Presentation to the House Appropriations, Article II Sub-Committee

Cecile E. Young
Executive Commissioner

Trey Wood
Chief Financial Officer

March 1, 2021

TEXAS
Health and Human
Services

Presentation Overview

- Mission & Vision

- Organizational Chart

- Key Functions

- COVID-19 Response Activities and Fiscal Summary

- Agency Overview

- Fiscal Year 2020-21 Update

- Key Budget Drivers

- Summary of House Bill 1

- Significant Changes from 2020-21 Base Expenditure Level

- Summary of Exceptional Items

- Appendices
  - Appendix A – Cost Growth
  - Appendix B – House Bill 1 Compared to Senate Bill 1
  - Appendix C – Exceptional Items in Priority Order

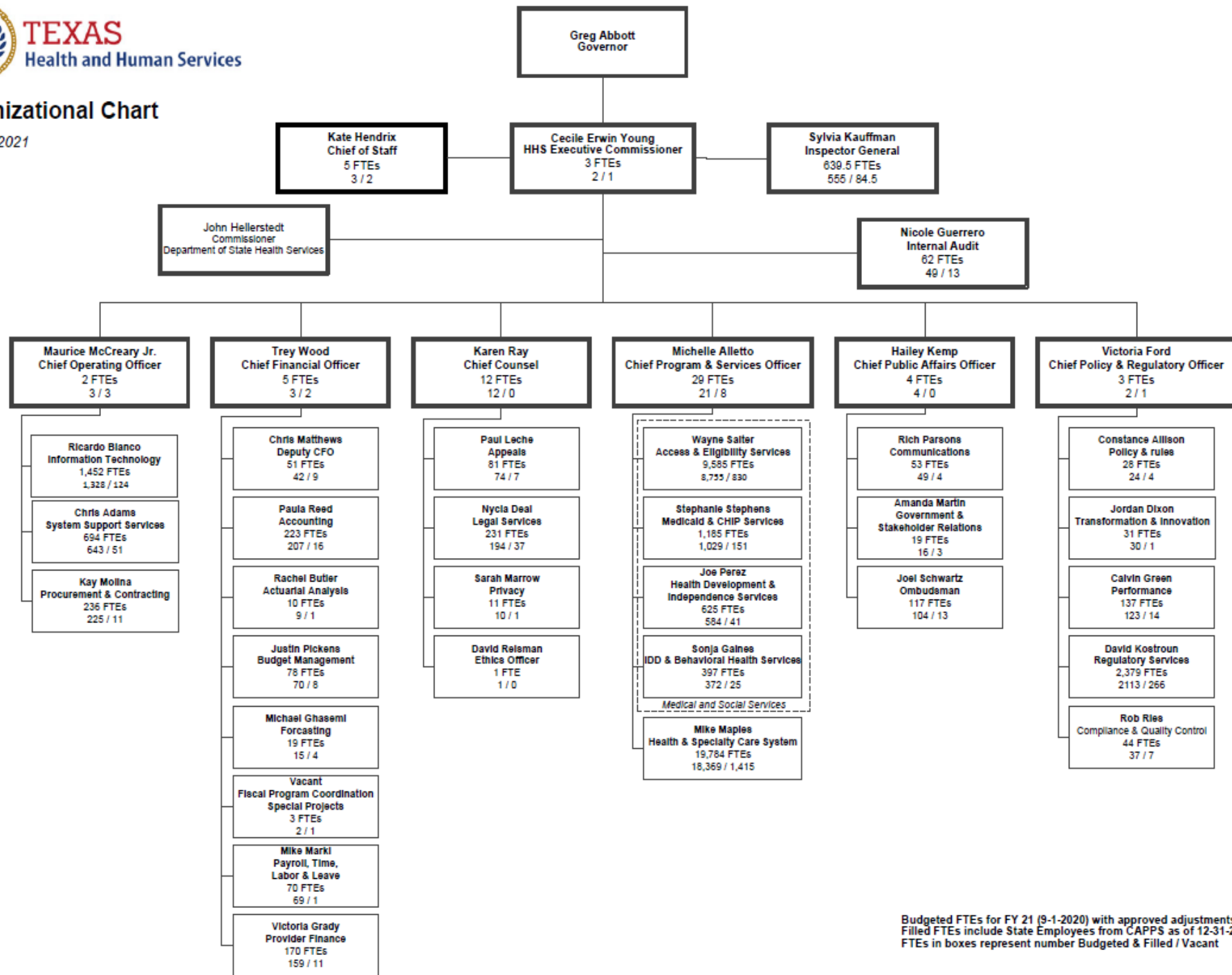# Mission & Vision

Our Mission:

- Improving the health, safety, and well-being of Texans with good stewardship of public resources

Our Vision:

