



Presentation to the House Appropriations Article II Subcommittee on H.B. 1

Health and Human Services Commission

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HHSC Mission Statement and Key Functions

Mission

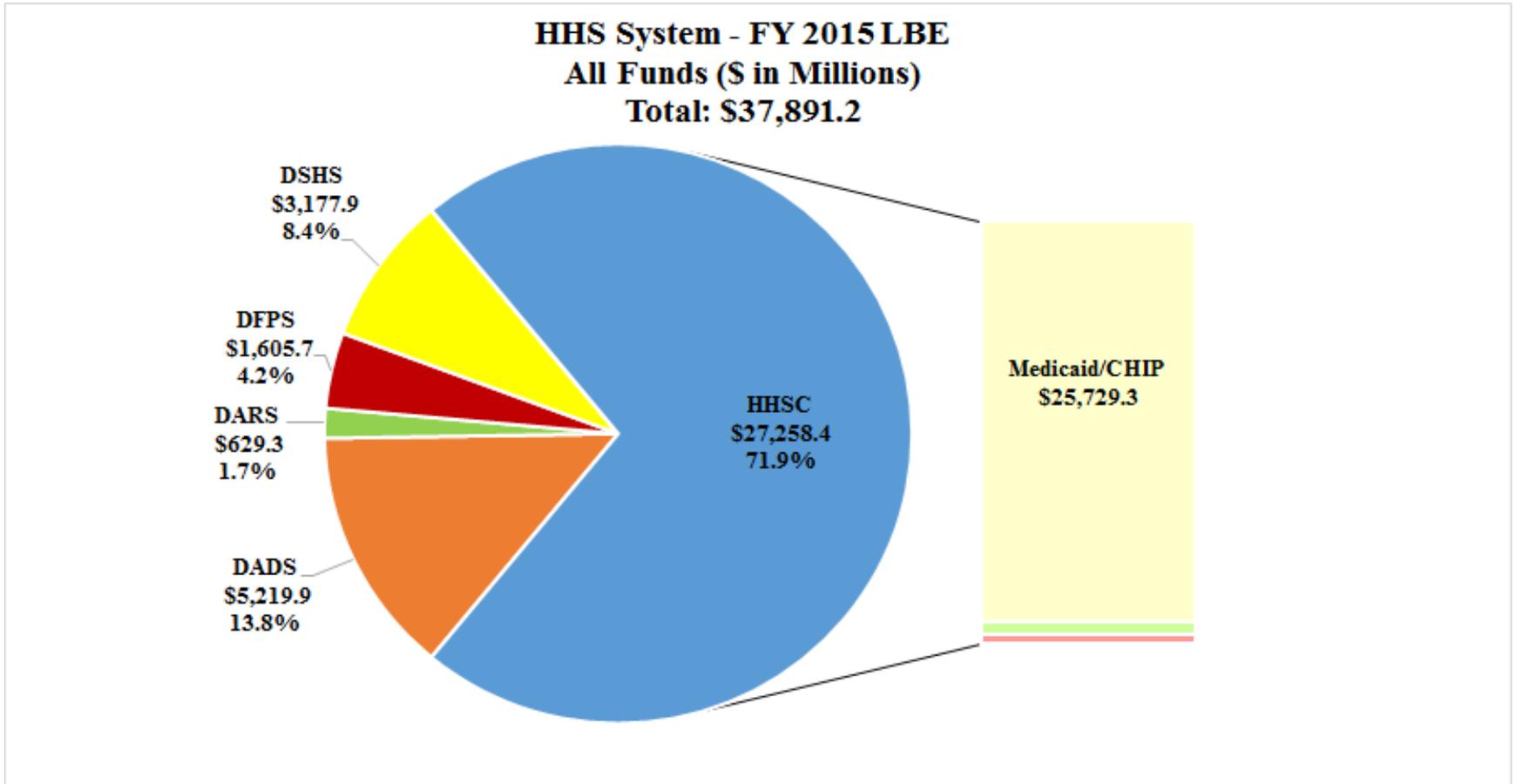
“The mission of the Health and Human Services Commission is to maintain and improve the health and human services system in Texas and to administer its programs in accordance with the highest standards of customer service and accountability for the effective use of funds.”

