax, 1.75% Risk Margin) (Not eligible for CFC)	$8.00	10.25%	$8.82	1.00	9.75	$1.10	$7,414	$2,991	$7,785	$3,131	
STAR Kids PCS (including 1.75% Managed Care State Premium Tax, 1.75% Risk Margin) (Not eligible for CFC)	$8.00	10.25%	$8.82	1.00	9.75	$1.10	$48,837,816	$19,701,175	$51,685,292	$20,782,656	
STAR Kids Adult HAB (including 1.75% Managed Care State Premium Tax, 1.75% Risk Margin)	$8.00	10.25%	$8.82	1.00	9.75	$1.10	$772	$281	$820	$297	
STAR Kids CBA ALRC (including 1.75% Managed Care State Premium Tax, 1.75% Risk Margin) (Not eligible for CFC)	$8.11	10.78%	$8.98	1.26	9.50	$1.40	$0	$0	$0	$0	
STAR Kids Flex. Family Support attendant (including 1.75% Managed Care State Premium Tax, 1.75% Risk Margin)	$8.00	10.25%	$8.82	1.00	9.75	$1.10	$28,334,889	$10,320,133	$29,818,788	$10,748,525	
Subtotal STAR Kids							***$77,276,498***	***$30,059,588***	***$81,412,181***	***$31,571,641***	
Total							**$429,101,604**	**$169,120,599**	**$448,663,632**	**$176,155,029**	

F3. Cost of One Percent Rate Change

Estimated Cost of One Percent Rate Change Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Long Term Care Programs (Legacy DADS)								
Note 1 Community First Choice (CFC)								
Community Living Assistance and Support Services (CLASS) Attendant and Habilitation	6/1/2015	New program	N/A	N/A	887,469	**304,757**	887,469	**303,603**
Deaf-Blind with Multiple Disabilities (DBMD) Attendant and Habilitation	6/1/2015	New program	N/A	N/A	46,663	**16,024**	46,663	**15,963**
Home and Community-Based Services (HCS) Supported Home Living (SHL)	6/1/2015	New program	8/1/2017	20.88%	414,368	**142,294**	414,368	**141,755**
Texas Home Living (TxHmL) - Community Support Services (CSS)	6/1/2015	New program	8/1/2017	20.88%	360,165	**123,681**	360,165	**123,212**
Emergency Response Services	6/1/2015	New program	N/A	N/A	399	**137**	399	**136**
Personal Care Services (PCS)	6/1/2015	New program	N/A	N/A	23,211	**7,971**	23,476	**8,031**
Personal Care Services (PCS) Behavioral Health Condition	6/1/2015	New program	N/A	N/A	68,877	**23,652**	69,662	**23,831**
Consumer Directed Services (CDS):								
Financial Management Services (FMS) Fee:								
CLASS and DBMD FMS Fee	6/1/2015	New program	N/A	N/A	8,638	**2,966**	8,638	**2,955**
HCS and TxHmL FMS Fee	6/1/2015	New program	N/A	N/A	1,461	**502**	1,461	**500**
PCS FMS Fee	6/1/2015	New program	N/A	N/A	11,631	**3,994**	11,763	**4,024**
CDS Consumer Payment Rates:								
Community Living Assistance and Support Services (CLASS) Attendant and Habilitation	6/1/2015	New program	N/A	N/A	860,557	**347,149**	860,557	**346,030**

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Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Deaf-Blind with Multiple Disabilities (DBMD) Attendant and Habilitation	6/1/2015	New program	N/A	N/A	26,061	**10,513**	26,061	**10,479**
Home and Community-Based Services (HCS) Supported Home Living (SHL)	6/1/2015	New program	N/A	N/A	345,176	**139,244**	345,176	**138,795**
Texas Home Living (TxHmL) - Community Support Services (CSS)	6/1/2015	New program	N/A	N/A	188,539	**76,057**	188,539	**75,812**
Personal Care Services (PCS)	6/1/2015	New program	N/A	N/A	16,939	**6,833**	16,939	**6,811**
Personal Care Services (PCS) Behavioral Health Condition	6/1/2015	New program	N/A	N/A	93,044	**37,534**	93,044	**37,413**
Support Consultation	6/1/2015	New program	N/A	N/A	32	**11**	32	**11**
CFC Total					$3,353,230	**$1,243,319**	$3,354,412	**$1,239,361**
Community Living Assistance & Support Services (CLASS)								
Case Management Services	6/1/2007	2.72%	N/A	N/A	111,677	**45,051**	111,677	**44,905**
Habilitation Services	8/1/2008	0.23%	N/A	N/A	39	**16**	39	**16**
Prevocational Services	8/1/2008	0.23%	N/A	N/A	499,414	**201,464**	499,414	**200,814**
Notes 2 & 3 Employment Assistance	9/1/2013	New service	N/A	N/A	0	**0**	0	**0**
Note 3 Supported Employment	9/1/2013	88.23%	N/A	N/A	110	**44**	110	**44**
Note 3 Registered Nurse (RN)	9/1/2007	28.33%	N/A	N/A	5,727	**2,310**	5,727	**2,303**
Note 3 Specialized RN	1/1/2008	New service	N/A	N/A	120	**48**	120	**48**
Note 3 Licensed Vocational Nurse (LVN)	9/1/2007	17.17%	N/A	N/A	6,805	**2,745**	6,805	**2,736**
Note 3 Specialized LVN	1/1/2008	New service	N/A	N/A	3,088	**1,246**	3,088	**1,242**

Estimated Cost of One Percent Rate Change Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Note 3 Physical Therapy (PT)	9/1/2009	15.77%	N/A	N/A	7,544	**3,043**	7,544	**3,033**
Note 3 Occupational Therapy (OT)	9/1/2009	14.83%	N/A	N/A	2,916	**1,176**	2,916	**1,173**
Note 3 Speech & Language Therapy (SP)	9/1/2009	22.18%	N/A	N/A	4,269	**1,722**	4,269	**1,717**
Notes 2 & 3 Cognitive Rehabilitation Therapy	9/1/2014	New service	N/A	N/A	0	**0**	0	**0**
Specialized Therapies	9/1/2009	15.77%	N/A	N/A	308,458	**124,432**	308,458	**124,031**
Notes 2 & 3 Auditory Integration Training / Auditory Enhancement Training	9/1/2009	N/A	N/A	N/A	0	**0**	0	**0**
Note 3 Nutritional Services	9/1/2009	N/A	N/A	N/A	64	**26**	64	**26**
Note 3 Behavioral Support	9/1/2009	11.04%	N/A	N/A	9,136	**3,685**	9,136	**3,674**
Note 3 Respite - In-Home	9/1/2007	3.32%	N/A	N/A	45,046	**18,172**	45,046	**18,113**
Respite - Out-of-Home	9/1/2007	10.10%	N/A	N/A	2,401	**969**	2,401	**965**
Requisition Fees - Specialized Therapies	9/1/2001	New service	N/A	N/A	30,312	**12,228**	30,312	**12,188**
Assessments:								
Direct Service Agency (DSA) Full Assessment	9/1/2007	2.69%	N/A	N/A	606	**244**	606	**244**
Case Management Agency (CMA) Full Assessment	9/1/2007	2.69%	N/A	N/A	770	**311**	770	**310**
Note 2 DSA or CMA Partial Assessment	9/1/2007	2.69%	N/A	N/A	0	**0**	0	**0**
Support Family Services:								
Note 2 Family Pass-through Payment	9/1/2009	9.05%	N/A	N/A	0	**0**	0	**0**
Note 2 Child Placing Agency	9/1/2009	1.28%	N/A	N/A	0	**0**	0	**0**
Continued Family Services:								

Estimated Cost of One Percent Rate Change

Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Note 2 Family Pass-through Payment	9/1/2009	New service	N/A	N/A	0	0	0	0
Note 2 Child Placing Agency	9/1/2009	New service	N/A	N/A	0	0	0	0
Note 2 Transition Assistance Services	9/1/2007	1.46%	N/A	N/A	0	0	0	0
Consumer Directed Services (CDS):								
Financial Management Services (FMS) Fee	9/1/2007	New service	N/A	N/A	56,902	22,954	56,902	22,880
CDS Consumer Payment Rates:								
Habilitation Services	8/1/2009	6.79%	N/A	N/A	550	222	550	221
Note 3 Employment Assistance	9/1/2014	New service	N/A	N/A	49	20	49	20
Note 3 Supported Employment	9/1/2013	New service	N/A	N/A	1,296	523	1,296	521
Note 3 In-Home Respite	9/1/2007	3.71%	N/A	N/A	61,619	24,857	61,619	24,777
Out-of-Home Respite	9/1/2007	10.70%	N/A	N/A	4,661	1,880	4,661	1,874
Note 3 Physical Therapy (PT)	9/1/2009	New service	N/A	N/A	32	13	32	13
Note 3 Occupational Therapy (OT)	9/1/2009	New service	N/A	N/A	135	54	135	54
Note 3 Speech & Langnage Therapy (SP)	9/1/2009	New service	N/A	N/A	120	48	120	48
Notes 2 & 3 Cognitive Rehabilitation Therapy	9/1/2009	New service	N/A	N/A	0	0	0	0
Note 3 Registered Nurse (RN)	9/1/2009	New service	N/A	N/A	1,407	568	1,407	566
Notes 2 & 3 Specialized RN	9/1/2009	New service	N/A	N/A	0	0	0	0
Note 3 Licensed Vocational Nurse (LVN)	9/1/2009	New service	N/A	N/A	9,813	3,959	9,813	3,946

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Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Note 3 Specialized LVN	9/1/2009	New service	N/A	N/A	1,205	486	1,205	485
Notes 2 & 3 Support Consultation	9/1/2009	New service	N/A	N/A	0	0	0	0
CLASS Total					$1,176,291	$474,516	$1,176,291	$472,987
Community Attendant Services (CAS)								
Non-Priority	9/1/2015	1.35%	N/A	N/A	7,087,050	2,858,916	7,373,011	2,964,688
Priority	8/1/2009	7.50%	N/A	N/A	77,390	31,219	80,513	32,374
Consumer Directed Services (CDS):								
Financial Management Services (FMS) Fee	9/1/2007	New service	N/A	N/A	7,440	3,001	7,662	3,081
CDS Consumer Payment Rates:								
Non-Priority	9/1/2015	1.46%	N/A	N/A	63,024	25,424	64,905	26,098
Priority	8/1/2009	8.11%	N/A	N/A	666	269	686	276
Notes 2 & 3 Support Consultation	9/1/2009	New service	N/A	N/A	0	0	0	0
CAS Total					$9,588,152	$3,867,861	$9,879,359	$3,972,491
Deaf Blind Multiple Disabilities (DBMD) Waiver								
Case Management Services	9/1/2007	1.43%	N/A	N/A	1,323	534	1,323	532
Pre-Enrollment Assessment	9/1/2007	1.43%	N/A	N/A	10	4	10	4
Day Habilitation	8/1/2009	6.13%	N/A	N/A	4,807	1,939	4,807	1,933
Residential Habilitation	8/1/2009	6.13%	N/A	N/A	391	158	391	157
Note 3 Respite - In-Home	9/1/2007	3.32%	N/A	N/A	1,977	798	1,977	795
Respite - Out-of-Home	9/1/2007	13.09%	N/A	N/A	90	36	90	36
Notes 2 & 3 Supported Employment	10/1/2009	19.92%	9/1/2011	1.02%	0	0	0	0
Licensed Home Health Assisted Living Services (19-24 Hours)	9/1/2007	1.43%	N/A	N/A	16,293	6,573	16,293	6,551
Licensed Assisted Living Services (19-24 Hours)	9/1/2007	1.43%	N/A	N/A	9,182	3,704	9,182	3,692