- Making a positive difference in the lives of the people we serve

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Health and Human Services

Organizational Chart

January 2021

Greg Abbott
Governor

Kate Hendrix
Chief of Staff
5 FTEs
3 / 2

Cecile Erwin Young
HHS Executive Commissioner
3 FTEs
2 / 1

Sylvia Kauffman
Inspector General
639.5 FTEs
555 / 84.5

John Hellerstedt
Commissioner
Department of State Health Services

Nicole Guerrero
Internal Audit
62 FTEs
49 / 13

Maurice McCreary Jr.
Chief Operating Officer
2 FTEs
3 / 3

Trey Wood
Chief Financial Officer
5 FTEs
3 / 2

Karen Ray
Chief Counsel
12 FTEs
12 / 0

Michelle Alletto
Chief Program & Services Officer
29 FTEs
21 / 8

Hailey Kemp
Chief Public Affairs Officer
4 FTEs
4 / 0

Victoria Ford
Chief Policy & Regulatory Officer
3 FTEs
2 / 1

Ricardo Blanco
Information Technology
1,452 FTEs
1,328 / 124

Chris Adams
System Support Services
694 FTEs
643 / 51

Kay Molina
Procurement & Contracting
236 FTEs
225 / 11

Chris Matthews
Deputy CFO
51 FTEs
42 / 9

Paula Reed
Accounting
223 FTEs
207 / 16

Rachel Butler
Actuarial Analysis
10 FTEs
9 / 1

Justin Pickens
Budget Management
78 FTEs
70 / 8

Michael Ghasemi
Forcasting
19 FTEs
15 / 4

Vacant
Fiscal Program Coordination
Special Projects
3 FTEs
2 / 1

Mike Markl
Payroll, Time,
Labor & Leave
70 FTEs
69 / 1

Victoria Grady
Provider Finance
170 FTEs
159 / 11

Paul Leche
Appeals
81 FTEs
74 / 7

Nycia Deal
Legal Services
231 FTEs
194 / 37

Sarah Marrow
Privacy
11 FTEs
10 / 1

David Reisman
Ethics Officer
1 FTE
1 / 0

Medical and Social Services

Wayne Salter
Access & Eligibility Services
9,585 FTEs
8,755 / 830

Stephanie Stephens
Medicaid & CHIP Services
1,185 FTEs
1,029 / 151

Joe Perez
Health Development &
Independence Services
625 FTEs
584 / 41

Sonja Gaines
IDD & Behavioral Health Services
397 FTEs
372 / 25

Mike Maples
Health & Specialty Care System
19,784 FTEs
18,369 / 1,415

Rich Parsons
Communications
53 FTEs
49 / 4

Amanda Martin
Government &
Stakeholder Relations
19 FTEs
16 / 3

Joel Schwartz
Ombudsman
117 FTEs
104 / 13

Constance Allison
Policy & rules
28 FTEs
24 / 4

Jordan Dixon
Transformation & Innovation
31 FTEs
30 / 1

Calvin Green
Performance
137 FTEs
123 / 14

David Kostroun
Regulatory Services
2,379 FTEs
2113 / 266

Rob Ries
Compliance & Quality Control
44 FTEs
37 / 7

Budgeted FTEs for FY 21 (9-1-2020) with approved adjustments.
Filled FTEs include State Employees from CAPPS as of 12-31-20
FTEs in boxes represent number Budgeted & Filled / Vacant

Key Functions

- Provides oversight and administrative support for the HHS agencies

- Administers the state's Medicaid and other client services programs

- Provides a comprehensive array of long-term services and supports for people with disabilities and people age 60 and older

- Operates the state's mental health hospitals and state supported living centers

- Regulates healthcare providers, professions, and facilities to protect individuals' health and safety

- Sets policies, defines covered benefits, and determines client eligibility for client services programs

COVID-19 Response Activities

HHSC quickly mobilized to help Texans during the COVID-19 public health emergency

- Extended healthcare coverage and SNAP benefits

- Provided more than $1 billion in pandemic food benefits to families with children that have temporary lost access to free or reduced-price school lunches

- Sought waivers to ensure critical services are not interrupted for clients that participate in programs such as Healthy Texas Women, Early Childhood Intervention, and the Family Violence Program

- Helped stand up a COVID-19 Mental Health Support Line with the Harris Center for Mental Health and IDD for Texans experiencing anxiety, stress, or emotional challenges

COVID-19 Response Activities

- Sought waivers and adopted emergency rules to give healthcare providers flexibilities to serve individuals during COVID-19
  - Extending enrollment revalidation due dates for existing providers and expediting the enrollment process for new providers wanting to participate in Medicaid and CHIP
  - Reimbursing Medicaid and CHIP providers for COVID-19 testing and providing a temporary rate enhancement for several provider types, including nursing facilities
  - Encouraging health plans to provide telehealth services in a member's home
  - Extending the Electronic Visit Verification Claims Matching policy
  - Suspending face-to-face service coordination visits and instead requiring managed care organizations (MCOs) to conduct these visits telephonically to ensure members continue to receive services

COVID-19 Response Activities

- Implemented emergency rules and procedures to provide flexibilities for regulated facilities to safely serve and treat individuals impacted by COVID-19

- Collected data to monitor licensed facilities response to the public health emergency

- Conducted more than 1,700 on-site surveys focused on facilities' infection control practices for all 1,220 facilities

- Made itself available to assist these providers and facilities as needed

COVID-19 Response Activities

- Obtained necessary personal protective equipment for all state supported living center and state hospital staff, including more than 3 million surgical and KN-95 masks

- Implemented strict testing protocols based on virus transmission in each community, with facilities testing as often as twice weekly in communities with substantial community transmission

- Administered over 24,000 doses of vaccine (first and second doses), and fully vaccinated more than 7,500 staff, people served, frontline partners, and community members who qualify under 1b (as of February 3, 2021)

COVID-19 Fiscal Impact Summary

|	SERVICE	EXPENDITURE	REVENUE	IMPACT
HHSC COVID-19 Impact	45,434,126	$8,832,622,077	$10,314,663,212	$1,482,041,135
MEDICAID & CHIP	1,012,698	$4,651,701,945	$6,252,712,930	$1,601,010,985
Reduce Healthcare Barriers	1,012,698	$4,192,832,755	$5,942,305,592	$1,749,472,837
Suspension of Disenrollments	911,915	$3,146,727,975	$2,098,665,536	($1,048,062,439)
Suspension of CHIP Cost Share	0	$13,125,000	$10,755,631	($2,369,369)
COVID-19 Testing	0	$665,559,525	$447,312,452	($218,247,073)
Increased FFP 6.2 Percent	0	$0	$3,133,611,233	$3,133,611,233
Unemployment Impact	81,511	$311,712,958	$210,147,979	($101,564,979)
In-Home Day Habilitation	0	$50,597,227	$38,384,415	($12,212,812)
Extended Leave	19,272	$5,110,070	$3,428,346	($1,681,724)
Increase Healthcare Capacity	0	$0	$0	$0
Support Healthcare System	-	$458,869,190	$310,407,338	($148,461,852)
Increase Rates	-	$458,869,190	$310,407,338	($148,461,852)
NON-MEDICAID	44,420,228	$4,086,560,067	$4,074,755,731	($11,804,336)
Nutrition Services	35,404,141	$3,982,086,045	$3,970,281,709	($11,804,336)
SNAP	31,050,310	$3,970,895,334	$3,959,090,998	($11,804,336)
WIC	4,353,831	$11,190,711	$11,190,711	$0
Aging Services	9,016,087	$72,910,489	$72,910,489	$0
Supportive Slvcs	0	$13,504,830	$13,504,830	$0
Home-delivered Meals	8,123,206	$38,502,267	$38,502,267	$0
Congregate Meals	892,881	$10,115,121	$10,115,121	$0
Family Caregiver	?	$6,432,408	$6,432,408	$0
Ombudsman	0	$1,350,408	$1,350,408	$0
ADRCs	0	$3,005,454	$3,005,454	$0
Mental Health Services	0	$28,548,750	$28,548,750	$0
Family Violence	0	$3,014,784	$3,014,784	$0
STATE-OWNED FACILITIES	0	$53,676,497	$19,515,383	($34,161,114)
State Supported Living Centers	0	$35,822,113	$8,141,816	($27,680,297)
Equipment & Supplies	0	$35,822,113	$0	($35,822,113)
Provider Relief Funds	0	$0	$8,141,816	$8,141,816
State Hospitals	0	$17,854,384	$11,373,567	($6,480,817)
Equipment & Supplies	0	$17,854,384	$0	($17,854,384)
Provider Relief Funds	0	$0	$11,373,567	$11,373,567
REGULATORY	1,200	$11,837,911	$3,600,000	($8,237,911)
Expand Healthcare Workforce	0	$0	$0	$0
Support Healthcare System	1,200	$11,837,911	$3,600,000	($8,237,911)
Health Care Facilities	0	$0	$0	$0
Long-Term Care Facilities	1,200	$11,837,911	$3,600,000	($8,237,911)
Increase Healthcare Capacity	0	$0	$0	$0
ADMINISTRATION	0	$28,845,657	$14,079,168	($14,766,489)
ESS Contract Call Center	0	$10,000,000	$6,432,300	($3,567,700)
2-1-1 TIRN	0	$1,370,157	$589,778	($780,379)
Office Cleaning Services & PPE	0	$10,573,077	$4,229,837	($6,343,240)
Occupational Health Nurse		$90,000	$0	($90,000)
IT – Telecomm. & Infrastructure	0	$6,812,423	$2,827,253	($3,985,170)
TRANSFERS	0	$0	$(50,000,000)	($50,000,000)
Dept. State Health Svcs	0	$0	$(50,000,000)	($50,000,000)
HHSC-2020-N-628	0	$0	$(50,000,000)	($50,000,000)