Key Functions

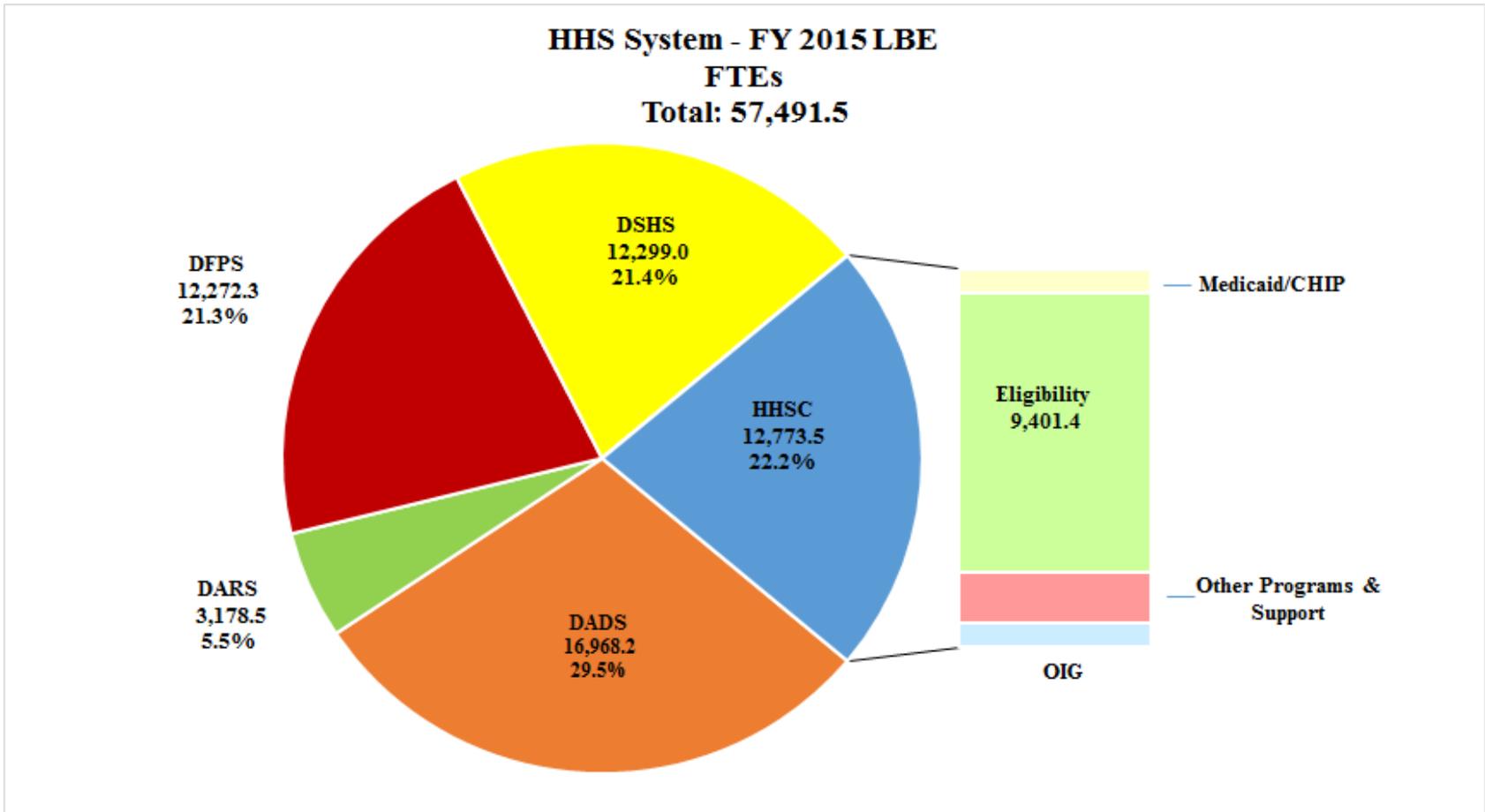
- **Deliver and administer health and human services programs**

| | |
|------------------------------------|-------------------------------------|
| <i>Medicaid</i> | <i>Texas Women’s Health Program</i> |
| <i>CHIP</i> | <i>Disaster Assistance</i> |
| <i>TANF Cash Assistance</i> | <i>Family Violence</i> |
| <i>SNAP (formerly Food Stamps)</i> | <i>Mental Health Coordination</i> |
- **Provide HHS System oversight, including strategic direction, program/policy coordination, and consolidated administrative support**
- **Prevent fraud, waste, and abuse within the HHS System (Office of Inspector General)**

HHS System Funding Resources



Health and Human Services Staffing Resources



✓ Medicaid

FY 2014-15 Milestones

- Successfully implemented in managed care (September 2014):
 - STAR+PLUS Statewide Expansion (*S.B. 7, 83rd Legislature, Regular Session, 2013*)
 - Acute Care Carve-In for Individuals with Intellectual and Developmental Disabilities (IDD)
 - Behavioral Health Carve-In into STAR and STAR+PLUS programs (*SB. 58, 83rd Legislature, Regular Session, 2013*)
- On target to implement in managed care:
 - Nursing Facility Carve-In (*S.B. 7, 83rd Legislature, Regular Session, 2013*)
 - Dual Demonstration (March 2015)
- Achieved \$400 million GR and \$961 million All Funds savings in the Medicaid program related to multiple cost containment initiatives (*83rd Legislature, Regular Session, HHSC Rider 51*)

FY 2014-15 Milestones

✓ Medicaid continued

- Established a new data analytics unit which provides consistent data for program and contract management (*S.B. 8, 83rd Legislature, Regular Session, 2013*)
- Established a new utilization management and review unit to monitor long-term services and supports provided by STAR PLUS managed care organizations (*S.B. 348, 83rd Legislature, Regular Session, 2013*)
- Implemented 1,491 Delivery System Reform Incentive Payment (DSRIP) projects throughout the state under five-year transformation waiver
- Implemented a new Pay for Quality program that rewards or penalizes MCOs for performance for up to 4% of total capitation payment

FY 2014-15 Milestones

✓ Eligibility Operations

- In 2009, Texas struggled with processing applications on time.
 - Only 58% of SNAP (formerly Food Stamps) applications and 73% of Medicaid applications were processed on time.
 - The state had a 7% error rate in SNAP – well above the national average
- Today, over 96% of applications are processed on time, and SNAP error rates are less than 1% – an all-time low for Texas and among the best in the nation
- Improvements have allowed the state to serve more people without an increase in staff resources:
 - In 2014, the federal Health Insurance Marketplace sent more than 268,000 applications to Texas. Despite this increase, Texas remained timely and accurate in eligibility determinations
 - Eligibility caseload has increased 16% since 2011, while the number of eligibility staff has remained relatively constant

FY 2014-15 Milestones

- ✓ Eligibility Operations continued
 - Improving self-service has increased efficiency for the state and allows working Texans to apply at times and places convenient for them
 - 70% of applications are now submitted online, up from 14.6% in January 2012
 - Clients can now renew benefits online, with 54,000 online renewals in December
 - Since November 2014, over 110,000 Texans have downloaded a new app allowing applicants and clients to use a smart phone to take a photo of documents, like a paycheck stub
 - HHSC estimates these changes saved as much as \$41 million in reduced printing, postage and document imaging costs for the state between January 2012 and December 2014
 - Payments for call centers and document processing fell \$12.7 million between FY 2012 and FY 2014, while monthly caseload increased by more than 600,000
 - Cost per case fell 15%, from \$108 in 2011 to \$92 in 2014

FY 2014-15 Milestones

✓ Other

- Developed a plan to allow medical schools and public hospitals to utilize existing state and local resources to leverage federal funds to increase the availability of primary care for Medicaid recipients (Network Access Improvement Program) (*83rd Legislature, Regular Session, HHSC Rider 79*)
- Hired a veterans advocate in January 2014 to assist HHS agencies in advocating for the recruiting, hiring, training, and retaining veterans within the Enterprise (veteran employees increased from 2,646 at end of calendar year 2013 to 3,524 in 2014 at the end of calendar year 2014)
- Increased access to information about women's health services with the launch of the Healthy Texas Women website (www.healthytexaswomen.org).