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Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Assisted Living Services (18 Hours or Less)	9/1/2007	1.43%	N/A	N/A	3,503	**1,413**	3,503	**1,409**
Note 3 Behavioral Support	9/1/2009	11.04%	N/A	N/A	66	**27**	66	**27**
Chore Services	8/1/2009	8.32%	N/A	N/A	217	**88**	217	**87**
Notes 2 & 3 Employment Assistance	10/1/2009	19.92%	9/1/2011	1.02%	0	**0**	0	**0**
Intervener	6/15/2010	17.69%	N/A	N/A	9,164	**3,697**	9,164	**3,685**
Intervener I	6/15/2010	New service	N/A	N/A	72,537	**29,261**	72,537	**29,167**
Note 2 Intervener II	6/15/2010	New service	N/A	N/A	0	**0**	0	**0**
Intervener III	6/15/2010	New service	N/A	N/A	3	**1**	3	**1**
Note 3 Registered Nurse (RN)	9/1/2007	28.33%	N/A	N/A	568	**229**	568	**228**
Notes 2 & 3 Specialized RN	8/1/2009	New service	N/A	N/A	0	**0**	0	**0**
Note 3 Licensed Vocational Nurse (LVN)	9/1/2007	17.17%	N/A	N/A	769	**310**	769	**309**
Note 3 Specialized LVN	8/1/2009	New service	N/A	N/A	134	**54**	134	**54**
Orientation and Mobility Services	9/1/2007	1.43%	N/A	N/A	0	**0**	0	**0**
Note 3 Physical Therapy (PT)	9/1/2009	15.77%	N/A	N/A	7	**3**	7	**3**
Note 3 Occupational Therapy (OT)	9/1/2009	14.83%	N/A	N/A	170	**69**	170	**68**
Note 3 Speech & Language Therapy (SP)	9/1/2009	22.18%	N/A	N/A	325	**131**	325	**131**
Notes 2 & 3 Audiology	5/1/2010	New service	N/A	N/A	0	**0**	0	**0**
Note 3 Dietary Services	9/1/2009	11.45%	N/A	N/A	6	**2**	6	**2**
Note 2 Transition Assistance Services	9/1/2007	1.46%	N/A	N/A	0	**0**	0	**0**
Requisition Fees - Adaptive Aids / Medical Supplies / Dental Services	10/1/2009	New service	N/A	N/A	55	**22**	55	**22**
Requisition Fees - Minor Home Modifications	10/1/2009	New service	N/A	N/A	9	**4**	9	**4**

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					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Consumer Directed Services (CDS):								
Financial Management Services (FMS) Fee	9/1/2007	New service	N/A	N/A	2,704	**1,091**	2,704	**1,087**
CDS Consumer Payment Rates:								
Note 2 Residential Habilitation Services	8/1/2009	6.53%	N/A	N/A	0	**0**	0	**0**
Notes 2 & 3 Employment Assistance	9/1/2013	New service	N/A	N/A	0	**0**	0	**0**
Notes 2 & 3 Supported Employment	9/1/2013	New service	N/A	N/A	0	**0**	0	**0**
Intervener	6/15/2010	18.77%	N/A	N/A	5,049	**2,037**	5,049	**2,030**
Intervener I	6/15/2010	New service	N/A	N/A	1,721	**694**	1,721	**692**
Intervener II	6/15/2010	New service	N/A	N/A	1,507	**608**	1,507	**606**
Intervener III	6/15/2010	New service	N/A	N/A	214	**86**	214	**86**
Note 3 In-Home Respite	9/1/2007	3.71%	N/A	N/A	2,445	**986**	2,445	**983**
Out-of-Home Respite	9/1/2007	13.89%	N/A	N/A	59	**24**	59	**24**
Note 2 Support Consultation	10/1/2009	New service	N/A	N/A	0	**0**	0	**0**
DBMD Total					$135,305	**$54,583**	$135,305	**$54,405**
Home and Community Based Services (HCS)								
Host Home / Companion Care:								
LON 1	6/1/2010	0.86%	9/1/2011	1.92%	1,020,835	**411,805**	1,020,835	**410,478**
LON 5	6/1/2010	0.85%	9/1/2011	1.83%	1,704,845	**687,734**	1,704,845	**685,518**
LON 8	6/1/2010	0.86%	9/1/2011	1.49%	800,083	**322,753**	800,083	**321,713**
LON 6	6/1/2010	0.86%	9/1/2011	1.18%	452,054	**182,359**	452,054	**181,771**
LON 9	6/1/2010	0.85%	9/1/2011	0.95%	8,822	**3,559**	8,822	**3,547**
Social Work	6/1/2010	19.14%	9/1/2011	1.01%	125	**50**	125	**50**
Notes 2 & 3 Behavioral Support	10/1/2009	2.51%	N/A	N/A	0	**0**	0	**0**
Note 3 Physical Therapy (PT)	10/1/2009	4.47%	N/A	N/A	13,582	**5,479**	13,582	**5,461**
Note 3 Occupational Therapy (OT)	9/1/2007	4.41%	10/1/2009	1.58%	6,955	**2,806**	6,955	**2,797**
Note 3 Speech & Language Therapy (SP)	10/1/2009	2.93%	N/A	N/A	44,861	**18,097**	44,861	**18,039**
Note 3 Audiology	9/1/2007	4.41%	10/1/2009	28.86%	160	**65**	160	**64**

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					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Notes 2 & 3 Cognitive Rehabilitation Therapy	4/1/2014	New service	N/A	N/A	0	**0**	0	**0**
Note 3 Dietary Services	10/1/2009	11.23%	N/A	N/A	2,671	**1,077**	2,671	**1,074**
Note 3 Registered Nurse (RN)	10/1/2009	New service	N/A	N/A	119,835	**48,341**	119,835	**48,186**
Note 3 Specialized RN	10/1/2009	New service	N/A	N/A	3,040	**1,226**	3,040	**1,222**
Note 3 Licensed Vocational Nurse (LVN)	10/1/2009	New service	N/A	N/A	47,285	**19,075**	47,285	**19,013**
Note 3 Specialized LVN	10/1/2009	New service	N/A	N/A	10,619	**4,284**	10,619	**4,270**
Transition Assistance Services	3/1/2014	New service	N/A	N/A	824	**332**	824	**331**
Supervised Living (3-bed) and Residential Support Services (4-bed):								
LON 1	9/1/2015	0.76%	N/A	N/A	761,248	**307,087**	761,248	**306,098**
LON 5	9/1/2015	0.80%	N/A	N/A	2,051,123	**827,423**	2,051,123	**824,757**
LON 8	9/1/2015	0.85%	N/A	N/A	1,058,578	**427,030**	1,058,578	**425,654**
LON 6	9/1/2015	0.92%	N/A	N/A	517,197	**208,637**	517,197	**207,965**
LON 9	9/1/2015	1.08%	N/A	N/A	116,069	**46,822**	116,069	**46,671**
Day Habilitation:								
LON 1	9/1/2015	3.94%	N/A	N/A	200,153	**80,742**	200,153	**80,482**
LON 5	9/1/2015	3.57%	N/A	N/A	471,574	**190,233**	471,574	**189,620**
LON 8	9/1/2015	2.95%	N/A	N/A	244,157	**98,493**	244,157	**98,176**
LON 6	9/1/2015	2.06%	N/A	N/A	142,115	**57,329**	142,115	**57,144**
LON 9	9/1/2015	0.48%	N/A	N/A	45,348	**18,293**	45,348	**18,234**
Supported Home Living	6/1/2010	0.86%	8/1/2017	20.88%	32,993	**13,309**	32,993	**13,266**
Respite	6/1/2010	8.29%	N/A	N/A	38,114	**15,375**	38,114	**15,326**
Note 3 Supported Employment	6/1/2010	0.86%	N/A	N/A	8,970	**3,618**	8,970	**3,607**
Note 3 Employment Assistance	9/1/2013	New service	N/A	N/A	1,271	**513**	1,271	**511**
Requisition Fees - Adaptive Aids / Medical Supplies / Dental Services	10/1/2009	New service	N/A	N/A	13,200	**5,325**	13,200	**5,308**
Note 2 Requisition Fees - Minor Home Modifications	10/1/2009	New service	N/A	N/A	0	**0**	0	**0**
Consumer Directed Services (CDS):								

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Financial Management Services (FMS) Fee	10/1/2009	83.64%	9/1/2011	23.37%	13,508	5,449	13,508	5,432
CDS Consumer Payment Rates:								
Note 2 Supported Home Living	6/1/2010	0.89%	9/1/2011	23.71%	0	0	0	0
Respite	6/1/2010	8.78%	9/1/2011	1.22%	21,786	8,788	21,786	8,760
Note 3 Supported Employment	9/1/2013	New service	N/A	N/A	706	285	706	284
Note 3 Employment Assistance	9/1/2013	New service	N/A	N/A	192	77	192	77
Notes 2 & 3 Cognitive Rehabilitation Therapy	9/1/2013	New service	N/A	N/A	0	0	0	0
Note 3 Registered Nurse (RN)	9/1/2013	New service	N/A	N/A	1,084	437	1,084	436
Note 3 Specialized RN	9/1/2013	New service	N/A	N/A	0	0	0	0
Note 3 Licensed Vocational Nurse (LVN)	9/1/2013	New service	N/A	N/A	3,420	1,380	3,420	1,375
Note 3 Specialized LVN	9/1/2013	New service	N/A	N/A	0	0	0	0
Support Consultation	2/1/2008	New service	N/A	N/A	1	0	1	0
HCS Total					$9,979,403	$4,025,687	$9,979,403	$4,012,717
Intermediate Care Facilities for Individuals with an Intellectual Disability or Related Conditions (ICF/IID)								
Note 2 High Medical Needs (HMN) Group 1 Add-on	1/1/2015	New Service	N/A	N/A	0	0	0	0
Note 2 HMN Group 2 Add-on	1/1/2015	New Service	N/A	N/A	0	0	0	0
Note 2 HMN Group 3 Add-on	1/1/2015	New Service	N/A	N/A	0	0	0	0
Small LON 1	9/1/2015	2.02%	N/A	N/A	584,501	235,788	585,647	235,489
Small LON 5	9/1/2015	2.02%	N/A	N/A	1,315,505	530,675	1,318,083	530,001
Small LON 8	9/1/2015	2.03%	N/A	N/A	386,780	156,027	387,538	155,829
Small LON 6	9/1/2015	2.02%	N/A	N/A	189,263	76,349	189,634	76,252

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Small LON 9	9/1/2015	2.02%	N/A	N/A	25,749	**10,387**	25,799	**10,374**
Medium LON 1	9/1/2015	2.02%	N/A	N/A	83,210	**33,567**	82,983	**33,367**
Medium LON 5	9/1/2015	2.02%	N/A	N/A	115,197	**46,470**	114,883	**46,194**
Medium LON 8	9/1/2015	2.02%	N/A	N/A	16,147	**6,514**	16,103	**6,475**
Medium LON 6	9/1/2015	2.03%	N/A	N/A	1,289	**520**	1,285	**517**
Note 2 Medium LON 9	9/1/2015	2.02%	N/A	N/A	0	**0**	0	**0**
Large LON 1	9/1/2015	2.03%	N/A	N/A	8,213	**3,313**	8,190	**3,293**
Large LON 5	9/1/2015	2.02%	N/A	N/A	66,247	**26,724**	66,066	**26,565**
Large LON 8	9/1/2015	2.02%	N/A	N/A	19,906	**8,030**	19,851	**7,982**
Large LON 6	9/1/2015	2.02%	N/A	N/A	5,004	**2,019**	4,990	**2,006**
Large LON 9	9/1/2015	2.02%	N/A	N/A	5,323	**2,147**	5,308	**2,134**
ICF/IID Total					$2,822,334	**$1,138,530**	$2,826,360	**$1,136,478**
Note 4 Nursing Facility (NF)								
Fee-for-Service								
Daily Services	9/1/2014	3.92%	N/A	N/A	3,435,759	**1,385,985**	3,426,372	**1,377,744**
Enhancement Add-on	9/1/2000	New Service	N/A	N/A	108,002	**43,568**	107,707	**43,309**
Ventilator Add-on (Continuous)	9/1/2014	3.92%	N/A	N/A	11,068	**4,465**	11,038	**4,438**
Ventilator Add-on (Less than Continuous)	9/1/2014	3.92%	N/A	N/A	0	**0**	0	**0**
Pediatric Tracheostomy Add-on	9/1/2014	3.92%	N/A	N/A	160	**65**	159	**64**
Liability Insurance Add-on	9/1/2014	3.73%	N/A	N/A	36,128	**14,574**	36,030	**14,488**
Note 5 Hospice in Nursing Facility	9/1/2014	3.92%	N/A	N/A	2,951,657	**1,190,698**	2,996,950	**1,205,074**
NF Rehabilitative Therapy Services:								
Occupational Therapy (OT) Rehabilitative Service	3/1/2008	New service	N/A	N/A	8	**3**	8	**3**
Note 2 Contracted OT Rehabilitative Service	3/1/2008	New service	N/A	N/A	0	**0**	0	**0**