*This amount represents the impact to HHSC, negative as shortage of General Revenue and positive as surplus of General Revenue.

TEXAS Health and Human Services

Agency Overview
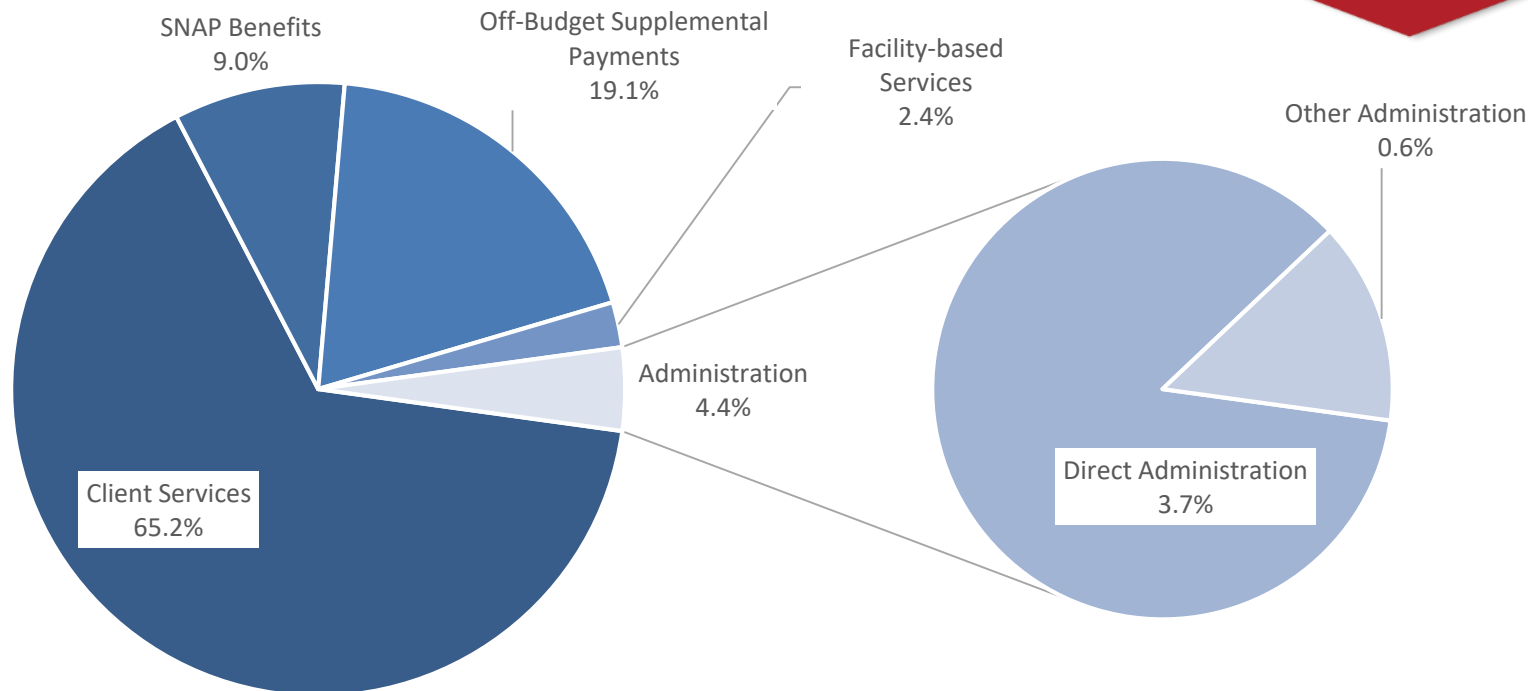
Health and Human Services Commission – Percentages of Estimated Total Available Funds (2020-21 Biennium)

Does not include Interagency Contract Funds in Goal K, Office of Inspector General ($11.3 million), and Goal L, System Oversight and Program Support ($328.7 million). The Direct Administration category includes Access and Eligibility Services and Regulatory Oversight. SNAP benefits and Off-Budget Supplemental Payments are shown using fiscal year 2019 estimates.

Fiscal Year 2020-21 Update

HHSC will not have a Medicaid shortfall or require a supplemental appropriation for fiscal years (FY) 2020-21*

	FY 2020-21 (in millions)
Current Projected HHSC Surplus	$96.9
July and August 2021 Public Health Emergency Extension	$72.8
Total Projected Surplus	**$169.7***

*Assumes carry forward of lapses from fiscal year 2020

Key Budget Drivers

The following assumes the Public Health Emergency (PHE) and related policies end June 2021:

- Medicaid caseloads are projected to decrease by 8.2 percent in FY 2022 and 4.9 percent in FY 2023

- CHIP caseloads are expected to increase by 20.8 percent in FY 2022 and 2.5 percent in FY 2023

- Cost (per client) growth is projected to increase by 7 percent each year of the biennium due to changing case mix resulting from the PHE

- Total cost growth is 0.1 percent each year

- Cost growth is impacted by:
  - Utilization trends
  - Case mix distribution
  - Benefit changes
  - Population acuity factors
  - Aging and births
  - Evolutionary and revolutionary advances in medicine

- Cost growth for Texas' Medicaid program has averaged a slower rate of increase when compared to national trends

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Summary of House Bill 1

2022-23	Baseline	Exceptional Items	Total
Full Time Equivalents (FTEs)	37,973.4	-	37,973.4
Method of Financing (millions)			
General Revenue Funds	31,627.1	27.2	31,654.3
General Revenue-Dedicated Funds	192.0	-	192.0
Federal Funds	50,646.8	4.2	50,651.1
Other Funds	1,604.4	-	1,604.4
All Funds	**84,070.2**	**31.4**	**84,101.6**