FY 2014-15 Additional Funding Needs

HHS 2014-15 projections assume a state-funded net supplemental appropriation of \$486.9 million GR:

Needs:

| | |
|---------------------------|-----------------|
| Medicaid | (\$573.3) |
| Child Protective Services | <u>(\$29.0)</u> |
| Sub-Total Needs | (\$602.3) |

Available Funds:

| | |
|--|---------------|
| HHSC (CHIP) | \$11.7 |
| HHSC (Administrative & Other Programs) | \$84.2 |
| DADS | \$8.0 |
| DSHS | <u>\$11.5</u> |
| Sub-Total Available Funds | \$115.4 |

| | |
|-----------------------|-----------|
| Net Supplemental Need | (\$486.9) |
|-----------------------|-----------|

Comparison of Current Biennium to H.B. 1

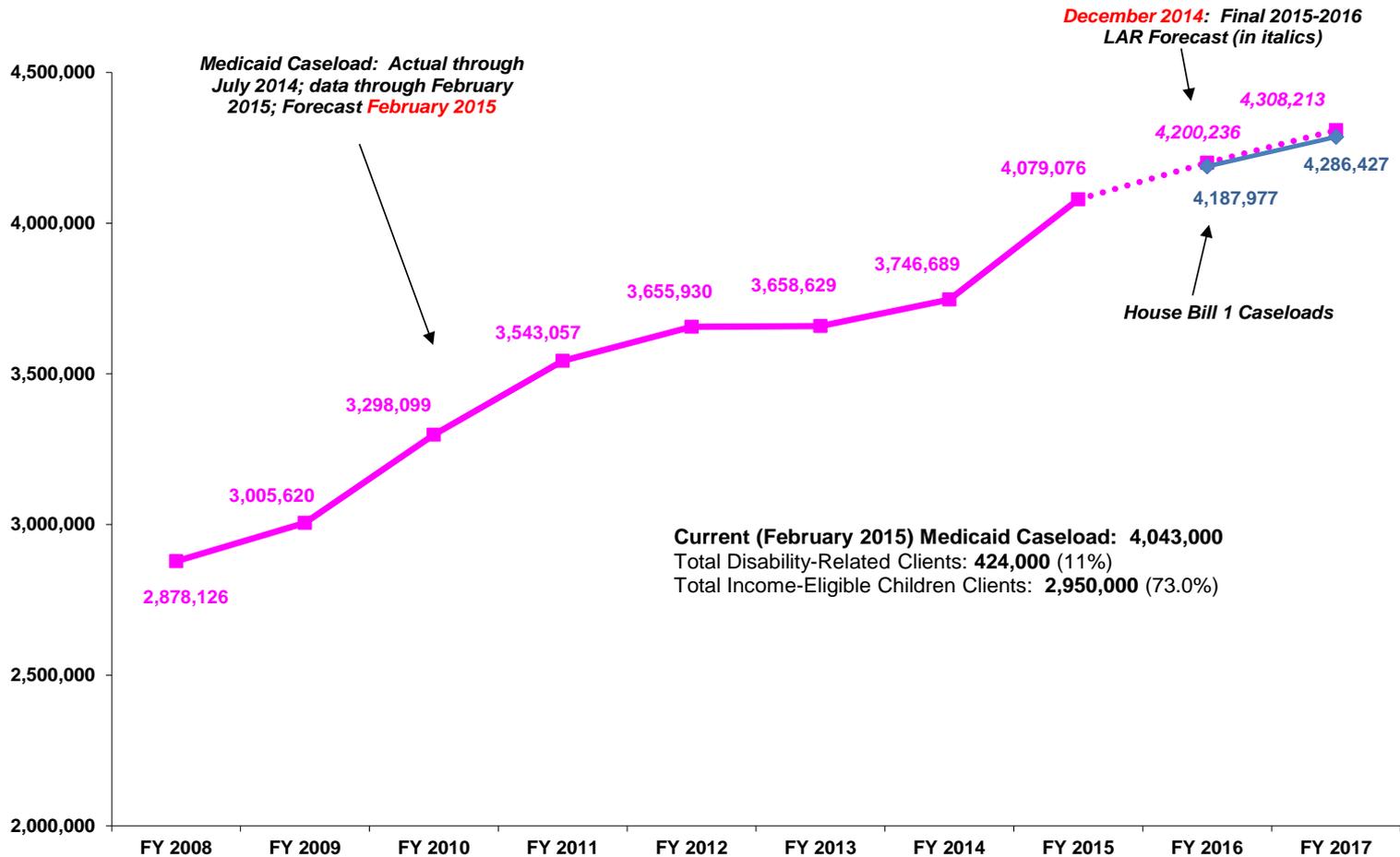
| Description | FY 2014-15 LBE | FY 2016-17 Introduced Bill |
|--|-------------------------|-------------------------------|
| GOAL 1 - Enterprise Oversight and Policy | \$ 2,011,690,805 | \$ 1,959,223,009 |
| GOAL 2 - Medicaid | \$46,518,632,582 | \$51,190,385,922 |
| GOAL 3 - CHIP | \$ 1,949,413,879 | \$ 1,664,284,344 |
| GOAL 4 - Encourage Self-Sufficiency | \$ 355,649,128 | \$ 383,218,195 |
| GOAL 5 - Program Support | \$ 304,877,732 | \$ 270,302,885 |
| GOAL 6 - Information Technology | \$ 181,182,398 | \$ 114,997,696 |
| GOAL 7 - Office of Inspector General | \$ 127,002,558 | \$ 116,065,229 |
| TOTAL AGENCY REQUEST | \$51,448,449,082 | \$55,698,477,280 |
| General Revenue | \$19,758,335,441 | \$22,386,314,525 |
| General Revenue - Dedicated | \$ - | \$ - |
| Other Funds | \$ 1,158,891,229 | \$ 878,968,768 |
| Federal Funds | \$30,531,222,412 | \$32,433,193,987 |
| TOTAL, METHOD OF FINANCING | \$51,448,449,082 | \$55,698,477,280 |
| FTES | 12,773.5 | 12,773.5 |