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Physical Therapy (PT) Rehabilitative Service	3/1/2008	New service	N/A	N/A	8	3	7	3
Note 2 Contracted PT Rehabilitative Service	3/1/2008	New service	N/A	N/A	0	0	0	0
Speech Therapy (ST) Rehabilitative Service	3/1/2008	New service	N/A	N/A	2	1	2	1
Note 2 Contracted ST Rehabilitative Service	3/1/2008	New service	N/A	N/A	0	0	0	0
OT Rehabilitative Assessment	3/1/2008	New service	N/A	N/A	1	0	1	0
Note 2 Contracted OT Rehabilitative Assessment	3/1/2008	New service	N/A	N/A	0	0	0	0
Note 2 PT Rehabilitative Assessment	3/1/2008	New service	N/A	N/A	0	0	0	0
Note 2 Contracted PT Rehabilitative Assessment	3/1/2008	New service	N/A	N/A	0	0	0	0
Note 2 ST Rehabilitative Assessment	3/1/2008	New service	N/A	N/A	0	0	0	0
Note 2 Contracted ST Rehabilitative Assessment	3/1/2008	New service	N/A	N/A	0	0	0	0
Subtotal Fee-for-Service					$6,542,793	**$2,639,362**	$6,578,274	**$2,645,124**
Notes 6, 7 & 8 STAR+PLUS Long Term Care -- Nursing Facility	9/1/2014	3.92%	N/A	N/A	25,004,663	**10,086,881**	25,531,694	**10,266,294**
Nursing Facility Total					$31,547,456	**$12,726,243**	$32,109,968	**$12,911,418**
Note 9 Program of All-inclusive Care for the Elderly	9/1/2012	-0.5% OVERALL	NA	NA	431,726	**174,158**	431,726	**173,597**
Preadmission Screening and Resident Review (PASRR)								
Specialized Services								
OT Specialized Services	3/1/2008	New service	N/A	N/A	3,650	**1,472**	3,640	**1,464**

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	Date	Percent	Date	Percent	AF	GR	AF	GR
Note 2 Contracted OT Specialized Services	3/1/2008	New service	N/A	N/A	0	0	0	0
PT Specialized Services	3/1/2008	New service	N/A	N/A	3,463	1,397	3,454	1,389
Contracted PT Specialized Services Note 2	3/1/2008	New service	N/A	N/A	0	0	0	0
ST Specialized Services	3/1/2008	New service	N/A	N/A	1,784	720	1,779	715
Note 2 Contracted ST Specialized Services	3/1/2008	New service	N/A	N/A	0	0	0	0
Assessments					0	0	0	0
OT Specialized Assessment	3/1/2008	New service	N/A	N/A	14	6	14	6
Note 2 Contracted OT Specialized Assessment	3/1/2008	New service	N/A	N/A	0	0	0	0
PT Specialized Assessment	3/1/2008	New service	N/A	N/A	13	5	13	5
Note 2 Contracted PT Specialized Assessment	3/1/2008	New service	N/A	N/A	0	0	0	0
ST Specialized Assessment	3/1/2008	New service	N/A	N/A	4	2	4	2
Note 2 Contracted ST Specialized Assessment	3/1/2008	New service	N/A	N/A	0	0	0	0
PASRR Total					$8,928	$3,602	$8,904	$3,581
Prescribed Pediatric Extended Care Center (PPECC)								
Daily	9/1/2017	New program	N/A	N/A	51,971	20,965	72,760	29,257
Hourly	9/1/2017	New program	N/A	N/A	5,775	2,330	8,084	3,251

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	Date	Percent	Date	Percent	AF	GR	AF	GR
Transportation	9/1/2017	New program	N/A	N/A	4,935	**1,991**	6,909	**2,778**
PPECC Total					$62,681	**$25,286**	$87,753	**$35,286**
Texas Home Living (TxHmL)								
Note 3 Behavioral Support	9/1/2009	2.51%	N/A	N/A	5,118	**2,065**	5,118	**2,058**
Note 3 Physical Therapy (PT)	9/1/2009	4.47%	N/A	N/A	510	**206**	510	**205**
Note 3 Occupational Therapy (OT)	9/1/2008	4.41%	9/1/2009	1.58%	343	**138**	343	**138**
Note 3 Speech & Language Therapy (SP)	9/1/2009	2.93%	N/A	N/A	6,197	**2,500**	6,197	**2,492**
Notes 2 & 3 Audiology	9/1/2008	4.41%	9/1/2009	28.86%	0	**0**	0	**0**
Note 3 Dietary Services	9/1/2009	11.23%	9/1/2008	0.12%	79	**32**	79	**32**
Note 3 Registered Nurse (RN)	10/1/2009	New service	N/A	N/A	3,791	**1,529**	3,791	**1,524**
Note 3 Specialized RN	10/1/2009	New service	N/A	N/A	2	**1**	2	**1**
Note 3 Licensed Vocational Nurse (LVN)	10/1/2009	New service	N/A	N/A	606	**244**	606	**244**
Notes 2 & 3 Specialized LVN	10/1/2009	New service	N/A	N/A	0	**0**	0	**0**
Note 2 Transition Assistance Services	3/1/2014	New service	N/A	N/A	0	**0**	0	**0**
Day Habilitation	9/1/2015	3.57%	N/A	N/A	83,214	**33,569**	83,214	**33,460**
Community Support Services	10/1/2009	0.86%	8/1/2017	20.88%	26,811	**10,816**	26,811	**10,781**
Respite	10/1/2009	15.85%	2/1/2011	1.00%	203,210	**81,975**	203,210	**81,711**
Note 3 Employment Assistance	2/1/2011	0.86%	9/1/2013	1.02%	356	**144**	356	**143**
Note 3 Supported Employment	2/1/2011	0.86%	9/1/2013	1.02%	814	**328**	814	**327**
Requisition Fees - Adaptive Aids / Medical Supplies / Dental Services	3/11/2004	New service	N/A	N/A	1,099	**443**	1,099	**442**

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Note 2 Requisition Fees - Minor Home Modifications	3/11/2004	New service	N/A	N/A	0	0	0	0
Consumer Directed Services (CDS):								
Financial Management Services (FMS) Fee	10/1/2009	83.64%	2/1/2011	23.37%	17,915	7,227	17,915	7,204
CDS Consumer Payment Rates:								
Day Habilitation	9/1/2010	0.96%	9/1/2013	3.36%	4,382	1,768	4,382	1,762
Community Support Services Note 2	9/1/2010	0.89%	9/2/2013	25.29%	0	0	0	0
Respite	9/1/2010	8.78%	9/3/2013	3.14%	69,049	27,854	69,049	27,765
Note 3 Supported Employment	9/1/2010	0.88%	9/4/2013	3.08%	737	297	737	296
Note 3 Employment Assistance	9/1/2010	0.88%	9/5/2013	3.08%	129	52	129	52
Note 3 Physical Therapy (PT)	10/1/2009	5.98%	N/A	N/A	27	11	27	11
Note 3 Occupational Therapy (OT)	2/1/2008	New service	10/1/2009	24.06%	31	13	31	12
Note 3 Speech & Language Therapy (SP)	10/1/2009	4.40%	N/A	N/A	447	180	447	180
Notes 2 & 3 Audiology	2/1/2008	New service	10/1/2009	28.27%	0	0	0	0
Note 3 Behavioral Support	10/1/2009	3.90%	N/A	N/A	539	217	539	217
Notes 2 & 3 Dietary Services	10/1/2009	13.79%	N/A	N/A	0	0	0	0
Notes 2 & 3 Registered Nurse (RN)	10/1/2009	New service	N/A	N/A	0	0	0	0
Notes 2 & 3 Specialized RN	10/1/2009	New service	N/A	N/A	0	0	0	0
Notes 2 & 3 Licensed Vocational Nurse (LVN)	10/1/2009	New service	N/A	N/A	0	0	0	0

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Specialized LVN Notes 2 & 3	10/1/2009	New service	N/A	N/A	0	0	0	0
Support Consultation	2/1/2008	New service	N/A	N/A	1	0	1	0
TxHmL Total					$425,407	$171,609	$425,407	$171,057
Title XX Services								
Adult Foster Care	9/1/2008	1.44%	N/A	N/A	610	610	610	610
Consumer Managed Personal Assistance Services (CMPAS):								
Average Regionally-Negotiated Hourly Rate	9/1/2017	14.26%	N/A	N/A	50,180	50,180	50,180	50,180
Consumer Directed Services (CDS):								
Financial Management Services (FMS) Fee	9/1/2007	New service	N/A	N/A	125	125	125	125
CDS Average Regionally Negotiated Hourly Rate	9/1/2017	14.26%	N/A	N/A	4,106	4,106	4,106	4,106
Day Activity & Health Services (DAHS)	9/1/2015	0.42%	N/A	N/A	160,965	160,965	160,965	160,965
Emergency Response Services (ERS)	9/1/2007	1.43%	N/A	N/A	57,114	57,114	57,114	57,114
Home-delivered Meals (HDM)	9/1/2007	1.43%	N/A	N/A	185,132	185,132	185,132	185,132
Family Care (FC):								
Non-Priority	9/1/2015	1.35%	N/A	N/A	351,112	351,112	351,112	351,112
Priority	8/1/2009	7.50%	N/A	N/A	5,443	5,443	5,443	5,443
CDS Consumer Directed Services:								
Financial Management Services (FMS) Fee	9/1/2009	New service	N/A	N/A	1,229	1,229	1,229	1,229
CDS Consumer Payment Rates:								
CDS Non-Priority	9/1/2015	1.46%	N/A	N/A	125	125	125	125
CDS Priority	8/1/2009	8.11%	N/A	N/A	4,106	4,106	4,106	4,106
Residential Care (RC)								
Apartment	9/1/2015	0.41%	2/1/2018	-1.24%	7,620	7,620	7,620	7,620
Note 2 Apartment Bed Hold	2/1/2018	2.34%	N/A	N/A	0	0	0	0
Non-Apartment	9/1/2015	0.52%	2/1/2018	-1.62%	27,374	27,374	27,374	27,374

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	Date	Percent	Date	Percent	AF	GR	AF	GR
Note 2 Non-Apartment Bed Hold	9/1/2018	2.34%	N/A	N/A	0	0	0	0
Title XX Services Total					$855,241	**$855,241**	$855,241	**$855,241**
Total Long Term Care Programs (Legacy DADS) (with totals only included)					**$23,276,917**	**$10,556,144**	**$23,587,054**	**$10,689,596**

Note 1: The Community First Choice (CFC) rates are based on the rates for the corresponding, non-CFC services. The CFC State Plan services are a weighted average of the Community Living Assistance and Support Services (CLASS) Habilitation rate and the proxy rate for attendant services used in the calculation of the STAR+PLUS managed care capitation rates for the Home and Community-based Services (HCBS) risk group. The cost impact of the CFC State Plan service is included in the STAR+PLUS Long-Term Care - Community Based Alternatives.

Note 2: No services were provided during the base period, so it is not possible to forecast the cost to increase services.

Note 3: The rates for services that are available in multiple 1915(c) Waiver programs are set using data from all programs with sufficient reliable cost report data. These services are referred to as Common Services.

Note 4: STAR+PLUS Long-Term Care -- Nursing Facility costs are included in the total Nursing Facility costs rather than with the total Managed Care costs. STAR+PLUS Managed Care Organizations are required to pay Nursing Facilities the fee-for-service rates including all add-ons. As a result, any adjustment to the fee-for services rates will directly impact the rates paid to nursing facilities through managed care.

Note 5: Nursing Facility Hospice rates are tied by federal law to 95% of Nursing Facility fee-for-service rates, therefore any changes to the Nursing Facility rates will impact the Hospice Payments.

Note 6: Reflects the impact of potential DADS fee-for-service rate increases on corresponding services delivered through managed care.

