



Updated Exceptional Item Request FYs 2024-25

January 2023



TEXAS
Health and Human
Services

Updated Exceptional Item Request for FYs 2024-25

Priority	Description	General Revenue	All Funds	FY 25 FTEs
1	Maintain Client Services Cost Growth	\$2,176,069,830	\$5,785,076,170	-
2	Address Critical Workforce Needs	\$186,297,825	\$202,632,541	-
3	Improve Mental Health Services	\$76,114,368	\$76,114,368	56.0
4	Expanding State Hospital Capacity	\$243,336,749	\$243,336,749	-
5	Support End of Continuous Coverage	\$48,074,306	\$143,203,501	-
6	Support for Community Based Services and Promoting Independence	\$79,121,190	\$220,526,653	47.0
7	STAR+PLUS Pilot Program	\$230,044,934	\$579,730,175	29.0
8	Grants Management System for Improving Mental Health Outcomes	\$32,998,036	\$32,998,036	-
9	Cybersecurity Compliance and Operations Monitoring	\$32,275,579	\$46,422,982	-
10	Consolidated Rate Request	\$1	\$1	-
11	Procurement and Contracting Enhancements	\$22,979,970	\$29,691,482	9.1
12	Ensuring Effective Operations in State Facilities	\$127,873,054	\$152,921,260	-
13	Increase Access for Deaf and Hard of Hearing Services	\$2,371,385	\$2,371,385	1.0
14	Comply with State and Federal Regulations	\$18,451,610	\$22,409,928	31.0
15	Funding to Support Regulatory Compliance	\$8,274,031	\$11,311,348	-
16	Maintain Public Facing Offices and Client Supports	\$61,924,175	\$75,219,730	-
17	Application Modernization	\$22,282,870	\$45,409,373	-
18	PMAS Cloud Data Analytics Platform	\$17,379,449	\$21,019,525	-
19	Enhancing Medicaid Enrollment and Contract Management	\$1,602,569	\$3,239,675	19.0
Total		\$3,387,471,932	\$7,693,634,880	193.0

*Does not include exceptional item requests from the Office of the Inspector General or the Texas Civil Commitment Office



Exceptional Item #1



Maintain Client Services Cost Growth

- Category: Maintain Access for Essential Client Services
- This request funds cost growth for Medicaid (entitlement and non-entitlement), Children's Health Insurance Program (CHIP), and Temporary Assistance for Needy Families (TANF).

\$ in Billions	FY24	FY25	Biennium
General Revenue (GR)	\$0.8	\$1.4	\$2.2
All Funds (AF)	\$2.2	\$3.6	\$5.8
FTEs	0.0	0.0	

Exceptional Item #2



Address Critical Workforce Needs

- Category: Prevent Disruption of Critical Operations and Achieve Efficiency
- HHSC is experiencing challenges with high turnover and high vacancy rates, partially due to an inability to offer higher starting salaries and an inability to provide salary increases for high performing employees.
- The COVID-19 pandemic exacerbated the problem.
- HHSC is requesting funding to increase employee salaries and address salary disparities.
- Targeted to critical and hard-to-fill positions.

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$93.1	\$93.2	\$186.3
All Funds (AF)	\$101.3	\$101.3	\$202.6
FTEs	0.0	0.0	

Exceptional Item #3



Improve Mental Health Services

- Category: Improve Access and Delivery of Behavioral Health Services
- This request would fund a variety of strategic behavioral health funding and programming initiatives to improve the continuum of behavioral health services in Texas. It includes:
 - Additional 412 Contracted Inpatient Beds
 - Increase SB 292 and HB 13 Grants
 - Crisis Services
 - Innovation Grants
 - Sunrise Canyon Operations
 - Discharge Support Services
 - Continuum of Care in Uvalde Area

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$50.5	\$25.6	\$76.1
All Funds (AF)	\$50.5	\$25.6	\$76.1
FTEs	56.0	56.0	

Exceptional Item #4



Expanding State Hospital Capacity

- Category: Improve Access and Delivery of Behavioral Health Services
- This request would allow HHSC to continue the work initiated by the legislature in 2017 to replace and expand the state psychiatric hospital system.
- Specific projects include:
 - Operational and ramp-up funds for Dallas
 - Operational Funds for the Dunn Center in Houston
 - Funding increased construction costs for new or renovated state hospitals

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$138.4	\$105.0	\$243.3
All Funds (AF)	\$138.4	\$105.0	\$243.3
FTEs	0.0	0.0	