Summary of H.B. 1

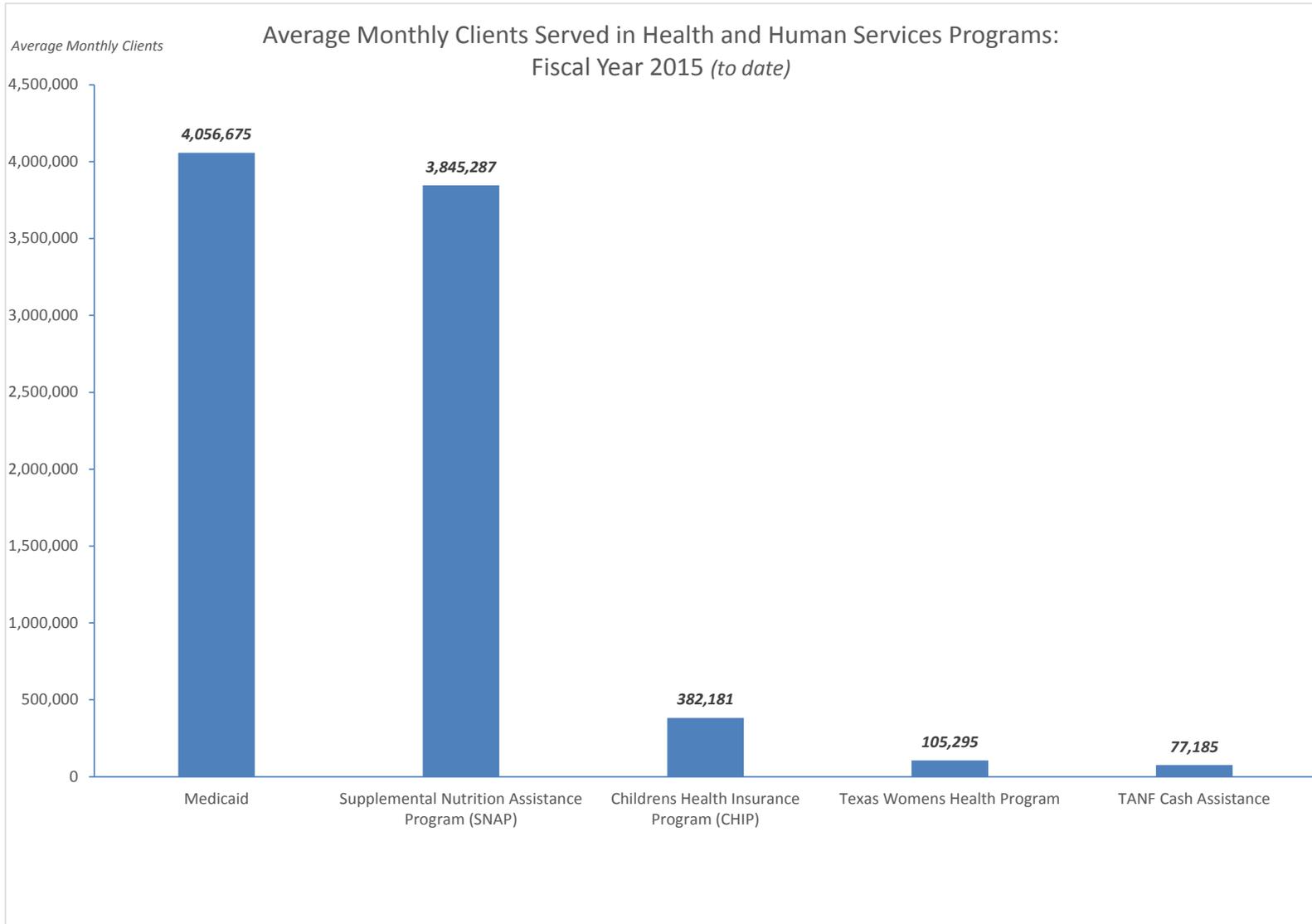
- Client Services
 - Medicaid and CHIP caseload growth is largely included:
 - Medicaid – 4,187,977 in 2016 and 4,286,427 in 2017
 - CHIP – 363,787 in 2016 and 383,428 in 2017
 - Consistent with past appropriation practices, full funding for cost trends related to medical inflation, utilization, or higher acuity is not included
 - TANF Cash Assistance Programs (Basic, State Two-Parent, and One-Time Payments) are funded slightly higher than 2015 levels
 - Texas Women’s Health Program is funded at 2014-15 levels – 115,645 in 2016 and 2017

HHSC Medicaid Caseloads

Medicaid Total Caseload: Historical and Estimated Caseloads Compared With 84th Legislature, Appropriated Caseloads for Fiscal Years 2008 - 2017