Note 7: STAR+PLUS NF Costs include all costs associated with Nursing Facilities such as Ventilators, Enhancement, etc.

Note 8: Percentage Rate changes and Estimated costs of rate changes represent the amount added to the respective Fiscal Year to fully fund.

Note 9: Represents cost growth for existing sites only. Does not include caseload growth.

DARS Legacy Programs								
Comprehensive Rehabilitation Services Program (CRS)								
Residential Services								
Residential Services Base - No Billable Core Services	9/1/2017	32.21%	N/A	N/A	6,355	**2,564**	6,417	**2,580**
Residential Services Base - With Billable Core Services	9/1/2017	23.22%	N/A	N/A	452	**182**	452	**182**
Residential Services Base - With Billable Core Services Tier 1	9/1/2017	14.91%	N/A	N/A	2,818	**1,137**	2,854	**1,148**
Residential Services Base - With Billable Core Services Tier 2	9/1/2017	10.98%	N/A	N/A	9,930	**4,006**	10,042	**4,038**
Residential Services Base - With Billable Core Services Tier 3	9/1/2017	8.69%	N/A	N/A	20,106	**8,111**	20,308	**8,166**
Residential Services Base - With Billable Core Services Tier 4	9/1/2017	7.19%	N/A	N/A	15,272	**6,161**	15,435	**6,206**

Estimated Cost of One Percent Rate Change

Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Residential Services Base - With Billable Core Services Tier 5	9/1/2017	6.13%	N/A	N/A	8,369	**3,376**	8,455	**3,400**
Residential Services Base - With Billable Core Services Tier 6	9/1/2017	5.34%	N/A	N/A	5,898	**2,379**	5,898	**2,372**
Residential Services Base - With Billable Core Services Tier 7	9/1/2017	4.74%	N/A	N/A	1,183	**477**	1,183	**476**
Residential Services Base - With Billable Core Services Tier 8	9/1/2017	4.25%	N/A	N/A	165	**67**	165	**66**
Non-Residential Services								
Non-residential Base Service Facility-based	9/1/2017	41.48%	N/A	N/A	575	**232**	575	**231**
Non-residential Base Service Community-based	9/1/2017	46.50%	N/A	N/A	48	**19**	48	**19**
Note 1 Aquatic Therapy - Individual	9/1/2017	N/A	N/A	N/A	0	**0**	0	**0**
Aquatic Therapy - Group Rate	9/1/2017	N/A	N/A	N/A	0	**0**	0	**0**
Aquatic Therapy - Small Group Rate	9/1/2017	New service	N/A	N/A	0	**0**	0	**0**
Behavior Management	9/1/2017	N/A	N/A	N/A	96	**39**	96	**39**
Cognitive Rehabilitation Therapy (CRT)	9/1/2017	N/A	N/A	N/A	543	**219**	543	**218**
Notes 2 & 3 Cognitive Rehabilitation Therapy (CRT) - Group Rate	9/1/2017	N/A	N/A	N/A	0	**0**	0	**0**
Notes 2 & 3 Cognitive Rehabilitation Therapy (CRT) - Small Group Rate	9/1/2017	New service	N/A	N/A	0	**0**	0	**0**
Notes 2 & 3 Massage Therapy	9/1/2017	N/A	N/A	N/A	0	**0**	0	**0**

Estimated Cost of One Percent Rate Change Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Note 3 Neuropsychiatric / Neuropsychological Services - Individual	9/1/2017	N/A	N/A	N/A	69	28	69	28
Notes 1 & 3 Neuropsychiatric / Neuropsychological Services - Evaluation	9/1/2017	N/A	N/A	N/A	0	0	0	0
Notes 2 & 3 Neuropsychiatric / Neuropsychological Services - Re-evaluation	9/1/2017	N/A	N/A	N/A	0	0	0	0
Note 3 Neuropsychiatric / Neuropsychological Services - Group Rate	9/1/2017	N/A	N/A	N/A	286	115	286	115
Notes 2 & 3 Neuropsychiatric / Neuropsychological Services - Small Group Rate	9/1/2017	New service	N/A	N/A	0	0	0	0
Occupational Therapy - Individual	9/1/2017	N/A	N/A	N/A	477	192	477	192
Occupational Therapy - Evaluation	9/1/2017	N/A	N/A	N/A	6	2	6	2
Note 1 Occupational Therapy - Re-Evaluation	9/1/2017	N/A	N/A	N/A	0	0	0	0
Note 2 Occupational Therapy - Group Rate	9/1/2017	N/A	N/A	N/A	0	0	0	0
Occupational Therapy - Small Group Rate	9/1/2017	New service	N/A	N/A	0	0	0	0
Note 1 Physical Therapy - Individual	9/1/2017	N/A	N/A	N/A	0	0	0	0
Physical Therapy - Evaluation	9/1/2017	N/A	N/A	N/A	7	3	7	3
Physical Therapy - Re-Evaluation	9/1/2017	N/A	N/A	N/A	5	2	5	2

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Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Physical Therapy - Group Rate	9/1/2017	N/A	N/A	N/A	248	100	248	100
Physical Therapy - Small Group Rate	9/1/2017	New service	N/A	N/A	0	0	0	0
Speech/Language Pathology - Individual	9/1/2017	N/A	N/A	N/A	681	275	681	274
Note 1 Speech/Language Pathology - Evaluation	9/1/2017	N/A	N/A	N/A	0	0	0	0
Note 2 Speech/Language Pathology - Re-Evaluation	9/1/2017	N/A	N/A	N/A	0	0	0	0
Note 1 Speech/Language Pathology - Group Rate	9/1/2017	N/A	N/A	N/A	0	0	0	0
Speech/Language Pathology - Small Group Rate	9/1/2017	New service	N/A	N/A	0	0	0	0
Family Therapy - Individual	9/1/2017	N/A	N/A	N/A	0	0	0	0
Note 2 Family Therapy - Group Rate	9/1/2017	N/A	N/A	N/A	0	0	0	0
Note 2 Art Therapy - Individual	9/1/2017	N/A	N/A	N/A	0	0	0	0
Note 2 Art Therapy - Group Rate	9/1/2017	N/A	N/A	N/A	0	0	0	0
Art Therapy - Small Group Rate	9/1/2017	New service	N/A	N/A	0	0	0	0
Note 2 Chemical Dependency - Individual	9/1/2017	N/A	N/A	N/A	0	0	0	0
Note 2 Chemical Dependency - Group Rate	9/1/2017	N/A	N/A	N/A	0	0	0	0

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Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Chemical Dependency - Small Group Rate	9/1/2017	New service	N/A	N/A	0	0	0	0
Note 2 Recreational Therapy - Individual	9/1/2017	N/A	N/A	N/A	0	0	0	0
Note 2 Recreational Therapy - Group Rate	9/1/2017	N/A	N/A	N/A	0	0	0	0
Recreational Therapy - Small Group Rate	9/1/2017	New service	N/A	N/A	0	0	0	0
Note 2 Music Therapy - Individual	9/1/2017	N/A	N/A	N/A	0	0	0	0
Note 2 Music Therapy - Group Rate	9/1/2017	N/A	N/A	N/A	0	0	0	0
Music Therapy - Small Group Rate	9/1/2017	New service	N/A	N/A	0	0	0	0
Note 2 Mental Health Counseling - Individual	9/1/2017	N/A	N/A	N/A	0	0	0	0
Note 2 Mental Health Counseling - Group Rate	9/1/2017	N/A	N/A	N/A	0	0	0	0
Mental Health Counseling - Small Group Rate	9/1/2017	New service	N/A	N/A	0	0	0	0
Case Management	9/1/2017	New service	N/A	N/A	0	0	0	0
Certified Brain Injury Specialist (CBIS)	9/1/2017	New service	N/A	N/A	0	0	0	0
Community Independence Supports Paraprofessional	9/1/2017	New service	N/A	N/A	0	0	0	0
Note 1 Medical team conference with family present	9/1/2017	N/A	N/A	N/A	0	0	0	0

Estimated Cost of One Percent Rate Change Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Note 1 Medical team conference without family present	9/1/2017	N/A	N/A	N/A	0	0	0	0
CRS Total					$73,589	$29,686	$74,250	$29,857
Early Childhood Intervention (ECI)								
ECI - Case Management	3/15/2010	24.00%	NA	NA	185,588	81,176	185,592	81,215
ECI - Specialized Skills Training	3/15/2010	5.71%	NA	NA	343,534	150,262	343,542	150,334
CRS Total					$529,122	$231,438	$529,134	$231,549
Total DARS Legacy programs					**$602,711**	**$261,124**	**$603,384**	**$261,406**

Note 1: Effective 9/1/2017, the rates for the existing CRS non-residential core therapy services were adopted as fixed rates. Prior to this date the services were billed using Current Procedural Terminology (CPT®) codes and the corresponding rates. Different codes, and therefore different rates, may have been used for the same service. As a result, incremental cost of a 1 percent rate change cannot be determined.

Note 2: No services were provided during the base period, so it is not possible to forecast the cost to increase services

Note 3: Historically, Neuropsychiatric and Neuropsychological Services have been billed using the same codes, therefore it is not possible to separate the costs for the current biennium or the cost of the 2020-21 rate change. Effective 9/1/2017, there will be separate codes for Neuropsychiatric and Neuropsychological Services, and the costs can be tracked separately for each service.

DSHS Legacy Programs								
Children with Special Health Care Needs (CSHCN) - Ambulance Services Notes 1 & 2	9/1/2009	2.50%	2/1/2011	2.00%	4,187	4,187	4,187	4,187
CSHCN - Drugs/Biologicals Notes 1 & 2	10/1/2008	2.50%	2/1/2011	2.00%	109,571	109,571	109,571	109,571
CSHCN - Durable Medical Equipment, Prosthetics, Orthotics, Supplies Notes 1 & 2	Various 2008	2.50%	2/1/2011	2.00%	10,771	10,771	10,771	10,771
CSHCN - Nursing Notes 1 & 2	11/1/2002	2.50%	2/1/2011	2.00%	211	211	211	211
CSHCN - Physician & Professional Services - Total Notes 1 & 2	9/1/2007	2.50%	2/1/2011	2.00%	35,843	35,843	35,843	35,843

Estimated Cost of One Percent Rate Change

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Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
CSHCN - Outpatient Hospital Notes 1 & 2	9/1/2007	2.50%	2/1/2011	2.00%	41,316	41,316	41,316	41,316
Home and Community Based Services - Adult Mental Health Note 3	6/1/2016	New Service	NA	NA	7,934,218	4,044,071	7,934,218	4,043,277
Maternal and Child Health - Dental Notes 1 & 2	9/1/2007	2.50%	2/1/2011	2.00%	28,730	28,730	28,730	28,730
Maternal and Child Health - Physician & Professional Services - Adults Notes 1 & 2	9/1/2007	2.50%	2/1/2011	2.00%	3,302	3,302	3,302	3,302
Note 1 & 2 Maternal and Child Health - Physician & Professional Services - Children	9/1/2007	2.50%	2/1/2011	2.00%	12,361	12,361	12,361	12,361
Mental Health (MH) Targeted Case Management - Adult Note 4	9/1/2004	New Service	NA	NA	4,894,882	2,142,000	4,894,882	2,141,511
Mental Health (MH) Targeted Case Management - Children Note 4	9/1/2004	New Service	NA	NA	2,874,772	1,258,000	2,874,772	1,257,713
MH Rehabilitative Services - Adult Note 4	9/1/2004	New Service	NA	NA	15,330,418	6,708,591	15,330,418	6,707,058
MH Rehabilitative Services - Children Note 4	9/1/2004	New Service	NA	NA	9,003,820	3,940,072	9,003,820	3,939,171
Substance Use Disorder (Indigent Services) Notes 1, 2 & 5	9/1/2016	Varied	NA	NA	17,037,082	4,993,569	17,037,082	4,993,569