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House Bill 1 Compared to HHSC Baseline Request

2022-23	House Bill 1 Baseline	2022-23 Baseline Request	House Bill 1 Over/(Under) Baseline Request
Full Time Equivalents (FTEs)	37,973.4	38,296.0	(322.6)
Method of Financing (millions)			
General Revenue Funds	31,627.1	31,758.7	(131.6)
General Revenue-Dedicated Funds	192.0	173.2	18.7
Federal Funds	50,646.8	50,674.1	(27.3)
Other Funds	1,604.4	1,809.9	(205.5)
All Funds	**84,070.2**	**84,415.9**	**(345.7)**

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Significant Changes from HHSC's 2022-23 Baseline Request

Description	Method of Financing (millions)					FTE
	General Revenue	General Revenue-Dedicated	Federal Funds	Other Funds	All Funds	
Items Resulting in a Potential Baseline Restoration Exceptional Item	(55.0)	0.0	(42.5)	(6.0)	(103.5)	(250.0)
Additional Funding Not Requested in an Exceptional Item	4.5	-	2.5	-	7.0	-
Updated Client Service Projections	(17.9)	-	22.5	-	4.6	(3.0)
Updated Revenue Projections	(60.6)	18.7	(6.5)	9.3	(39.0)	-
Transfers	(2.0)	-	-	0.0	(2.0)	-
Other Changes	(0.6)	-	(3.3)	(208.8)	(212.7)	(68.7)
Total	**(131.6)**	**18.7**	**(27.3)**	**(205.5)**	**(345.7)**	**(322.6)**

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Exceptional Item Requests

We stand ready to work with the Governor and Legislature throughout the budget process

- HHSC is fully aware of the unprecedented challenges the Texas Legislature faces in writing the state's budget

- Over the last year, HHSC evaluated how it can do more with less and was guided by the following principles:
  - ➢ Maintain essential client services
  - ➢ Request funding for only what is necessary to prevent agency operations from breaking
  - ➢ Scale requests to the absolute minimum needed

- HHSC solicited and received more than 500 recommendations from the public and stakeholders

Summary of Exceptional Item Funding in House Bill 1

2022-23	Method of Financing (millions)					FTEs
	General Revenue	General Revenue-Dedicated	Federal Funds	Other Funds	All Funds	
Exceptional Item #11	$16.4	-	-	-	$16.4	-
Exceptional Item #15	$10.8	-	$4.2	-	$15.0	-
Total	**$27.2**	**-**	**$4.2**	**-**	**$31.4**	**-**

Exceptional Item #11 – Complete Construction and Expanded Operations in State Hospitals: Partially funded to staff and operate 40 additional beds at the San Antonio State Hospital

Exceptional Item #15 – CAPPS Compliance and Stabilization: Partially funded for updates to the CAPPS Human Capital Management System and CAPPS Financials

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Revised Exceptional Item Request for FYs 2022-23

Priority	Description	Method of Financing		FY 22 FTEs	FY 23 FTEs
		General Revenue	All Funds		
1	Medicaid Entitlement Cost Growth	$1,512,907,866	$2,793,671,291	-	-
2	Foster Care Litigation	$38,233,056	$38,233,056	140.9	153.0
3	DAA for Hepatitis C No Restrictions	$47,258,493	$ 115,756,479	-	-
4	Ensure Access to Medicaid Long-term Services and Supports Waivers	$76,147,734	$ 191,097,390	56.4	64.5
5	Phase 1: MMIS Modernization Procurement and Transition	$34,572,784	$291,619,680	-	-
6	Electronic Visit Verification Expansion	$1,253,750	$8,015,000	-	-
7	IT Security Threat & System Stabilization & Restore	$50,444,038	$73,734,711	17.2	17.2
8	IDD System Redesign and Waiver	$8,445,633	$51,698,671	17.2	29.5
9	Comply with Federal Requirements for Community Integration for Individuals with Disabilities	$36,126,181	$92,180,884	-	24.0
10	Restore Cuts and Maintain Compliance with State and Federal Laws and Regulations	$9,710,742	$12,548,116	4.1	4.1
11	Complete Construction and Expanded Operations in State Hospitals	$357,860,255	$357,860,255	260.0	260.0
12	Ensure Critical Facility Infrastructure Efficiency and Safety	$60,769,804	$107,686,813	4.1	4.1
13	Stabilize E-Discovery	$4,853,581	$7,150,000	-	-
14	[NEW] LTCR Backlog	$28,144,978	$29,027,478	32.7	32.7
15	CAPPS Compliance and Stabilization	$5,843,542	$9,579,401	17.2	19.3
16	[NEW] Facility Support Restoration	$6,087,150	$6,087,150	-	-
17	Article II Assessment Costs	$14,819,755	$14,819,755	-	-
	Total	**$2,293,479,342**	**$4,200,766,130**	**549.8**	**608.4**