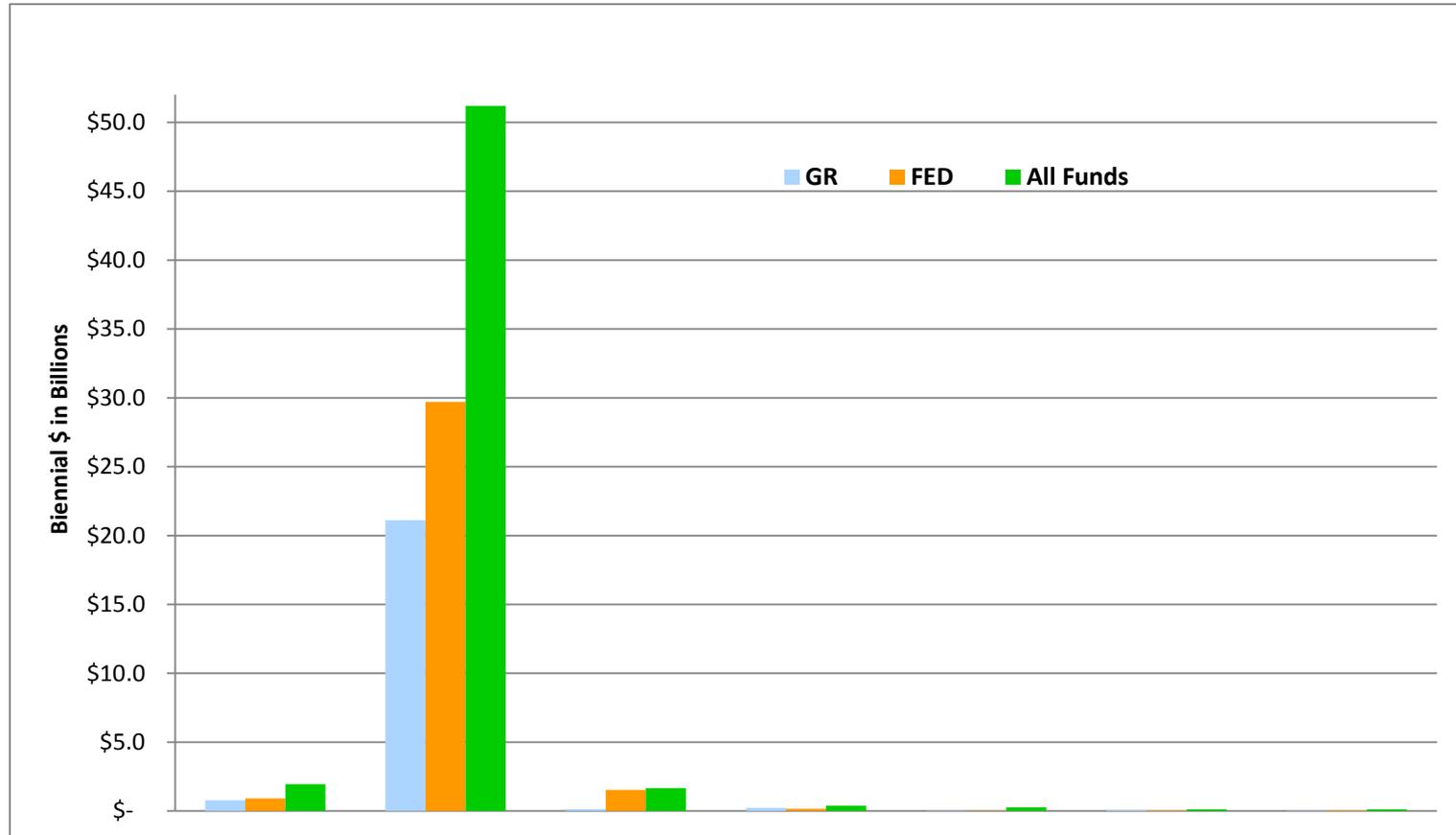
HHSC Average Monthly Caseloads for Select Programs



Summary of H.B. 1

- Program, administrative, and support operations are generally maintained at FY 2014-15 service levels with the following exceptions:
 - Provides an additional \$10 million GR per year to support mental health grant program for veterans
 - Reduced funding for travel in administrative areas and eligibility related to the 10% reduction proposal (\$2.8 million GR and \$6.4 million All Funds)
 - Eliminated capital budget authority and funding related to Enterprise Data Warehouse (\$10.6 million GR and \$78 million All Funds)

H.B. 1 – FY 2016-2017 (by Goal, \$ in billions)



| | Enterprise Oversight & Policy | Medicaid | CHIP | Encourage Self Sufficiency | Program Support | TIERS | Office of Inspector General |
|------------------|-------------------------------|-------------|------------|----------------------------|-----------------|----------|-----------------------------|
| GR | \$ 790.5 | \$ 21,109.7 | \$ 141.0 | \$ 227.3 | \$ 24.9 | \$ 53.9 | \$ 39.1 |
| FED | \$ 903.3 | \$ 29,710.2 | \$ 1,523.3 | \$ 156.0 | \$ 27.8 | \$ 61.1 | \$ 51.5 |
| All Funds | \$ 1,959.2 | \$ 51,190.4 | \$ 1,664.3 | \$ 383.2 | \$ 270.3 | \$ 115.0 | \$ 116.1 |

Clients Served in Selected Programs – H.B. 1

| HHSC | FY 2015 LBE | FY 2016 | FY 2017 |
|---|----------------|-----------|-----------|
| Medicaid and CHIP Children Recipient Months per Month | 3,282,346 | 3,384,895 | 3,489,610 |
| Medicaid Acute Care Recipient Months per Month | 4,069,899 | 4,187,977 | 4,286,427 |
| CHIP Recipient Months per Month | 366,045 | 363,787 | 383,428 |
| TANF Recipients per Month | 78,282 | 79,065 | 79,856 |
| Supplemental Nutrition Assistance Program (SNAP) Recipients per Month | 3,783,865 | 3,788,585 | 3,863,794 |
| State Two-Parent Cash Assistance Recipients per Month | 3,415 | 3,449 | 3,483 |
| Persons Served by Family Violence Programs | 80,686 | 80,686 | 80,686 |