Exceptional Item #5



Supporting the End of Continuous Coverage

- This request would support the end of continuous Medicaid coverage while maintaining workforce efficiency and customer service. It would include:
 - Staffing costs during the unwinding
 - 2-1-1 TIRN support
 - TIERS Learning Environment
 - Eligibility Workload Management System
 - Lobby Kiosks

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$38.2	\$9.8	\$48.1
All Funds (AF)	\$113.2	\$30.0	\$143.2
FTEs	0	0	

Exceptional Item #6



Support for Community-Based Services and Promoting Independence

- Category: Maintain Access and Improve Outcomes for Essential Client Services
- This exceptional item funds changes necessary to stabilize and support community-based Medicaid programs and services.
 - Support Workforce Through Rate Increases
 - Help Texans Receive Critical Services
 - Provide Additional Waiver Slots

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$25.5	\$53.6	\$79.1
All Funds (AF)	\$66.4	\$154.1	\$220.5
FTEs	29.3	47.0	

Exceptional Item #7



STAR+PLUS Pilot Program

- Category: Comply with State and Federal Regulations
- To improve quality and ensure continuity of services, HHSC is required to design and implement a long-term services and support system for individuals with intellectual and developmental disabilities through managed care.
- Before permanently redesigning how clients receive these waiver services, the Legislature directed the agency to develop a pilot program by September 1, 2023.
- Building on initial investment made by the 87th Legislature, this request would fund the services and ongoing infrastructure and oversight supports for the STAR+PLUS pilot program for 24 months.

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$78.2	\$151.8	\$230.0
All Funds (AF)	\$198.3	\$381.4	\$579.7
FTEs	28.5	29.0	



Exceptional Item #8

Grants Management System for Improving Mental Health Outcomes

- Category: Improve Access and Delivery of Behavioral Health Services
- This request would fund the purchase of a grant management system to track grant information, processes, and performance.
- This system would help manage agency grants, including more than 450 mental health-specific grants totaling more than \$2.1 billion per fiscal year.
- A grant management system provides for the ability to standardize grant functions, procedures, and more efficient management of funding through the automation of key grant activities.

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$15.2	\$17.8	\$25.6
All Funds (AF)	\$15.2	\$17.8	\$33.0
FTEs	-	-	

Exceptional Item #9



Cybersecurity Compliance and Operations Monitoring

- Category: Address IT Infrastructure Needs
- This request would support HHSC's efforts to defend against constantly evolving cybersecurity threats, protecting client data and preserving agency operations.
- This item would fund:
 - Cyber Operations Center Monitoring
 - Advanced Analytics Endpoint Data Loss Prevention
 - Advanced Analytics Scanning Platform
 - Security System Plans and Auditable Event Compliance Assessments
 - Vulnerability Management Program
 - Web Application Penetration Testing

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$16.3	\$15.9	\$33.0
All Funds (AF)	\$23.5	\$22.9	\$46.4
FTEs	-	-	



Exceptional Item #10

Consolidated Rate Request

- Category: Maintain Access and Improve Outcomes for Essential Client Services
- Some categories of reimbursement rates have not been updated for long periods of time.
- For the legislature’s consideration, HHSC has identified several categories that are not currently reimbursed in accordance with current methodology and where a reimbursement rate increase would positively impact client access to high quality care.
 - Community Attendant Services
 - Wellness Visits for Kids and Other Office Visits
 - Birth-related and Women’s Health Surgeries

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	-	-	-
All Funds (AF)	-	-	-
FTEs	-	-	-



Exceptional Item #11

Procurement and Contracting Enhancements

- Category: Maintain Access and Improve Outcomes for Essential Client Services
- This item includes a phased series of improvements to the IT systems that support procurement and contracting including:
 - SCOR Contract Management Improvements
 - HUB Monitoring and Reporting System
 - Automated Vendor Checks
- These improvements would increase functionality of existing systems; automate contracting processes, freeing up staff time and resources; increase data accuracy and security; enable improvements to the HUB program; and enhance monitoring, transparency, and compliance.

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$11.3	\$11.6	\$23.0
All Funds (AF)	\$14.7	\$15.0	\$29.7
FTEs	8.9	9.1	

Exceptional Item #12



Ensuring Effective Operations in State Facilities

- Category: Prevent Disruption of Critical Operations and Achieve Efficiencies
- This request would ensure state hospitals and SSLCs can provide services in safe environments that promote well-being of individuals served and meet certification and accreditation standards.
- It would fund deferred maintenance and emergency repairs for 23 state hospitals and SSLCs, replacement of aging laundry equipment and laundry transport vehicles.
- It also includes a joint request by HHSC and TXDOT to maintain and construct roads, parking lots, etc. at state hospitals and SSLCs.