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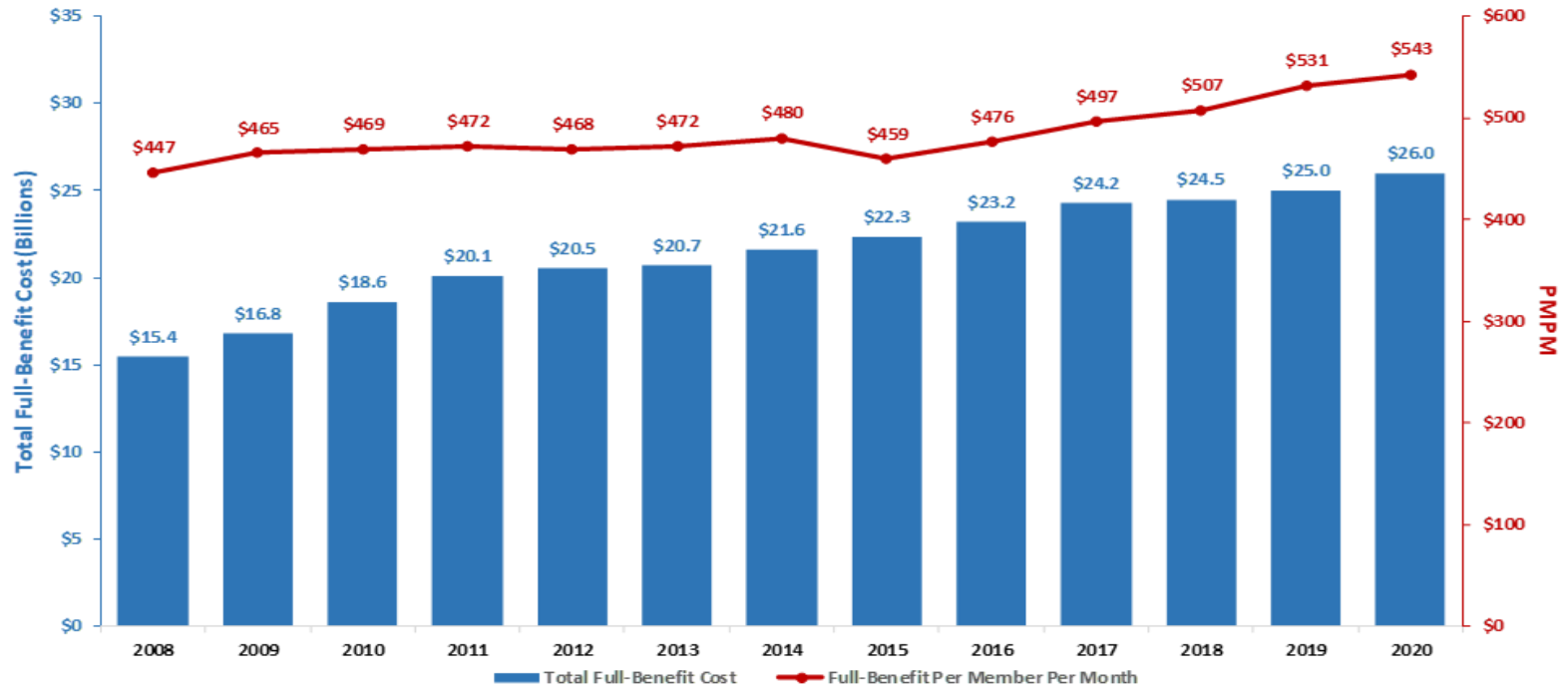
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Appendix A
Cost Growth

Medicaid Cost Growth

Texas Medicaid Acute and Long-Term Services Costs, FY 2008–2020: Total and Per Member Per Month Full-Benefit Cost Clients

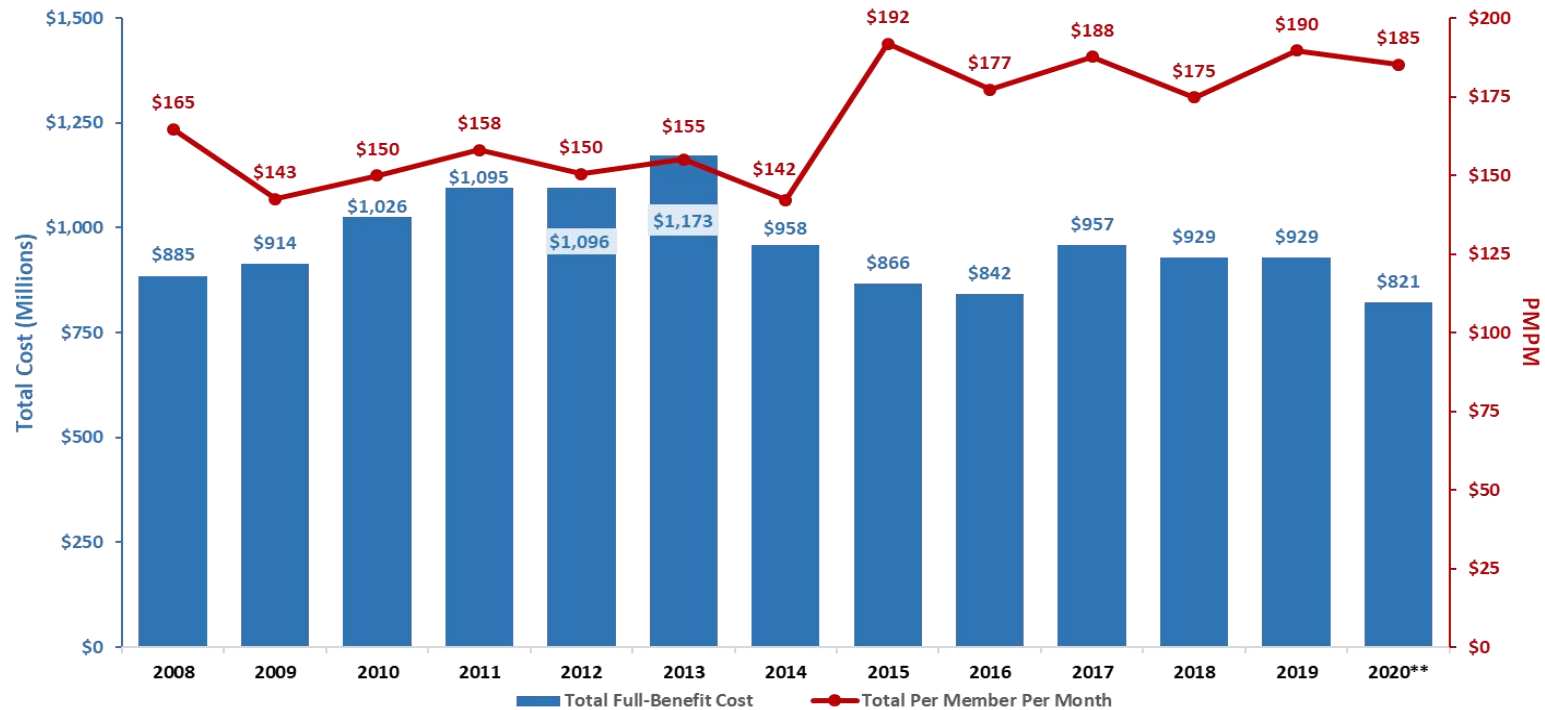### Medicaid Caseload - Recipient Months and Per Member Per Month Costs with Trends

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
RMs	2,878,126	3,005,620	3,298,099	3,543,057	3,655,930	3,658,629	3,746,124	4,056,702	4,060,564	4,067,380	4,021,686	3,915,011	3,988,580
RM Trend		4%	10%	7%	3%	0%	2%	8%	0%	0%	-1%	-3%	2%
PMPM	$447	$465	$469	$472	$468	$472	$480	$459	$476	$497	$507	$531	$543
PMPM Trend		4%	1%	1%	-1%	1%	2%	-4%	4%	4%	2%	5%	2%

Notes: FY20 is not yet final. Excludes Supplemental & Directed Payment Programs, Medicare premiums, and agency admin. Source: PPS, CMS-37 Historical (FFY). HHSC Forecasting, November 2020.