Summary of Exceptional Item Requests – H.B. 1

| <i>(in millions)</i> | FY 2016 | | FY 2017 | | BIENNIAL TOTAL | | FY 16 | FY 17 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------|-----------------|
| | GR/GR-D | All Funds | GR/GR-D | All Funds | GR/GR-D | All Funds | FTEs | FTEs |
| H.B. 1 Introduced | \$ 11,115.4 | \$ 27,679.0 | \$ 11,270.9 | \$ 28,019.5 | \$ 22,386.3 | \$ 55,698.5 | 12,773.5 | 12,773.5 |
| EXCEPTIONAL ITEMS: | | | | | | | | |
| 1. Maintain Medicaid Current Services | 513.2 | 1,229.0 | 1,202.1 | 2,870.4 | 1,715.3 | 4,099.4 | - | - |
| 2. Maintain Claims Administrator Costs | 19.1 | 80.6 | 25.5 | 108.6 | 44.6 | 189.2 | - | - |
| 3. Maintain Current Services to Support Caseload Growth and Annualization of Costs | 10.7 | 19.8 | 11.7 | 23.9 | 22.4 | 43.7 | 12.2 | 12.2 |
| 4. Regional Laundry - Replacement of Equipment and Trailer | 2.3 | 2.3 | - | - | 2.3 | 2.3 | - | - |
| 5. Maintain Defense on Children's Litigation | TBD | TBD | TBD | TBD | TBD | TBD | - | - |
| 6. Increase Capacity of Existing Family Violence Providers | 1.5 | 1.5 | 1.5 | 1.5 | 3.0 | 3.0 | - | - |
| 7. Security Enhancements for Regional HHS Client Delivery Facilities | 0.8 | 1.1 | - | - | 0.8 | 1.1 | - | - |
| 8. Food Service Management & Nutrition Care Management Software Expansion to all Sites | 1.4 | 1.9 | 0.4 | 0.5 | 1.7 | 2.3 | - | - |
| 9. Increase HHS Recruitment and Retention | 79.6 | 177.3 | 81.6 | 182.8 | 161.2 | 360.1 | - | - |
| 10. Cybersecurity Advancement for HHS Enterprise | 5.8 | 7.4 | 5.7 | 7.3 | 11.5 | 14.7 | 2.0 | 2.0 |
| 11. Network, Performance, and Capacity | 8.0 | 11.0 | 2.1 | 2.8 | 10.1 | 13.8 | - | - |
| 12. Improve HHS Enterprise Telecommunications | 6.4 | 8.5 | 2.7 | 3.8 | 9.2 | 12.3 | - | - |
| 13. Improve Medicaid Staffing and Support | 0.6 | 1.5 | 0.5 | 1.4 | 1.1 | 3.0 | 17.3 | 17.3 |
| 14. Improve Employee Technical Support | 3.5 | 5.3 | 2.8 | 3.9 | 6.3 | 9.1 | 3.0 | 3.0 |
| 15. Seat Management | 1.1 | 2.1 | 1.2 | 2.3 | 2.3 | 4.4 | - | - |
| 16. Enterprise Data Warehouse | 4.3 | 35.5 | 6.3 | 42.5 | 10.6 | 78.0 | - | - |
| Total Exceptional Requests | \$ 658.3 | \$ 1,584.8 | \$ 1,344.1 | \$ 3,251.7 | \$ 2,002.4 | \$ 4,836.4 | 34.5 | 34.5 |
| H.B. 1 Introduced + Exceptional Items | \$ 11,773.7 | \$ 29,263.7 | \$ 12,615.0 | \$ 31,271.2 | \$ 24,388.7 | \$ 60,534.9 | 12,808.0 | 12,808.0 |



Appendix

Exceptional Item Requests

Maintain Medicaid & CHIP Current Services (Caseload, Cost Growth & ACA Excise Tax)

Consistent with past appropriation practices, full funding for cost trends related to medical inflation, utilization, or higher acuity is not recommended

This request represents the incremental costs associated with FY 2016-17 Medicaid and CHIP cost estimates over the FY 2015 levels and caseload growth for Medicaid only.

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|-----------|-----------|-----------|
| General Revenue | \$513.2 | \$1,202.1 | \$1,715.3 |
| All Funds (AF) | \$1,229.0 | \$2,870.4 | \$4,099.4 |

Overall, the cost growth portion of this item is the largest totaling \$1,637.5 million GR (95.5%).

The federal Health Insurer Insurance tax and resulting federal Income Tax and state insurance premiums component of cost growth is estimated at \$239.8 million GR (14%) for Medicaid and \$1.3 million GR (0.1%) for CHIP.

Medicaid caseload differences account for almost 5 percent of the total cost of this item. Caseload growth in FY 2017 results in an average caseload difference of 21,486 recipients per months (or 0.5%).

Item #2

Maintain Claims Administrator Costs

Full implementation of initiatives resulting from the 83rd Legislature and the transition to a new claims administrator requires additional funding to ensure continued delivery of medical benefits without impacting Medicaid clients or providers. This funding would support:

- Implementation of electronic visit and verification (EVV)
- Compliance with new ACA requirements for provider re-enrollment
- Additional skilled professionals to evaluate requests for prior authorization
- Implementation of management programs to ensure key metrics are met
- Increases in lease costs

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$19.1 | \$25.5 | \$44.6 |
| All Funds (AF) | \$80.6 | \$108.6 | \$189.2 |

Maintain Current Services to Support Caseload Growth and Annualization of Costs

Contracted eligibility determination support services, which are based on fixed and variable pricing associated with caseload growth, were not allowed in the base request. Funding would maintain the enrollment broker contract increases that exceed funding in H.B. 1.

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$10.7 | \$11.7 | \$22.4 |
| All Funds (AF) | \$19.8 | \$23.9 | \$43.7 |

OIG acquired new lease space in 2015 to accommodate their increased staffing levels funded in the 2014-15 biennium. During recent years, HHSC has used temporary space for employees in numerous other leased facilities in the Austin area. Funding would support annualization of the increased lease costs for the 2016-17 biennium.

| | | |
|-------------|------|------|
| FTEs | 12.2 | 12.2 |
|-------------|------|------|

The current Medicaid Fraud and Abuse Detection System's neural network and learning technology contract terminates August 31, 2015. Funding would support the cost increase for a 21-month extension and mandatory enhancements (new case tracker to include on-line inquiry, data query software update) in order for the services to be continued. OIG would release a request for proposals for the enhancements component.

Recently, HHSC created the Office of the Chief Operating Officer with responsibility to conduct various oversight functions including a focus on contract management activities throughout the HHS system. The goal is to improve accountability, streamline approaches, and reduce inefficiencies within the system.

Regional Laundry – Replacement of Equipment and Trailers

This request maintains the replacement schedule for regional laundry facility equipment and related trailers to support the State Supported Living Centers (DADS) and the State Mental Health Hospitals (DSHS).

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$2.3 | \$0 | \$2.3 |
| All Funds (AF) | \$2.3 | \$0 | \$2.3 |

In 2005, SSLCs and state MH hospitals consolidated 13 individual laundry facilities to five regional facilities. Although a significant amount of equipment was replaced as part of the Energy Savings Performance Initiative through the State Energy Conservation Office (SECO) and with 2014-15 funding, a 10-year replacement plan was established to ensure the replacement of equipment on a regular industry standard schedule.