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Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
TEFRA Based Inpatient Hospital (Cost-Based) Notes 1 & 2	NA	NA	NA	NA	24,232	24,232	24,232	24,232
Home and Community-based Services – Adult Mental Health (HCBS-AMH)								
Transition Assistance Services	7/1/2016	New program	N/A	N/A	14,650	**5,910**	14,650	**5,891**
Rehabilitation Services:								
Psychosocial Rehabilitative Services, Individual	7/1/2016	New program	N/A	N/A	34,580	**13,950**	34,580	**13,905**
Psychosocial Rehabilitative Services, Group	7/1/2016	New program	N/A	N/A	524	**211**	524	**211**
Employment Services:								
Notes 6 Supported Employment	7/1/2016	New program	N/A	N/A	1,160	**468**	1,160	**466**
Note 6 Employment Assistance	7/1/2016	New program	N/A	N/A	672	**271**	672	**270**
Non-Medical Transportation	7/1/2016	New program	N/A	N/A	0	**0**	0	**0**
Community Psychiatric Supports and Treatment	7/1/2016	New program	N/A	N/A	6,817	**2,750**	6,817	**2,741**
Peer Support	7/1/2016	New program	N/A	N/A	947	**382**	947	**381**
Community-based Residential Assistance Services:								
Host Home/Companion Care	7/1/2016	New program	N/A	N/A	4,770	**1,924**	4,770	**1,918**
Supervised Living Services	7/1/2016	New program	N/A	N/A	199,069	**80,304**	199,069	**80,046**
Assisted Living services	7/1/2016	New program	N/A	N/A	9,793	**3,950**	9,793	**3,938**
Supported Home Living	7/1/2016	New program	N/A	N/A	1,017	**410**	1,017	**409**
Respite Care:								
Note 7 In-home Respite	7/1/2016	New program	N/A	N/A	0	**0**	0	**0**

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					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Note 7 Out-of-home Respite	7/1/2016	New program	N/A	N/A	0	**0**	0	**0**
Note 7 Adult foster care (AFC) Out-of-home Respite	7/1/2016	New program	N/A	N/A	0	**0**	0	**0**
Note 7 Nursing facility	7/1/2016	New program	N/A	N/A	0	**0**	0	**0**
Note 7 24-hour residential habilitation home	7/1/2016	New program	N/A	N/A	0	**0**	0	**0**
Note 7 Licensed assisted living facilities	7/1/2016	New program	N/A	N/A	0	**0**	0	**0**
Home Delivered Meals (HDM):								
HDM Medicaid	7/1/2016	New program	N/A	N/A	430	**173**	430	**173**
Note 7 HDM Non-Medicaid	7/1/2016	New program	N/A	N/A	0	**0**	0	**0**
Nursing:								
Registered Nurse (RN)	7/1/2016	New program	N/A	N/A	2,609	**1,052**	2,609	**1,049**
Licensed Vocational Nurse (LVN)	7/1/2016	New program	N/A	N/A	140	**56**	140	**56**
Substance Use Disorder (SUD) Services (Abuse & Dependence):								
SUD Assessment	7/1/2016	New program	N/A	N/A	4	**2**	4	**2**
SUD Individual	7/1/2016	New program	N/A	N/A	3,507	**1,415**	3,507	**1,410**
Note 7 SUD Group	7/1/2016	New program	N/A	N/A	0	**0**	0	**0**
HCBS – AMH Recovery Management	7/1/2016	New program	N/A	N/A	147,107	**59,343**	147,107	**59,152**
HCBS - AMH Total					$427,796	**$172,571**	$427,796	**$172,018**
Youth Empowerment Services (YES) Waiver								
Community Living Supports (Bachelor's Degree)	9/1/2013	198.92%	N/A	N/A	0	**0**	0	**0**

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Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Community Living Supports (Master's Degree)	9/1/2013	109.37%	N/A	N/A	0	0	0	0
Family Supports	9/1/2013	26.01%	N/A	N/A	4,202	1,695	4,441	1,786
Non-Medical Transportation	9/1/2010	New service	N/A	N/A	0	0	0	0
Paraprofessional Services	9/1/2013	13.26%	N/A	N/A	5,750	2,320	6,083	2,446
Transitional Services Coordination	9/1/2010	New service	N/A	N/A	13	5	13	5
Pre-Engagement Fee	4/1/2013	New service	N/A	N/A	0	0	0	0
Professional Services:								
Art Therapy	9/1/2010	New service	N/A	N/A	2,547	1,027	2,689	1,081
Music Therapy	9/1/2010	New service	N/A	N/A	3,289	1,327	3,478	1,399
Animal-assisted Therapy	9/1/2010	New service	N/A	N/A	3,920	1,581	4,140	1,665
Recreational Therapy	9/1/2010	New service	N/A	N/A	13,534	5,460	14,298	5,749
Licensed Nutritional Counseling	9/1/2010	New service	N/A	N/A	148	60	159	64
Supportive Family-based Alternatives:								
Family (Mandated Minimum)	9/1/2010	New service	N/A	N/A	191	77	191	77
Child Placing Agency	9/1/2010	New service	N/A	N/A	188	76	188	76
Supported Employment	9/1/2013	New service	N/A	N/A	19	8	19	8
Employment Assistance	9/1/2013	New service	N/A	N/A	16	6	16	6
In-Home Respite	9/1/2013	110.06%	N/A	N/A	6,244	2,519	6,600	2,654
Out-of-Home Respite - Camp	9/1/2010	New service	N/A	N/A	2,416	975	2,523	1,014
Out-of-Home Respite - DFPS Residential Child Care:								
Family (Mandated Minimum)	9/1/2010	New service	N/A	N/A	149	60	149	60
Child Placing Agency	9/1/2010	New service	N/A	N/A	163	66	163	66

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Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
General Residential Operation (GRO) providing Emergency Care Services	9/1/2010	New service	4/1/2011	46.98%	315	127	319	128
Out-of-Home Respite - Licensed Child Care Center:								
Note 7 Preschool (ages 3 - 5)	9/1/2010	New service	N/A	N/A	0	0	0	0
School Age (ages 6 and older)	9/1/2010	New service	N/A	N/A	3	1	3	1
Out-of-Home Respite - Licensed Child Care Center - Texas Rising Star Provider (TRSP) Certified:								
Note 7 Preschool (ages 3 - 5)	9/1/2010	New service	N/A	N/A	0	0	0	0
Note 7 School Age (ages 6 and older)	9/1/2010	New service	N/A	N/A	0	0	0	0
Out-of-Home Respite - Licensed Child Care Home:								
Note 7 Preschool (ages 3 - 5)	9/1/2010	New service	N/A	N/A	0	0	0	0
School Age (ages 6 and older)	9/1/2010	New service	N/A	N/A	2	1	2	1
Out-of-Home Respite - Licensed Child Care Home - TRSP Certified:								
Note 7 Preschool (ages 3 - 5)	9/1/2010	New service	N/A	N/A	0	0	0	0
Note 7 School Age (ages 6 and older)	9/1/2010	New service	N/A	N/A	0	0	0	0
Out-of-Home Respite - Registered Child Care Home:								
Note 7 Preschool (ages 3 - 5)	9/1/2010	New service	N/A	N/A	0	0	0	0
Note 7 School Age (ages 6 and older)	9/1/2010	New service	N/A	N/A	0	0	0	0
Out-of-Home Respite - Registered Child Care Home - TRSP Certified:								
Note 7 Preschool (ages 3 - 5)	9/1/2010	New service	N/A	N/A	0	0	0	0
Note 7 School Age (ages 6 and older)	9/1/2010	New service	N/A	N/A	0	0	0	0

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					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Requisition Fees - Adaptive Aids and Supports, Art Therapy, Music Therapy, Animal-assisted Therapy and Recreational Therapy	9/1/2010	New service	N/A	N/A	2,574	**1,038**	2,720	**1,094**
Requisition Fees - Minor Home Modifications	9/1/2010	New service	N/A	N/A	1	**0**	1	**0**
YES Total					$45,684	**$18,429**	$48,195	**$19,380**
Total DSHS Legacy Programs (with totals only included)					**$57,819,196**	**$23,547,827**	**$57,821,707**	**$23,544,221**

Note 1: Any increase in rates must be funded with GR to maintain level services since federal block grants will not be increased for rate increases

Note 2: "GR" for these programs is Fund 8003 GR Match for Maternal Child Health Block Grant or 8002 General Revenue for Substance Abuse Block Grant. Any reduction in general revenue may result in loss of federal block grants and elimination of this program. For Substance Abuse Disorder, there is not a required Stat Match but a required State Maintenance of Effort of State funding to be no less than prior two year average.

Note 3: Home and Community-based Services Adult Mental Health (HCBS-AMH) transferred to HHSC on 9/1/16. HCBS-AMH services beginning in SFY2017. The HCBS services include those for non-Medicaid clients and non-eligible services for Medicaid clients (Indigent) paid by 100% GR. Therefore FMAP is not a state Medicaid match percentage. This is the state portion of both State Match and Indigent services using a blended rate. HCBS is not fully implemented.

Note 4: Mental Health Targeted Case Management and Rehabilitative Services rates adjusted effective 9-1-2011 to reflect the change in reimbursement methodology eliminating cost settlement adjusted rates to reflect a statewide prospective in lieu of provider specific rate with cost settlement.

Note 5: Substance Use Disorder for indigent services transferred to HHSC on 9/1/16. Substance Use Disorder for indigent services has requested an Exceptional Item to maintain treatment capacity in FY18-19. Additionally, a rate increase is requested to bring remaining rates up to February 2015 Rate Study recommendations. This rate increase will need to be funded 100% with State Funds. The rate under FMAP is the projected percentage of SAPT Block Grant MOE (State) funding.

Note 6: The rates for services that are available in multiple 1915(c) Waiver programs are set using data from all programs with sufficient reliable cost report data. These services are referred to as Common Services.

Note 7: No services were provided during the base period, so it is not possible to forecast the cost to increase services.

HHSC								
Ambulance Services (Air Transportation) Notes 1 & 2	9/1/2009	29.97%	2/1/2011	2.00%	393,545	172,215	410,052	179,398
Ambulance Services (Ground Transportation) Notes 1 & 2	9/1/2009	29.97%	2/1/2011	2.00%	1,282,707	561,313	1,340,114	586,300
Ambulatory Surgical Center/Hospital Ambulatory Surgical Center	9/1/2007	2.50%	9/1/2011	5.00%	1,739,344	761,137	1,767,173	773,138
Anesthesia - Adults	1/1/2010	9.23%	2/1/2011	2.00%	366,979	160,590	385,238	168,542

Estimated Cost of One Percent Rate Change Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Anesthesia - Children	9/1/2007	21.58%	2/1/2011	2.00%	424,440	185,735	444,362	194,408
Anesthesia - Certified Registered Nurse Anesthetist - Adults	1/1/2010	9.23%	2/1/2011	2.00%	252,894	110,666	265,349	116,090
Anesthesia - Certified Registered Nurse Anesthetist - Children	9/1/2007	21.58%	2/1/2011	2.00%	219,478	96,044	229,902	100,582
Birthing Centers - Facility Services Note 3	7/1/2012	250.00%	9/1/2011	5.00%	3,226	1,412	3,397	1,486
Birthing Centers - Professional Services Note 3	7/1/2012	250.00%	NA	NA	2,430	1,063	2,563	1,121
Children & Pregnant Women - Case Management -Adults	9/1/2007	55.50%	2/1/2011	2.00%	472	207	479	210
Children & Pregnant Women - Case Management - Children	9/1/2007	55.50%	2/1/2011	2.00%	11,187	4,895	11,366	4,973
Children's Health Insurance Program (CHIP) (including perinate, excluding pharmacy costs)	9/1/2016	4.1% (9/1/16)	NA	NA	6,271,638	477,899	6,271,638	477,899
CHIP Dental	9/1/2016	8.4% Overall	NA	NA	1,102,258	83,992	1,102,258	83,992
Clinical Laboratory Fees (non-state owned)	4/1/2008	2.60%	9/1/2011	10.50%	3,660,697	1,601,921	3,719,268	1,627,180
Dental Services - Adults	9/1/2007	52.50%	2/1/2011	2.00%	122,685	53,687	128,786	56,344
Dental Services - Children's	9/1/2007	52.50%	2/1/2011	2.00%	12,990,643	5,684,705	13,686,052	5,987,648
Durable Medical Equipment, Prosthetics, Orthotics, Supplies (DMEPOS)								
Diabetic Equipment and Supplies	Various 2008	10.00%	9/1/2011	10.00%	67,493	29,535	70,924	31,029