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CHIP Cost Growth

Texas CHIP Costs, FY 2008-2020: Total and Per Member Per Month Costs

Total Cost (Millions): $885, $914, $1,026, $1,095, $1,096/$1,173, $958, $866, $842, $957, $929, $929, $821

Total Per Member Per Month (PMPM): $165, $143, $150, $158, $150, $155, $142, $192, $177, $188, $175, $190, $185

Legend: Total Full-Benefit Cost; Total Per Member Per Month

CHIP Program Caseload - Recipient Months and Per Member Per Month Costs with Trends

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
RMs	447,651	534,091	570,333	577,102	606,899	630,646	561,458	376,366	395,859	425,082	443,115	408,277	369,436
RM Trend		19%	7%	1%	5%	4%	-11%	-33%	5%	7%	4%	-8%	-10%
PMPM	$165	$143	$150	$158	$150	$155	$142	$192	$177	$188	$175	$190	$185
Trend		-13%	5%	6%	-5%	3%	-8%	35%	-8%	6%	-7%	9%	-2%

Notes: All data is final except FY 2020, which is incomplete and subject to change. Data includes CHIP Perinatal. Source: CMS-21B (FFY). HHSC Forecasting, November 2020.
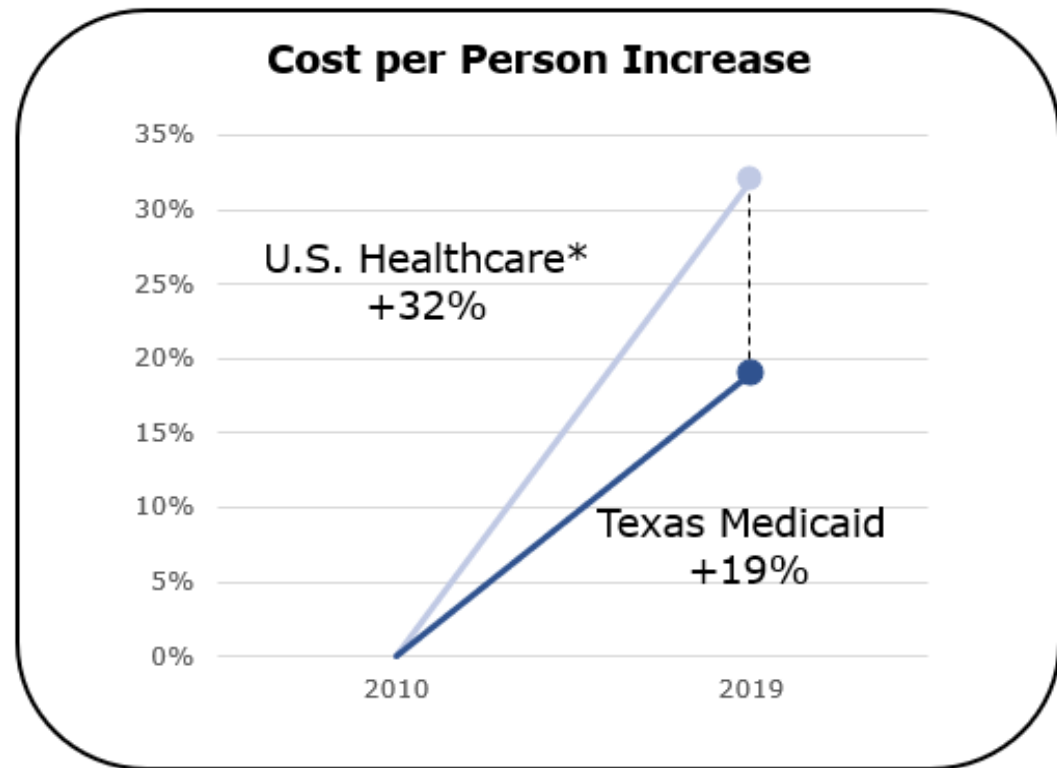
TEXAS Health and Human Services

Cost Growth Trends

Increased enrollment and improved preventative care within managed care keeps Texas Medicaid costs contained – 13 percentage points lower than the U.S. national average for health care
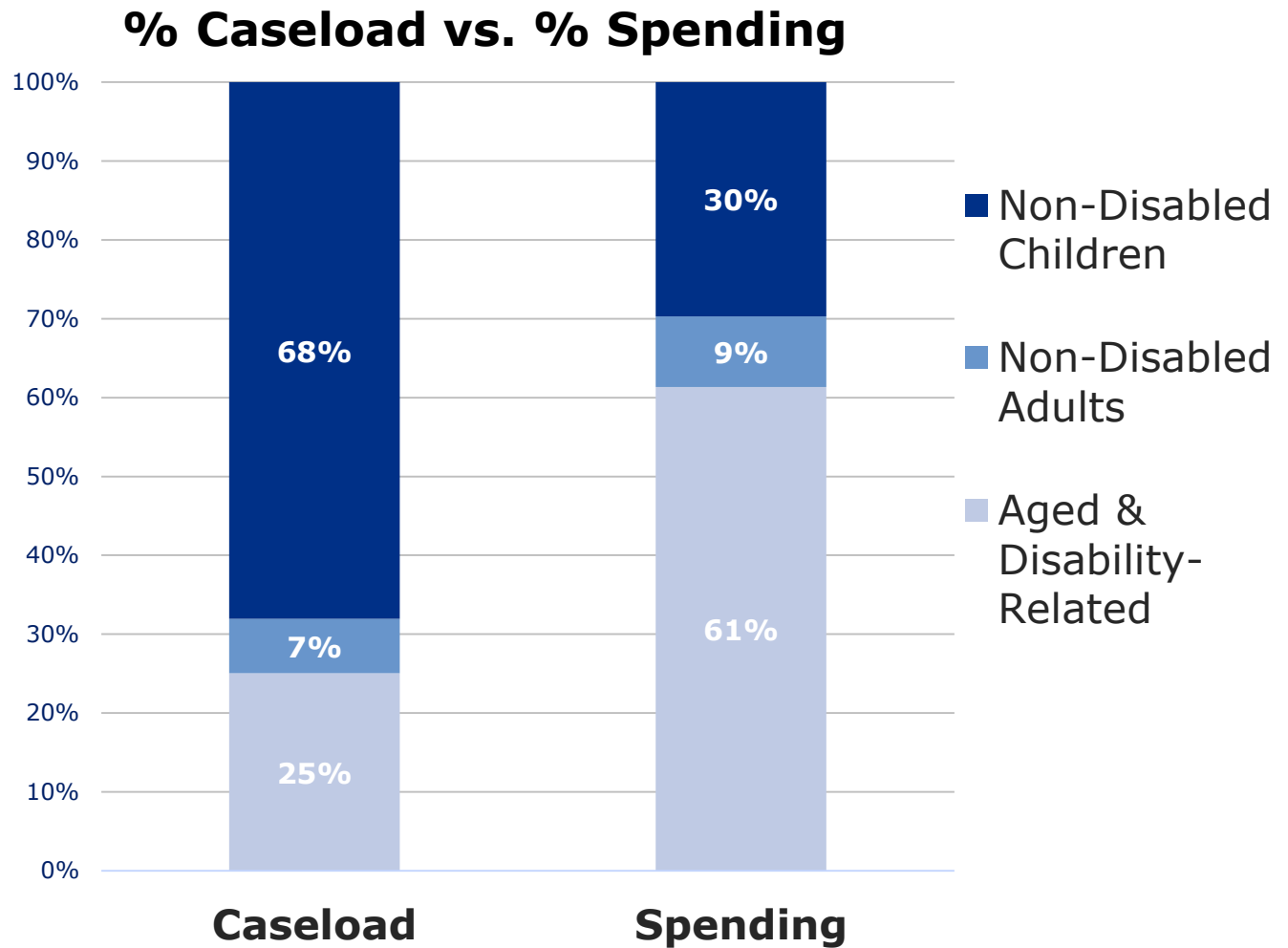
Cost per Person Increase