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$59.8	\$68.1	\$127.9
All Funds (AF)	\$84.8	\$68.1	\$152.9
FTEs	-	-	

Exceptional Item #13



Increase Access for Deaf and Hard of Hearing Services

- Category: Maintain Access and Improve Outcomes for Essential Client Services
- This item is to increase access to services for people who are Deaf, hard of hearing, and DeafBlind.
- It would allow HHSC to serve 5,000 additional clients to increase independence and positive outcomes by funding contracts with additional service providers in currently unserved and underserved HHS regions.
- HHSC Regions 2 (Abilene) and 9 (Midland) are currently unserved.

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$1.2	\$1.2	\$2.4
All Funds (AF)	\$1.2	\$1.2	\$2.4
FTEs	1.0	1.0	

Exceptional Item #14



Comply with State and Federal Regulations

- Category: Comply with State and Federal Laws and Regulations
- This item would fund:
 - Support for former foster youth and Children’s Medicaid recipients to reinstate access to Medicaid after incarceration.
 - New residential child care license types approved by prior legislatures.
 - 20 FTEs to implement the Home and Community Based Services Settings Rule and Individualized Skills and Socialization Program.
 - Creation of a new rural emergency hospital facility type.

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$9.1	\$9.4	\$18.5
All Funds (AF)	\$11.1	\$11.3	\$22.4
FTEs	28.9	31.0	

Exceptional Item #15



Support Regulatory Compliance

- Category: Prevent Disruption of Critical Operations and Achieve Efficiencies
- This request would address a backlog of investigations and inspections in long-term care facilities regulated by HHSC that has persisted during the COVID-19 pandemic.
- Would fund 31 FTEs approved by the 87th Legislature to address the backlog.
- This request also includes the addition of automated testing environments for Regulatory Services Applications.

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$4.3	\$4.0	\$8.3
All Funds (AF)	\$5.8	\$5.5	\$11.3
FTEs	-	-	

Exceptional Item #16



Maintain Public Facing Offices

- Category: Prevent Disruption of Critical Operations and Achieve Efficiencies
- HHSC has experienced a steady increase in lease costs from FY 2017 and costs increased significantly from \$93.9 million in FY 2021 to an estimated \$102.2 million in FY 2022.
- This request includes funding for cost increases and inflation impacts for critical agency functions including leases and major non-client services contracts including onsite security and monitoring, custodial services, building maintenance, pest control, HVAC and plumbing services.
- HHSC does not have the ability to absorb further cost increases without closing public facing offices.

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$26.0	\$35.9	\$61.9
All Funds (AF)	\$31.5	\$43.7	\$75.2
FTEs	-	-	

Exceptional Item #17



Application Modernization

- Category: Address IT Infrastructure Needs
- This item would fund the modernization of several IT applications, including
 - Migrating TIERS to the cloud
 - Replacing the aging Accounts Receivable Tracking System (ARTS)
 - Acquiring a Hosted Faxing Solution to better process the 32 million faxes HHSC receives annually
 - Modernizing the Provider Cost Reporting System and Training.
- It also covers increased Data Center Services (DCS) costs to ensure compliance with Department of Information Resources (DIR) standards and agreements.

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$13.6	\$8.7	\$22.3
All Funds (AF)	\$26.5	\$19.0	\$45.4
FTEs	-	-	

Exceptional Item #18



PMAS Cloud Data Analytics Platform

- Category: Address IT Infrastructure Needs
- The Performance Management and Analytics System (PMAS) is envisioned as the cloud-based approach to supporting and advancing data analytics across HHSC.
- Previous investments by the Texas legislature have allowed foundational development of advanced analytics capabilities through dashboards and reports.
- This request will improve and expand PMAS by establishing a technical platform, tools, and resources to support and expand cloud-based cross-program analytics.

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$10.2	\$7.2	\$17.4
All Funds (AF)	\$12.3	\$8.7	\$21.0
FTEs	-	-	

Exceptional Item #19



Enhancing Medicaid Enrollment and Contract Management

- Category: Prevent Disruption of Critical Operations and Achieve Efficiencies
- The total number of provider contracts that are managed by Medicaid and CHIP Services staff has increased to 6,000 with a ratio of 450:1 contracts to staff.
- This workload volume results in high staff turnover, long timelines and delays with contract enrollments and actions, and stakeholder inquiries and complaints.
- This request would reduce that ratio by increasing staff who perform contract management functions including enrollments, amendments, renewals, and terminations; complex change of ownerships; and contract oversight.

\$ in Millions	FY24	FY25	Biennium
General Revenue (GR)	\$0.8	\$0.8	\$1.6
All Funds (AF)	\$1.7	\$1.5	\$3.2
FTEs	19.0	19.0	