Estimated Cost of One Percent Rate Change

Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Hearing Services	Various 2008	10.00%	9/1/2011	Reimbursement limited to lesser of provider's acquisition cost or fees determined by HHSC.	56,024	24,516	57,154	25,005
Hospital Beds and Accessories	Various 2008	10.00%	9/1/2011	10.00%	57,558	25,187	59,849	26,184
Incontinence Supplies	Various 2008	10.00%	9/1/2011	10.00%	1,374,131	601,320	1,409,921	616,840
Kidney Machines and Access	Various 2008	10.00%	9/1/2011	10.00%	11,291	4,941	11,701	5,119
Miscellaneous DME Equipment and Supplies	Various 2008	10.00%	9/1/2011	10.00%	894,469	391,420	926,368	405,286
Mobility Aids	Various 2008	10.00%	9/1/2011	10.00%	55,994	24,503	57,839	25,305
Neurostimulators	Various 2008	10.00%	9/1/2011	10.00%	6,368	2,787	6,719	2,940
Nutrition (Enteral and Parenteral)	Various 2008	10.00%	9/1/2011	10.00%	1,479,427	647,397	1,516,287	663,376
Orthotics	Various 2008	10.00%	9/1/2011	10.00%	178,273	78,012	184,081	80,535
Oxygen and Related Respiratory Equipment	Various 2008	10.00%	9/1/2011	10.00%	436,697	191,099	452,128	197,806
Prosthetics	Various 2008	10.00%	9/1/2011	10.00%	56,683	24,804	58,333	25,521
Speech Generating Devices/Augmentive Communication Devices	Various 2008	10.00%	9/1/2011	10.00%	12,015	5,258	12,306	5,384
Wheel Chairs	Various 2008	10.00%	9/1/2011	10.00%	456,467	199,750	473,671	207,231
Wound Therapy	Various 2008	10.00%	9/1/2011	10.00%	27,678	12,112	29,151	12,754
Vision	5/1/2016	6.50%	5/1/2016	10.00%	322,333	141,053	337,133	147,496
Environmental Lead Investigations	7/1/2010	New Benefit	2/1/2011	2.00%	20	9	21	9

Estimated Cost of One Percent Rate Change Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Family Planning Clinics - Adults	9/1/2007	4.00%	9/1/2011	5.00%	20,265	8,868	21,284	9,312
Family Planning Clinics - Children	9/1/2007	10.06%	9/1/2011	5.00%	22,206	9,717	23,329	10,206
Federally Qualified Health Centers Notes 4 & 5	1/1/2016	Medicare Economic Index (MEI) (1.1%) or MEI+0.5%	1/1/2011	1.00%	2,251,735	985,359	2,303,720	1,007,878
Freestanding Psychiatric Hospitals (non-state owned)	1/1/2008	18.18%	9/1/2011	8.00%	1,071,404	468,846	1,088,547	476,239
Freestanding Psychiatric Hospitals -(state owned)	NA	NA	NA	NA	108,398	47,435	108,398	47,424
HHA- Home Health Aide Services	9/1/2007	2.50%	2/1/2011	2.00%	823	360	866	379
HHA - Other Services (Supplies) - Adults	9/1/2007	2.50%	2/1/2011	2.00%	254,836	111,516	268,636	117,528
HHA - Other Services (Supplies) - Children	9/1/2007	2.50%	2/1/2011	2.00%	227,138	99,396	239,763	104,896
HHA - Skilled Nursing Services - Adults	9/1/2007	2.50%	2/1/2011	2.00%	101,962	44,619	107,517	47,039
HHA - Skilled Nursing Services - Children	9/1/2007	2.50%	2/1/2011	2.00%	23,185	10,146	24,215	10,594
Inpatient Hospital Note 6	9/1/2015	$312,514,064		NA	36,194,436	15,838,685	36,773,517	16,088,427
Laboratory Services - Adults	9/1/2007	12.50%	2/1/2011	2.00%	1,009,719	441,853	1,055,748	461,890
Laboratory Services - Children	9/1/2007	27.50%	2/1/2011	2.00%	554,299	242,561	579,966	253,735
Long-Acting Reversible Contraceptive (LARC), Sterilization, and Associated Services - Adults	9/1/2013	18.00%	NA	NA	214,918	21,492	226,567	22,657

Estimated Cost of One Percent Rate Change Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Long-Acting Reversible Contraceptive (LARC), Sterilization, and Associated Services - Children	9/1/2013	19.00%	NA	NA	178,586	17,859	188,218	18,822
Maternity Service Clinic	NA	NA	9/1/2011	7.00%	2,021	884	2,118	927
Medicare Advantage Note 13	NA	NA	1/1/2012	Decrease in payment rate from $25 to $10.	176,175	71,069	177,871	71,522
Orthodontics - Adults	9/1/2007	52.50%	2/1/2011	2.00%	1,232	539	1,295	567
Orthodontics - Children	9/1/2007	52.50%	2/1/2011	2.00%	71,199	31,157	75,139	32,873
Outpatient Hospital Note 7	9/1/2015	$29,573,966		NA	13,026,986	5,700,609	13,087,220	5,725,659
Outpatient Imaging Note 8	9/1/2015	$3,000,000		NA	1,986,683	869,372	2,018,470	883,081
Physician- Administered Drugs/Biological Fees (Nononcology) - Adults	10/1/2008	3.59%	2/1/2011	24.00%	167,360	73,237	176,240	77,105
Physician- Administered Drugs/Biological Fees (Nononcology) - Children	10/1/2008	3.59%	2/1/2011	24.00%	111,135	48,633	116,768	51,086
Physician And Other Practitioners - Adults	1/1/2013	ACA increase to Medicare for Evaluation and Management Services for two years	1/1/2015	ACA increases expire	7,424,164	3,248,814	7,793,713	3,409,749
Physician And Other Practitioners - Children	1/1/2013	ACA increase to Medicare for Evaluation and Management Services for two years	1/1/2015	ACA increases expire	12,673,069	5,545,735	13,291,821	5,815,172
Physician-Administered Oncology Drugs - Adults	10/1/2008	3.59%	2/1/2011	2.00%	636,307	278,448	661,419	289,371

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Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Physician-Administered Oncology Drugs - Children	10/1/2008	3.59%	2/1/2011	2.00%	168,061	73,543	177,046	77,458
Physicians Vaccine Administration - Adults	1/1/2013	ACA increase to Medicare for Evaluation and Management Services for two years	1/1/2015	ACA increases expire	41,160	18,012	43,429	19,000
Physicians Vaccine Administration - Children	1/1/2013	ACA increase to Medicare for Evalnation and Management Services for two years	1/1/2015	ACA increases expire	543,432	237,806	572,165	250,322
Audiologist - Adults	9/1/2007	12.50%	2/1/2011	2.00%	1,379	603	1,455	637
Audiologist - Children	9/1/2007	27.50%	2/1/2011	2.00%	6,626	2,900	6,937	3,035
Certified Nurse Midwife - Adults	9/1/2007	27.50%	2/1/2011	2.00%	6,880	3,011	7,255	3,174
Certified Nurse Midwife - Children	9/1/2007	27.50%	2/1/2011	2.00%	1,273	557	1,339	586
Chiropractors - Adults	9/1/2007	12.50%	2/1/2011	2.00%	2,261	989	2,379	1,041
Chiropractors - Children	9/1/2007	27.50%	2/1/2011	2.00%	2,004	877	2,107	922
Geneticist - Adults	9/1/2007	12.50%	2/1/2011	2.00%	11,084	4,850	11,698	5,118
Geneticist - Children	9/1/2007	27.50%	2/1/2011	2.00%	8,911	3,899	9,302	4,070
Licensed Clinical Social Worker/CCP Social Worker - Adults	9/1/2007	12.50%	2/1/2011	2.00%	13,509	5,912	14,219	6,221
Licensed Clinical Social Worker/CCP Social Worker - Children	9/1/2007	27.50%	2/1/2011	2.00%	67,515	29,545	70,878	31,009
Licensed Marriage and Family Therapist - Adults	9/1/2007	12.50%	2/1/2011	2.00%	822	360	863	378

Estimated Cost of One Percent Rate Change Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Licensed Marriage and Family Therapist - Children	9/1/2007	27.50%	2/1/2011	2.00%	8,269	3,619	8,676	3,796
Licensed Professional Counselors - Adults	9/1/2007	12.50%	2/1/2011	2.00%	163,739	71,652	171,654	75,099
Licensed Professional Counselors - Children	9/1/2007	27.50%	2/1/2011	2.00%	622,734	272,508	653,715	286,000
Nephrology - Adults	9/1/2007	12.50%	2/1/2011	2.00%	421,116	184,280	444,012	194,255
Nephrology - Children	9/1/2007	27.50%	2/1/2011	2.00%	1,430	626	1,478	647
Optometrist/Optician - Adults	9/1/2007	12.50%	2/1/2011	2.00%	139,815	61,183	145,859	63,813
Optometrist/Optician - Children	9/1/2007	27.50%	2/1/2011	2.00%	580,423	253,993	609,096	266,480
Physician Assistants and Nurse Practitioners - Adults	9/1/2007	12.50%	2/1/2011	2.00%	37,039	16,208	38,932	17,033
Physician Assistants and Nurse Practitioners - Children	9/1/2007	27.50%	2/1/2011	2.00%	218,476	95,605	229,887	100,576
Podiatrist - Adults	9/1/2007	12.50%	2/1/2011	2.00%	36,160	15,824	38,042	16,643
Podiatrist - Children	9/1/2007	27.50%	2/1/2011	2.00%	38,252	16,739	40,228	17,600
Psychologists - Adults	9/1/2007	12.50%	2/1/2011	2.00%	17,333	7,585	18,227	7,974
Psychologists - Children	9/1/2007	27.50%	2/1/2011	2.00%	151,371	66,240	159,020	69,571
Licensed Psychological Associate - Adults	NA	NA	NA	NA	151	66	159	70
Licensed Psychological Associate - Children	NA	NA	NA	NA	7,610	3,330	8,011	3,505

Estimated Cost of One Percent Rate Change Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Portable X-ray Supplier - Adults	9/1/2007	12.50%	2/1/2011	2.00%	102,991	45,069	107,978	47,240
Portable X-ray Supplier - Children	9/1/2007	27.50%	2/1/2011	2.00%	72,740	31,831	76,294	33,379
Provisionally Licensed Psychologist - Adults	NA	NA	NA	NA	92	40	96	42
Provisionally Licensed Psychologist - Children	NA	NA	NA	NA	964	422	1,011	442
Radiation Therapy Centers - Adults	NA	NA	2/1/2011	2.00%	4,344	1,901	4,509	1,973
Radiation Therapy Centers - Children	NA	NA	2/1/2011	2.00%	6,548	2,865	6,830	2,988
Renal Dialysis Facilities	9/1/2007	2.50%	9/1/2011	5.00%	296,938	129,940	301,689	131,989
Rural Health Clinics Note 9	1/1/2016	Medicare Economic Index (MEI) (1.1%)	NA	NA	1,179,325	516,073	1,310,466	573,329
Notes 10 & 11 STAR+PLUS Long Term Care - Community Based Alternatives	9/1/2015	Increase in attendant base wage rate to $8.00 per hour	NA	NA	14,181,600	**5,263,597**	15,043,529	**5,563,877**
Notes 10 & 11 STAR+PLUS Long Term Care - Day Activity and Health Services	9/1/2015	0.42%	N/A	N/A	1,501,206	**605,587**	1,592,446	**640,323**
Notes 10, 11 & 12 STAR KIDS Long Term Care - Medically Dependent Children Program	9/1/2015	Increase in attendant base wage rate to $8.00 per hour	NA	NA	987,575	**398,388**	1,058,679	**425,695**
Notes 10 & 11 STAR+PLUS Long Term Care - Primary Home Care	9/1/2015	Increase in attendant base wage rate to $8.00 per hour	NA	NA	15,926,443	**6,371,541**	16,894,420	**6,736,822**

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Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Substance Use Disorder Services (Chemical Dependency Treatment Facility)	9/1/2013	19.00%	NA	NA	193,866	84,836	203,712	89,124
TEFRA Based Inpatient Hospital (Cost-Based)	NA	NA	NA	NA	1,879,337	822,398	1,669,184	730,268
Texas Women's Health Program (GR ONLY)	9/1/2007	22.50%	2/1/2011	2.00%	221,980	221,980	225,531	225,531
Therapy Services - Comprehensive Outpatient Rehabilitation Facility (CORF) / Outpatient Rehabilitation Facility (ORF) (PT 65, PS25) - Children	1/1/2006	NA	9/1/2013	2.5% NOTE: Significant reductions for the 2016-17 biennium were pending at the time of publication	1,780,734	779,249	1,841,265	805,553
Therapy Services - Home Health Agency - Adults	1/1/2006	NA	9/1/2013	1.5% NOTE: Significant reductions for the 2016-17 biennium were pending at the time of publication	26,056	11,402	27,483	12,024
Therapy Services - Home Health Agency - Children	1/1/2006	NA	9/1/2013	1.5% NOTE: Significant reductions for the 2016-17 biennium were pending from implementation at the time of publication	4,608,199	2,016,548	4,765,199	2,084,775

Estimated Cost of One Percent Rate Change

Figures include estimated managed care state premium tax, but excludes variable managed care costs such as risk margin. Costs may be 1.5% to 2% higher to reflect managed care organization costs which may vary by program or plan.

Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
Therapy Services - Independent Therapists (PT 34, 35, 50) - Adults	1/1/2006	NA	9/1/2013	4.00% - office setting 1.50% - home setting NOTE: Significant reductions for the 2016-17 biennium were enjoined from implementation at the time of publication	69,785	30,538	73,554	32,180
Therapy Services - Independent Therapists (PT 34, 35, 50) - Children	1/1/2006	NA	9/1/2013	4.00% - office setting 1.50% - home setting NOTE: Significant reductions for the 2016-17 biennium were enjoined from implementation at the time of publication	1,257,217	550,158	1,300,944	569,163
Therapy Services - Independent Therapists (Early Childhood Intervention) - Children	1/1/2006	NA	9/1/2013	1.5% NOTE: Significant reductions for the 2016-17 biennium were enjoined from implementation at the time of publication	327,897	143,488	342,540	149,861
TH Steps Medical Checkups	9/1/2007	27.50%	2/1/2011	2.00%	1,293,361	565,975	1,353,391	592,109
TH Steps Newborn	9/1/2007	27.50%	2/1/2011	2.00%	1,447,035	633,223	1,510,013	660,631

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Program by Budget Agency	Last Legislative or Federal Rate Increase		Legislative or Federal Rate Reduction Since Last Rate Increase		Incremental Cost of 1 Percent Rate Change			
					2020		2021	
	Date	Percent	Date	Percent	AF	GR	AF	GR
THSteps Other Services (Managed Care only)	NA	NA	2/1/2011	2.00%	3,078,582	1,347,187	3,249,399	1,421,612
THSteps Personal Care Services and Attendant Care	8/1/2009	7.00%	9/1/2010	1.00%	1,259,078	550,973	1,281,840	560,805
THSteps Private Duty Nursing	7/1/2008	15.00%	2/1/2011	2.00%	6,704,847	2,934,041	6,842,363	2,993,534
Tuberculosis Clinics	NA	NA	9/1/2011	5.00%	2,016	882	2,092	915
Total HHSC (with totals only included)					**$196,119,520**	**$82,639,828**	**$199,966,701**	**$84,298,941**

Note 1: Basic and Advanced Life Support Costs were allocated between air and ground ambulance based on number of clients served.

Note 2: Effective September 1, 2013, Ambulance Services were fully exempted from Medicare equalization which increased revenues received for dually-eligible consumers.

Note 3: Rural Health Centers are exempt from rate changes because they have federally mandated Medical Economic Inflators provided annually. Estimates are based on 1 percent increase in reimbursement.

Note 4: Federally Qualified Health Center Rate increases are limited to MEI plus .5 percent, they have federally mandated Medical Economic Inflators provided annually. Estimates are based on 1 percent increase in reimbursement.

Note 5: Recently, some Federally Qualified Health Centers (FQHCs) have acquired physician practices and retained their client base. This activity may cause FQHC cost to increase over the next biennium as FQHC rates are significantly higher than physician reimbursement. HHSC does not have a way of predicting how many clients will be moved to the FQHC client base, and therefore it is difficult.

Note 6: Last rate of increase percentage column for Inpatient Hospitals reflects actual dollars appropriated by the 84th legislature Trauma designated and Safety Net Hospitals.

Note 7: Last rate of increase percentage column for Outpatient Hospitals reflects actual dollars appropriated by the 84th legislature for rural hospital outpatient reimbursement increases.

Note 8: Last rate of increase percentage column for Outpatient Hospital Imagings reflects actual dollars appropriated by the 84th legislature for rural hospital outpatient reimbursement increases.

Note 9: Rural Health Centers are exempt from rate changes because they have federally mandated Medical Economic Inflators provided annually. Estimates are based on 1 percent increase in reimbursement.

Note 10: Reflects the impact of potential DADS fee-for-service rate increases on corresponding services delivered through managed care.

Note 11: Percentage Rate changes and Estimated costs of rate changes represent the amount added to the respective Fiscal Year to fully fund.

Note 12: STAR Kids expansion occurred November 1, 2016.

Note 13: Medicare Advantage costs are estimated using the 2018-2019 PACE QMB rate as a proxy.

Total HHS	**$290,873,988**	**$123,934,609**	**$294,997,754**	**$125,737,138**

G. Promoting Independence Initiative

The *Promoting Independence Initiative (Initiative)* is the direct result of four public policy actions:

- The United States Supreme Court ruling, *Olmstead v. L.C.*, June 1999, which stated in part…"that individuals living in institutions must be provided community care when the following conditions are met:
  - State's treatment professionals determine that such placement is appropriate;
  - Affected persons do not oppose such treatment; and
  - Placement can be reasonably accommodated, taking into account the resources available to the state and the needs of others who are receiving state supported disability services…."
- Governor Bush's Executive Order GWB 99-2, September 1999, which began the Texas Initiative by requiring HHSC to conduct a comprehensive review of all services and support systems available to people with disabilities in Texas ensuring the involvement of consumers, advocates, providers, and relevant agency representatives in this review. Executive Order GWB 99-2 also required that a report of these findings be submitted to the Governor, the Lieutenant Governor and the Speaker of House by January 2001; this report became the first *Promoting Independence Plan (Plan)*. The Plan and Initiative includes specific requirements to provide community options for persons within the *Olmstead* population who are served in large (fourteen or more bed) community Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID), state supported living centers (SSLCs), state mental health facilities (state hospitals) and nursing facilities (NFs) who are appropriate for and choose community alternatives.
- Texas statutes enacted in 2001 which codified many of the aspects of the original Plan and appropriations language which created the "Money Follows the Person" (MFP) policy whereby the funding for individuals moving from NFs to community-based services could be transferred from the NF budget to the community-based services budget. MFP allows individuals to be able to choose how and where they are to receive their long-term services and supports (LTSS).
  - S.B. 367 established the Promoting Independence Advisory Committee, and requires updated Plans every two years prior to a new legislative session.
  - S.B. 368 impacts children (0-21 years of age) by emphasizing and providing direction to HHSC and all HHS agencies regarding the implementation of permanency planning efforts.

- Governor Perry's Executive Order RP-13, April 2002, which enhances the Initiative and directs HHSC to continue its development and implementation of the state's Promoting Independence Initiative and Plan, including revising it on a regular basis. Additionally, Executive Order RP-13 highlights the need for housing, a viable direct service workforce, and permanency planning efforts.

In 2007, HHSC and DADS successfully competed for a Deficit Reduction Act of 2005 MFP Demonstration (Demonstration) grant award to build upon and enhance its existing Promoting Independence initiatives. The Demonstration allowed Texas to expand its Promoting Independence efforts beyond NFs to include community ICF/IIDs with nine beds or more, and SSLCs. The state receives enhanced funding for 365 days that a Demonstration participant receives services in the community. As of December 2017, 12,553 individuals enrolled in the Demonstration transitioned from an institutional setting to the community.

Congressional authorization for the Demonstration ended September 30, 2016. The Centers for Medicare and Medicaid Services (CMS) awarded a supplemental grant for states to implement sustainability strategies. Supplemental funds allocated by Congress were less than previously expected. The state will close-out activities one year earlier than expected. Enrollment of new Demonstration participants ended on December 31, 2017. The state will no longer collect the enhanced service match for enrolled individuals after December 31, 2018. MFPD grant funded projects are slated to conclude at the end of state fiscal year 2019. The state is seeking CMS approval to continue some administrative projects through September 30, 2020.

Transitions from institutional services to home and community- based services will continue as they did before the state received the Demonstration grant. From January 2008 through December 31, 2017, a total of 21,295 persons transitioned under the PI initiative, including individuals who chose not to be in the Demonstration, did not meet the Demonstration criteria (e.g., 90-day institutionalization period) or met imminent risk of institutional placement criteria for a diversion slot in the Home and Community-based Services waiver program.

The Demonstration funds direct services to support individuals as they transition from institutional services to services in the community. Services funded by the Demonstration include:

- Bexar and Travis County behavioral health pilot program: Pilot and evaluation of cognitive adaptation services and substance abuse services for individuals transitioning from NFs with co-occurring behavioral health needs in Bexar County, its contiguous counties, and Travis county. *Sustainability:* These pilot services will be offered statewide through managed care.

- Relocation assistance: Services and one-time funds to purchase household goods to assist in the transition from an institution to the community. *Sustainability:* On September 1, 2017 managed care organizations assumed responsibility for relocation activities for adults exiting nursing facilities. Exceptional Item #10 seeks funding for additional transition support in the Home and Community-based Services (HCS) program.

Below are several MFPD projects designed to enhance the infrastructure of community based services:

- Funding to Aging and Disability Resource Centers (ADRC) to serve as the Local Contact Agency for nursing facility residents who are not on Medicaid to learn about community options and for ADRCs to serve as local housing navigators to increase opportunities for affordable, accessible housing options for those leaving institutions. Sustainability: See Exceptional Item #12 below.
- Employment services outreach, education, and recruitment to enhance opportunities for integrated employment, which leads to greater self-sufficiency for Medicaid recipients after leaving institutional services. *Sustainability:* This function, currently conducted by contractors, is planned to be converted to staff positions by 2019.
- Housing specialists at the Texas Department of Housing and Community Affairs (TDHCA) to ensure the success of the Section 811 Project Rental Assistance (PRA) Program, a new program with the potential to have a large impact on Texas' institutionalized populations, and Project Access, an existing program with a proven track record facilitating the transition of individuals out of institutions. *Sustainability:* This function will be absorbed by TDHCA.
- Transition specialists housed at each SSLC to improve the quality of the relocation process. *Sustainability:* This function will be absorbed by existing staff.
- Establishment of a Quality Reporting Office to provide additional in-house capabilities to monitor, discover, describe and create intervention strategies to promote quality across Demonstration activities and Medicaid 1915(c) waivers. *Sustainability:* This function, currently conducted by contractors, is planned to be converted to staff positions by 2019.
- Provision of enhanced, better-coordinated services for individuals with intellectual and developmental disabilities (IDD) and complex medical/behavioral health needs that are being relocated from institutional settings, including SSLCs and NFs. *Sustainability*: See exceptional Item 4 described below.

The Promoting Independence Initiative and MFPD have been very successful in shaping LTSS public policy since 2001 by providing increased community

opportunities for over 44,000 individuals in NF, SSLCs, and large and medium community ICFs/IID who have transitioned to the community.

HHSC oversees the Promoting Independence Initiative and the Demonstration.