U.S. Healthcare*
+32%

Texas Medicaid
+19%

35%
30%
25%
20%
15%
10%
5%
0%

2010   2019

Texas Medicaid is based on full-benefit clients.
*Source: CMS, Office of the Actuary- data is for CY09-CY18

Major Category Spending

% Caseload vs. % Spending

Chart legend:
- Non-Disabled Children (dark blue)
- Non-Disabled Adults (medium blue)
- Aged & Disability-Related (light blue)

Caseload:
- Non-Disabled Children: 68%
- Non-Disabled Adults: 7%
- Aged & Disability-Related: 25%

Spending:
- Non-Disabled Children: 30%
- Non-Disabled Adults: 9%
- Aged & Disability-Related: 61%

Appendix B
House Bill 1 Compared to Senate Bill 1

House Bill 1 Compared to Senate Bill 1

Difference	HB 1 Above/ (Below) SB 1	House Bill 1	Senate Bill 1
Intensive Behavioral Intervention Services for Autism in Medicaid	$80.5M GR / $198.5M AF	Assumes Implementation March 2021	Assumes Implementation February 2022
Early Childhood Intervention	$15.4M GR / $24.2M AF	LAR Caseload Projections	Updated Caseload Projections
Mental Health Peer Network for Law Enforcement Officers	($1.1M GR / $1.1 M AF)	Not Included	Includes $1.1 million to establish peer network
Substance Abuse Treatment Services Waitlist	$23.6M GR / $23.6M AF	Continues waitlist funding provided in the 2020-21 GAA	Not Included
Mental Health and Substance Abuse Block Grants	$0M GR / $12.4M AF	Includes Updated Revenue Projections	Not Included
Total	**$257.7M AF/ $118.5M GR**		

Appendix C
Exceptional Items

Exceptional Item #1

Maintain Entitlement Cost Growth

- <u>Category</u>: 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	FY22	FY23	Biennium
General Revenue (GR)	$0.6	$1.0	**$1.5**
All Funds (AF)	$0.9	$1.9	**$2.8**
FTEs	0.0	0.0	

Exceptional Item #2

Foster Care Litigation

- Category: Ensure Compliance with State and Federal Laws and Regulations

- This request is in response to the ongoing Foster Care Litigation and the requirements that must be met by HHSC to remain in compliance with U.S. District Court remedial orders in M.D. v. Abbott

- This request would fund increases to the number of staff required to address new caseload guidelines and heightened monitoring of high-risk Residential Child Care operations, as well as allow HHSC to make IT system changes to CLASS, CLASSMate, and public and provider applications

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$20.9	$17.3	**$38.2**
All Funds (AF)	$20.9	$17.3	**$38.2**
FTEs	140.9	153.0	

Exceptional Item #3

Direct Acting Antiviral (DAA) Drugs for Hepatitis C with No Restrictions

- <u>Category</u>: Ensure Compliance with State and Federal Laws and Regulations

- While the Medicaid program covers DAA drugs to treat Hepatitis C, due to the high cost of these drugs, HHSC adopted prior authorization policies to ensure Medicaid clients were only prescribed these drugs if they met medical criteria

- CHIP and state hospitals' treatment policies are similar to Medicaid's prior authorization requirements

- This request would allow HHSC to remove certain prior authorization requirements to align with federal guidance and provide access to treatment for approximately 21,000 individuals in Medicaid and CHIP and 337 people in state hospitals

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$25.1	$22.2	**$47.3**
All Funds (AF)	$60.8	$55.0	**$115.8**
FTEs	0.0	0.0	

Exceptional Item #4

Ensure Access to Medicaid Long-term Services and Supports Waivers

- Category: Maintain Access for Essential Client Services

- Currently, there are more than 150,000 individuals on at least one interest list, with some individuals waiting 15 years to reach the top of the list

- This request would fund an additional 3,512 slots to support community transitions and reduce interest lists for the following Medicaid waiver programs:
  - ➢ Community Living Assistance and Support Services (CLASS)
  - ➢ Deaf Blind Multiple Disability (DBMD)
  - ➢ Home and Community-based Services (HCS)
  - ➢ Texas Home Living (TxHmL)
  - ➢ Medically Dependent Children's Program (MDCP)
  - ➢ STAR+PLUS HCBS

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$19.4	$56.7	**$76.1**
All Funds (AF)	$50.5	$140.6	**$191.1**
FTEs	56.4	64.5	

Exceptional Item #5

Phase 1: Medicaid Management Efficiencies Information Systems (MMIS) Modernization Procurement and Transition

- Category: Sustain Current Operations or Achieve Future Cost Savings

- MMIS is monolithic, does not provide all the necessary functionality, and is nearing end of life

- This request would allow HHSC to procure a new system and complete the transition to a new vendor before the current contract expires at the end of FY 2023

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$9.4	$25.2	**$34.6**
All Funds (AF)	$65.7	$225.9	**$291.6**
FTEs	0.0	0.0	

Exceptional Item #6

Electronic Visit Verification (EVV) Expansion

- <u>Category</u>: Ensure Compliance with State and Federal Laws and Regulations

- Federal law mandates the use of EVV for all Medicaid home health care services by 2023

- Failure to comply will result in reduced federal Medicaid funding for home health care services

- To come into compliance and ensure accurate processing of claims and data, HHSC is requesting funding to modify its claims submission software, EVV portal, and EVV vendor systems

- This request would also fund increased processing costs for ongoing system operations

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$0.4	$0.8	**$1.3**
All Funds (AF)	$1.9	$6.1	**$8.0**
FTEs	0.0	0.0	

Exceptional Item #7

Information Technology (IT) Security Threat Reduction & System Stabilization & Restore

- Category: Sustain Current Operations or Achieve Future Cost Savings

- This request would equip HHSC with security stabilization and advancement in support of the agency's 10-Year Plan and would restore biennial reductions for IT operations

- Security Threat Reduction and System Stabilization request would fund the following initiatives:
  - Stabilization of Program Support Systems
  - Modernize End-of-Life / End-of-Support Network Equipment
  - Cybersecurity Advancement
  - Stabilization of Enterprise Server and Storage
  - Winters Data Center Environment Protection Services

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$26.2	$24.2	**$50.4**
All Funds (AF)	$38.4	$35.3	**$73.7**
FTEs	17.2	17.2	

Exceptional Item #8

IDD System Redesign and Waiver

- Category: Ensure Compliance with State and Federal Laws and 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

- This request would fund necessary IT system changes and staffing to allow HHSC to pilot IDD waiver program services in managed care

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$4.2	$4.2	**$8.4**
All Funds (AF)	$25.1	$26.6	**$51.7**
FTEs	17.2	29.5	

Exceptional Item #9

Comply with Federal Requirements for Community Integration for Individuals with Disabilities

- Category: Ensure Compliance with State and Federal Laws and Regulations

- The Centers for Medicare & Medicaid Services (CMS) requires all HCBS settings to comply with federal rules for engagement in community life, integrated work environments, and control of personal resources by March 2023

- Because the current day habilitation model for the HCS, TxHmL, and DBMD waiver programs does not comply with requirements for community integration, HHSC could be financially penalized

- This request would allow the agency to establish a new benefit, make IT system changes, and fund FTEs necessary to come into compliance with federal regulations

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$0.3	$35.8	**$36.1**
All Funds (AF)	$0.6	$91.6	**$92.2**
FTEs	0.0	24.0	

Exceptional Item #10

Restore Cuts and Maintain Compliance with State and Federal Laws and Regulations

- <u>Category</u>: Ensure Compliance with State and Federal Laws and Regulations

- Preserves HHSC's data quality improvement efforts by: restoring Performance Management and Analytics System (PMAS) base cuts; and replacing federal matching funds for Enterprise Data Governance (EDG)

- PMAS and EDG are HHSC's ongoing initiatives to comply with legislative directives to improve data quality by defining, connecting, and managing data across the system

- Failure to restore funding deficits will have harmful negative impacts to HHS data quality programs and may risk federal funding for a number of other Medicaid projects, as EDG is required by CMS

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$4.5	$5.2	**$9.7**
All Funds (AF)	$6.0	$6.6	**$12.5**
FTEs	4.1	4.1	

Exceptional Item #11

Complete Construction and Expanded Operations in State Hospitals

- Category: Sustain Current Operations or Achieve Future Cost Savings

- In 2017, the Legislature began a three-biennia plan to replace and expand the state psychiatric hospital system

- This request would allow HHSC to finish the work started by the 85th and 86th Legislatures as described in the comprehensive plan established by the agency

- Specific projects include operating 350 to 374 additional beds at the Kerrville and San Antonio state hospitals and the new UTHealth Behavioral Sciences Center, as well as completing construction to replace the aging Austin and San Antonio state hospitals

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$300.3	$57.5	**$357.9**
All Funds (AF)	$300.3	$57.5	**$357.9**
FTEs	260.0	260.0	

Exceptional Item #12

Ensure Critical Facility Infrastructure Efficiency and Safety

- Category: Sustain Current Operations or Achieve Future Cost Savings

- 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

- This request would fund vehicles, laundry equipment, IT infrastructure and critical repairs and renovations, like anti-ligature projects for patient bedrooms, bathrooms, and quiet rooms

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$58.8	$2.0	**$60.8**
All Funds (AF)	$105.7	$2.0	**$107.7**
FTEs	4.1	4.1	

Exceptional Item #13

Stabilize E-Discovery

- <u>Category</u>: Sustain Current Operations or Achieve Future Cost Savings

- E-Discovery is the electronic aspect of identifying, collecting, and producing electronically stored information in response to a request for production in a lawsuit or investigation

- HHSC is constrained by ineffective tools and lack the technological ability to meet the demands of large legal cases

- This request is part of HHSC's 10-Year IT Plan and would equip the agency with the tools needed to address litigation, and public information requests

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$3.7	$1.1	**$4.9**
All Funds (AF)	$5.5	$1.7	**$7.2**
FTEs	0.0	0.0	

Exceptional Item #14

Long-term Care Regulatory Backlog

- Category: Sustain Current Operations or Achieve Future Cost Savings

- This request would ensure adequate resources to address the backlog in mandatory federal and state requirements for re-licensure and recertification surveys and lower priority intakes

- CMS requirements limited survey activity for nursing facilities to focused infection control surveys and investigations of immediate jeopardy (priority one) intakes due to the COVID-19 pandemic

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$14.2	$14.0	**$28.1**
All Funds (AF)	$14.6	$14.4	**$29.0**
FTEs	32.7	32.7	

Exceptional Item #15

Centralized Accounting and Payroll/Personnel System (CAPPS) Compliance and Stabilization

- Category: Ensure Compliance with State and Federal Laws and Regulations

- This request would migrate the current Accounts Receivable Tracking System (ARTS) to CAPPS Financials

- Not making system changes could jeopardize HHSC's ability to receive future grant funds for not following federal regulations and risk the agency's ability to meet federal reporting requirements, which could lead to a disallowance or deferral in payment

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$2.6	$3.3	**$5.8**
All Funds (AF)	$4.2	$5.4	**$9.6**
FTEs	17.2	19.3	

Exceptional Item #16

Facility Support Restoration

- <u>Category</u>: Sustain Current Operations or Achieve Future Cost Savings

- This request would restore the baseline reduction to Facility Support Services

- To achieve the reduction, HHSC would have to eliminate or substantially reduce four departments and implement a reduction in force of 23.5 positions

- The reduction could result in the loss of competency and training development that help maintain regulatory standards, food and nutrition services, and risk management support

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$3.0	$3.0	**$6.1**
All Funds (AF)	$3.0	$3.0	**$6.1**
FTEs	0	0	

Exceptional Item #17

Article II Assessment Costs

- Category: Sustain Current Operations or Achieve Future Cost Savings

- The consolidation of Article II agencies as directed by Senate Bill 200, 84th Legislature, Regular Session, 2015, shifted the cost of administrative and support services between HHS agencies

- This request would support the on-going cost of HHSC providing administrative and support services to the Department of State Health Services and Department of Family and Protective Services

$ in Millions	FY22	FY23	Biennium
General Revenue (GR)	$8.1	$6.7	**$14.8**
All Funds (AF)	$8.1	$6.7	**$14.8**
FTEs	0.0	0.0	