HHSC included in the FY 2020-21 Legislative Appropriations Request the following three Promoting Independence related exceptional items:

Item#	Title	Biennium GR	Biennium AF
4	Provide Transition to the Community and Reduce Community Program Interest Lists	$147.7	$378.3
12	Maintain Housing Navigation Services Through ADRCs	$3.5	$3.5
22	Maintain and Expand IDD Crisis Continuum of Care	$46.4	$46.4
	Totals	**$197.6**	**$428.2**

HHSC Exceptional Item 4 – Provide Transition to the Community and Reduce Community Program Interest Lists *($147.7 million GR/$378.3 million AF)*

This item would provide 7,115 new waiver slots to support individuals with IDD transitioning to community settings and reducing interest lists for waiver programs. This item provides the following new Promoting Independence slots: 500 HCS slots for individuals in crisis and/or at imminent risk of institutionalization; 500 HCS slots for individuals in SSLCs and large-medium ICFs/IID; 236 HCS slots for children aging out of foster care at the Department of Family and Protective Services (DFPS); 40 HCS slots for children in transition from DFPS general residential operations facilities; 500 HCS slots for individuals with IDD moving from nursing facilities; 500 HCS slots for people with IDD diverted from admission to a nursing facility; and 200 HCS slots for individuals with IDD moving from state hospitals. This item also seeks an increase of 4,639 interest list slots for community-based services.

Exceptional Item 12 – Maintain Housing Navigation Services Through ADRCs *($3.5 million GR/$3.5 million AF)*

This item requests funding to replace federal funding currently provided under the Money Follows the Person Demonstration grant. The current housing navigation and local contact agency (LCA) services are complementary functions within the state's 22 aging and disability resource centers. Housing navigators develop and maintain relationships with key stakeholders, including housing authorities, property owners,

developers, state and local lawmakers, with the goal of increasing accessible, integrated, and affordable housing options.

LCA options counselors help non-Medicaid nursing facility residents determine long-term services and supports needed to transition and live successfully in the community. Without funding for these established services, case management and advocacy for older adults and people with disabilities, will be lost, resulting in a higher number remaining in nursing facilities at a significantly higher cost to the state.

Exceptional Item 22: Maintain and Expand IDD Crisis Continuum of Care *($46.4 million GR/$46.4 million AF)*

This item requests funding to maintain or expand three separate, yet, integral, types of services to prevent crises for individuals IDD, and support these people when crises occur. The first item maintains funding for enhanced community coordination (ECC) and transition support teams (TST), currently funded through federal MFPD funding set to expire at the end of 2019. These teams, established in 2015, are designed to help local IDD authorities and community providers successfully transition people with IDD from institutions to community settings, including pre and post move monitoring. The item also expands existing crisis intervention and respite services deigned to identify people who are high risk and offer supports and services to both prevent and intervene in crisis. Third, the item requests funds to establish new IDD community outpatient mental health services at LIDDAs to prevent crisis situations by providing integrated physical and behavioral health services to people with IDD.

H. History of HHS Agencies Savings Initiatives

FY 2002-03	GR	FTEs
78th Legislature, H.B. 7 – FY 2003 Reduction Plan	$133.9	39
77th Legislature, Business Process Study – Rider Reduction	$10.0	19
77th Legislature, Medicaid Cost Containment – Rider Reduction	$205.0	-
Subtotal	**$348.9**	**58**

FY 2004-05	GR	FTEs
78th Legislature – Initial GR Reduction	$320.4	664
78th Legislature – Program Savings Included in the General Appropriations Act		
Maintain 6 months of continuous eligibility in Medicaid	*$282.4*	-
CHIP Policy Changes	*$144.5*	-
Preferred Drug List	*$140.0*	-
Client Transportation Transfer	*$104.3*	-
Medicaid Benefit Changes	*$43.1*	-
TANF Pay for Performance	*$29.1*	-
Other Initiatives	*$89.0*	-
Subtotal – Program Savings	$832.4	-
78th Legislature – H.B. 2292 Reductions		
Consolidation of Agencies / Administrative Reductions	*$50.4*	*671*
Programmatic Savings Reduced in Agency Budgets	*$27.6*	*1,115*
Subtotal – H.B. 2292 Reductions	$78.0	1,786
78th Legislature – Additional Savings Identified by HHS Agencies	$83.8	-
Subtotal	**$1,314.6**	**2,450**

FY 2006-07	GR	FTEs
79th Legislature – Rider Reduction for Services to Medicaid Aged / Blind / Disabled populations	$73.0	-
79th Legislature – Rider Reduction for Multi-State Drug Purchasing Pool	$17.6	-
79th Legislature – DSHS Reductions	$6.7	52
79th Legislature – 2% FTE Reductions	-	720
Subtotal	**$97.3**	**772**

FY 2010-11	GR	FTEs
81st Legislature – Rider 59 Medicaid Cost Savings	$76.5	
Governor, Lieutenant Governor, and Speaker 5% Directive FY 2010-11	$205.0	
Governor, Lieutenant Governor, and Speaker 2.5% Directive FY 2011	$85.0	
Subtotal	**$366.5**	

H. History of HHS Agencies Savings Initiatives, *continued*

FY 2012-13	GR	FTEs
Medicaid Funding Reductions – Rider 61	$355.0	
Managed Care Expansion- Rider 51	$263.3	187
Provider Rates – Section 16	$486.6	
Additional Cost Containment – Section 17	$576.0	
Other Cost Containment Measures in H.B. 1	$80.6	
Premium Tax (state revenue)	$200.0	
Federal Flexibility – Rider 59	$0.0	
Subtotal	**$1,961.5**	**187**

FY 2014-15	*GR*	*FTEs*
HHSC Rider 51: Medicaid Funding Reduction and Cost Containment	$438.1	
Subtotal	**$438.1**	

FY 2016-17	*GR*	*FTEs*
HHSC Rider 50: Medicaid Cost Containment Initiatives	$137.2	
Subtotal	**$137.2**	

FY 2018-19	*GR*	*FTEs*
HHSC Rider 33: Medicaid Cost Containment Initiatives	$311.8-312.3	
HHSC Rider 37: Medicaid and CHIP Capitation Risk Margin Adjustment	$74.0	
Subtotal	**$385.8-386.3**	

Total GR Savings: FY 2002-19	**$5,049.9-5,050.4**	**3,467**

I. Long-Term Care Plan for Individuals with Intellectual Disabilities

Section 533A.062 of the Texas Health and Safety Code requires HHSC to develop a proposed plan on long-term care for persons with an intellectual disability before each legislative session. HHSC must conduct a public hearing on the proposed plan and submit the proposed plan as part of the consolidated HHS budget recommendation for a legislative session. After legislative action on appropriations for long-term care services, HHSC may adjust the proposed plan to ensure capacities set forth in the plan are within appropriated amounts. HHSC must publish a final plan in the *Texas Register*.

This proposed plan covers the following:

- State supported living centers (SSLCs);
- Community-based intermediate care facilities for individuals with an intellectual disability or related condition (ICFs/IID);
- Home and Community-based Services (HCS) waiver program;
- Texas Home Living (TxHmL) waiver program;
- Community Living Assistance and Support Services (CLASS) waiver program; and
- Deaf-Blind with Multiple Disabilities (DBMD) waiver program.

Data in this plan represent the average monthly number of individuals expected to be enrolled in a program during a particular year. They do not represent the actual capacity of the programs. Using the latest historical data available (data through January 2018 for state-operated ICFs/IID and data through February 2018 for community-based ICFs/IID), projected values for state-operated and community-based ICFs/IID were derived from forecasting software, with necessary adjustments made to take into account relevant policies and long-term trends in the ICF/IID program. Projected values for HCS, TxHmL, CLASS, and DBMD were derived from a model that considers enrollment and attrition of individuals in the program. The projected values for FY 2020 and 2021 assume maintaining the same number of individuals estimated to be served in August 2019.

This proposed plan may be modified before it is submitted as part of the consolidated budget recommendation.

Enrollment Overview

The data below specifies historical enrollment and funded capacity for the current biennium. For each fiscal year, the table provides the average monthly number of individuals enrolled or projected to be enrolled in each program.

Average Monthly Number of Individuals Enrolled

Fiscal Year[1]	State ICF/IID	Community ICF/IID	HCS	TxHmL	CLASS	DBMD	Total
2013	3,650	5,546	20,172	4,629	4,717	151	**38,865**
2014	3,441	5,407	20,703	5,297	4,697	158	**39,703**
2015	3,240	5,195	22,449	5,655	4,907	204	**41,650**
2016	3,125	4,959	24,958	5,985	5,064	251	**44,342**
2017	3,026	4,903	25,843	5,702	5,557	320	**45,351**
2018	2,976	4,889	26,075	5,425	5,657	332	**45,354**
2019	2,977	4,896	25,953	5,218	5,490	345	**44,879**

Data Source: HHSC Forecasting

Intermediate Care Facilities for Individuals with Intellectual Disability or Related Conditions

The ICF/IID program is Medicaid-funded and provides services and 24-hour supervision to individuals with an intellectual disability (ID) or a related condition in residential settings with a capacity of four or more individuals. There are two types of residential settings: SSLCs and community-based facilities.

Projected Monthly Enrollment for ICFs/IID

	FY 2018	FY 2019	FY 2020	FY 2021
SSLCs	2,976	2,977	2,977	2,977
ICFs/IID	4,889	4,896	4,909	4,939

Data Source: HHSC Forecasting

State Supported Living Centers

SSLCs serve individuals who have a diagnosis of severe or profound ID, or who have a diagnosis of ID and complex medical or behavioral health needs. These state-operated, campus-based ICFs/IID located in Texas currently include 12 SSLCs and the ID component of the Rio Grande State Center. The 13 centers are located in Abilene, Austin, Brenham, Corpus Christi, Denton, El Paso, Harlingen, Lubbock, Lufkin, Mexia, Richmond, San Angelo, and San Antonio.[2]

The number of residents vary, with the smallest center having an average daily

[1] Values for fiscal years 2018 and 2019 are projected.

[2] Additional information about SSLCs, including how to access services, is available at: https://hhs.texas.gov/services/disability/intellectual-or-developmental-disabilities-idd-long-term-care/state-supported-living-centers-sslcs.

census of 65 individuals and the largest having an average daily census of 457 individuals during FY 2016.

Community-based ICFs/IID

Community-based ICFs/IID are residential facilities in community settings serving four or more individuals with ID or a related condition. Public and private entities, known as providers, contract with HHSC to operate these facilities. The public providers are local intellectual and developmental disability authorities. There are more than 800 community-based ICFs/IID, and only 4 of them serve more than 12 individuals. The largest community-based ICF/IID serves up to 160 individuals.

Waiver Programs

Section 1915(c) of the Social Security Act (42 U.S.C. §1396n(c)) allows states, with a waiver of certain requirements from the federal government, to provide support services in the community as a cost-effective alternative to ICF/IID care. Medicaid expenses for individuals in waiver programs may not exceed, in the aggregate, Medicaid expenses for ICF/IID services for individuals with similar needs. Texas provides four waiver programs as alternatives to ICF/IID services: HCS, TxHmL, CLASS, and DBMD.[3] The data below specifies the projected monthly enrollment in each waiver program for FY 2018 through 2021.

Projected Monthly Enrollment for Waiver Programs

	FY 2018	FY 2019	FY 2020	FY 2021
HCS	26,075	25,953	25,898	25,898
TxHmL	5,425	5,218	5,124	5,124
CLASS	5,657	5,490	5,408	5,408
DBMD	332	345	345	345

Data Source: HHSC Forecasting

HCS Program

HCS provides community-based services to individuals who qualify for a level of care I or VIII and are leaving or at imminent risk of entering a nursing facility. These levels of care are described in 40 Texas Administrative Code (TAC), Chapter 9, Subchapter E, §9.238 and §9.239.

HCS provides individualized services and supports for individuals living in their own

[3] Additional information about waiver programs, including a comparison of services in waiver programs, is available at: https://hhs.texas.gov/sites/default/files/documents/doing-business-with-hhs/providers/resources/ltss-waivers.pdf.

home, their family home, a host home, or a residence with no more than four individuals who receive similar services.

TxHmL Program

TxHmL provides community-based services for individuals who qualify for level of care I or VIII and are leaving or at imminent risk of entering a nursing facility. Selected essential services and supports are provided to individuals so they can continue living with their families or in their own homes.

CLASS Program

CLASS provides community-based services for adults and children who qualify for level of care VIII. Services are provided in the individual's own home or family home.

DBMD Program

DBMD provides community-based services for individuals who are deaf and blind and have a third disability that impairs independent functioning. Individuals live with their families, in their own homes, or in residences with no more than six individuals who receive similar services. The program focuses on increasing opportunities for individuals to communicate and interact with their environment.

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