Additionally, trailers are required to transport soiled linens and clothing and replace them with fresh, clean laundry. Clean clothing, towels, bed linens, and blankets are daily essentials that play a pivotal role in ensuring that the individuals dependent on these facilities receive appropriate care. The laundry request totals \$2.3 million GR and All Funds.

Maintain Defense on Children's Litigation

During the 2014-15 biennium, the Health and Human Services Commission was appropriated approximately \$4.0 million general revenue to effectively support the defense of the lawsuit styled M.D, et al. Greg Abbott, Kyle Janek, M.D., and John Specia, U.S. District Court, Southern District of Texas, Civil Action No. 2: 11cv00084.

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | TBD | TBD | TBD |
| All Funds (AF) | TBD | TBD | TBD |

This class action lawsuit is currently pending in federal court against the Governor, the Health and Human Services Commission (HHSC), and the Department of Family and Protective Services (DFPS).

Additional funding will be needed to continue to support the legal defense in this case during the 2016-17 biennium. Currently, HHSC has a contract with the Office of Attorney General to support attorneys dedicated to the defense (estimated at \$0.5 million per year).

Increase Capacity of Existing Family Violence Providers

Funding would be allocated to existing Family Violence providers to serve more clients, address unmet need, and reach underserved areas. In FY 2013, HHSC family violence contractors served 75,870 individuals, but were unable to serve an additional 11,485 individuals due to lack of capacity. Providers funded from this exceptional item would meet all or a combination of these objectives:

- expand services for underserved areas and populations as identified by the state plan,
- provide additional services dedicated to address complex survivor needs, such as legal services and economic stability, to support efforts for clients to become self-sufficient and
- participate in systemic statewide change such as establishing a Fatality Review Board or enhancing capacity for prevention efforts.

Exceptional item funding would be awarded to current contractors with successful HHSC contract performance, and a documented strategy to address unmet needs in their community.

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$1.5 | \$1.5 | \$3.0 |
| All Funds (AF) | \$1.5 | \$1.5 | \$3.0 |

| Program Impact | FY 2016 | FY 2017 |
|---|---------|---------|
| Number of Persons served by Family Violence Programs/Shelters | 2,176 | 2,176 |

Security Enhancements for Regional HHS Client Facilities

HHSC Regional Administrative Services (RAS) has conducted annual vulnerability assessments for all regional HHS facilities since 2007. Access control continues to be a key area of vulnerability identified each year.

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$0.8 | \$0.0 | \$0.8 |
| All Funds (AF) | \$1.1 | \$0.0 | \$1.1 |

Given the tragic events in the last few years, HHSC was appropriated \$1.5 million in the 2014-15 biennium to install keyless access systems at 58 facilities, install video surveillance systems at 32 facilities, complete six exterior lighting projects, and erect parking lot fencing and lighting at five facilities.

There is an expectation from staff and others to continue to improve the safety of our many clients and 24,000 staff served or located in the 545 regional facilities throughout the state. Approximately \$1.9 million All Funds in our base request for 2016-17 would be used to install keyless access in 54 facilities and video surveillance in 48 facilities. Increased funding would allow for the expansion of this initiative to install keyless access in 33 additional facilities and install video surveillance in 36 additional facilities.

Food Service & Nutrition Care Management Software Expansion to All Sites

This request allows statewide expansion and upgrade of food service management & nutrition care management software to support the State Supported Living Centers (DADS) and the State Mental Health Hospitals (DSHS).

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$1.4 | \$0.3 | \$1.7 |
| All Funds (AF) | \$1.9 | \$0.4 | \$2.3 |

Control processes for food safety, allergies, textures, patient preferences, food production, and ordering in the SSLCs and state MH hospitals are performed manually using non-standardized error prone spreadsheets. This method raises the risk of safety-related mistakes, which can result in costly medical complications. SSLCs and state MH hospitals are under routine regulatory review by Joint Commission, Department of Justice (DOJ), Intermediate Care Facilities for the Intellectually Disabled (ICF/ID) and the Centers for Medicare and Medicaid Services (CMS).

Failure to meet nutritional requirements, food safety standards, and failure to maintain patient satisfaction can result in deficiencies and jeopardize federal funds. The software request totals \$1.7 million GR / \$2.3 million All Funds.

Increase HHS Recruitment and Retention

HHSC is requesting targeted funding for the following five initiatives: 1) wage increase for community attendant care workers, 2) salary increase for certain agency staff, 3) changes to state classification plan for certain IT series, 4) career ladder tracks for eligibility determination workers and certain IT staff, and 5) recruitment and retention bonuses for certain IT staff.

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$79.6 | \$81.6 | \$161.2 |
| All Funds (AF) | \$177.3 | \$182.8 | \$360.1 |

Funding is requested to provide a 5% wage or salary increase for:

- community attendant care workers [\$121.6 million GR / \$286.6 million AF]
- DADS direct support professionals [\$7.2 million GR / \$16.6 million AF]
- DSHS psychiatric nurse assistants [\$7.3 million GR and AF]
- RNs/LVNs at DADS [\$4.2 million GR / \$9.7 AF] and at DSHS [\$6.8 million GR and AF]
- custodial and laundry staff at DADS [\$0.4 million GR / \$1.0 million AF] and at DSHS [\$0.8 million GR and AF]
- food personnel at DADS [\$0.6 million GR / \$1.4 million AF] and at DSHS [\$0.7 million GR and AF]

Additionally, funding is requested for:

- equity adjustments for certain IT job classifications [\$1.5 million GR / \$2.3 million AF]
- career ladder tracks for IT-related series [\$2.2 million GR / \$3.1 million AF] and eligibility determination workers [\$7.2 million GR / \$22.7 million AF]
- recruitment and retention bonus for IT-related series [\$0.6 million GR / \$0.9 million AF]

Cybersecurity Advancement for HHS Enterprise

In 2011, to address the cyber security challenges faced by state agencies, DIR established a statewide Enterprise Security and Risk Management (ESRM) program aimed at strengthening the overall security posture of the State. The following risks have been identified by DIR security assessments of the HHS agencies:

1. insufficient levels of staffing focused on IT security and risk management;
2. governance processes and awareness programs are not mature;
3. lack of standardized approach to identity management and access control which prevents users from improperly accessing systems or data;
4. data may not be classified to optimize security protection; and
5. lack of consistent and comprehensive analysis of network and system monitoring data

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$5.8 | \$5.7 | \$11.6 |
| All Funds (AF) | \$7.4 | \$7.3 | \$14.7 |

| | | |
|------|-----|-----|
| FTEs | 2.0 | 2.0 |
|------|-----|-----|

Funding is request to continue addressing security risks outlined in the HHS agency specific assessments to:

- automate routine risk assessments by using a customizable intelligent repository to track findings;
- protect HHS data against hackers, third party security vulnerabilities, and malicious traffic;
- automate manual processes to initiate and manage network access and related permissions; and
- secure contracted resources to enhance the current security infrastructure, enable secure transmission and access of data, and ensure state and federal privacy requirements are met

Item #11

Network Performance and Capacity

Today's technology & business processes are driving the need to converge voice, data, and video networks, implement wireless capability, and ensure adequate network capacity. With a focus on improving services to Texans, HHS seeks funding to:

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$8.0 | \$2.1 | \$10.1 |
| All Funds (AF) | \$11.0 | \$2.8 | \$13.8 |

Complete Development of Enterprise Backbone and Wide Area Network

Network congestion continues to impede timely access to systems and applications used to deliver and administer programs and services. Appropriate network traffic levels (in-out bound), backup strategies, and adequate file storage are necessary for citizens and employees to efficiently access and utilize our numerous and sophisticated applications. (\$8.5 million AF)

Expand Wireless Access

HHS has a significant number of mobile workers especially in CPS and APS with limited wireless access in certain areas of the state. This limitation impacts the timeliness of sending and receiving critical case investigation information. [\$4.4 million AF]

Consolidate Employee Access Management

As employees move between HHS agencies, access must be terminated and re-established as five separate systems are maintained. Obtaining a single system to manage employee access will allow staff to move within HHS agencies and maintain needed access and avoid down time. [\$0.9 million AF]

Item #12

Improve HHS Telecommunications

In 2015, HHSC will re-procure the telecommunications contract for HHS agencies. The current contract does not cover all HHS phone systems, does not include more current telecom capabilities and functions and causes inefficiencies.

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$6.4 | \$2.7 | \$9.1 |
| All Funds (AF) | \$8.5 | \$3.8 | \$12.3 |

- Nearly 8,000 telephones in 11 State Mental Health hospitals are on extremely aged phone systems that are costly to maintain and are in danger of failing
- Phones are tied to on premise servers, so that when a building is out of service, such as the DARS headquarters due to flooding, employees who have to relocate cannot keep their phones
- Many employees use both a desk and mobile phone because we do not have the technology to support just one phone number per person.

Funding is requested to enhance services to:

1. transition obsolete phone systems to a vendor-delivered service which offers use of leased desk phones or an individuals existing mobile device (cloud) [\$4.9 million AF];
2. expand vendor-delivered service to 11 State Mental Health hospitals [\$7.4 million AF];
3. increase reliance on data lines which results in avoiding long distance costs; and
4. provide scalability for short-term needs such as disaster response or spikes in call volume

Item #13

Improve Medicaid Staffing and Support

HHSC is requesting additional staff to help support managed care expansions required under S.B. 8 and S.B. 58. These programs involve our most vulnerable populations and are very complex to administer.

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$0.6 | \$0.5 | \$1.1 |
| All Funds (AF) | \$1.5 | \$1.4 | \$2.9 |

The Medicaid/CHIP Divisions is requesting the following FTEs:

| | | |
|-------------|------|------|
| FTEs | 17.3 | 17.3 |
|-------------|------|------|

- 10 FTEs to expand utilization review functions to support managed care and the MMIS claims administrator contract management, appropriateness of services, and quality improvement: Program Operations Utilization Review Unit -- 1 - Nurse V (Acute Care Nurse Manager), 4 - Nurse IV (Acute Care UR Nurses), 5 - Nurse IV (LTC UR Nurses)
- 5 FTEs to support health plan management for new (legislatively directed) managed care program expansions: MCD Program Operations -- 1 - PS VI (Health Plan Manager); 4 - Contract Specialist IV (Health Plan Specialists)
- 2 FTEs to support Medicaid /CHIP program data analytics for both the managed care and MMIS contract management and program improvements: MCD Data Analytics (a legislatively established unit) -- 1 - PS VII (Data Analyst, Team Lead), 1 - PS VI (Sr. Data Analyst)

Improve Employee Technical Support

Providing support and management for desktops, laptops, and mobile devices used by employees is a major challenge for large organizations like the HHS system with more than 55,000 staff.

Funding would allow the procurement of software solutions to effectively track and secure computing devices across the system. These software applications would also allow:

- remote deployment of software upgrades and security updates;
- remote help desk functionality (online problem reporting, live chat, and self-service for employees to look up the answers to common questions and issues); and
- measure actual usage of software applications for appropriate license allocation and distribution

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$3.6 | \$2.8 | \$6.4 |
| All Funds (AF) | \$5.3 | \$3.9 | \$9.1 |

| | | |
|-------------|-----|-----|
| FTEs | 3.0 | 3.0 |
|-------------|-----|-----|

Item #15

Maintain Seat Management Services

HHSC Seat Management Services provides leased computer equipment and software licenses for more than 12,000 staff and contract employees. Maintaining lease agreements is critical to ensuring staff have current technology to perform their required job duties as well as supporting business and program needs.

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$1.1 | \$1.2 | \$2.3 |
| All Funds (AF) | \$2.1 | \$2.3 | \$4.4 |

Seat management leases provide standard, refreshed equipment, allowing staff to be productive and streamlining maintenance and support.

Funding will allow HHSC to transfer the last 4700 agency-owned desktops to the seat management contract. This will ensure continued seat management coverage for all HHSC desktop equipment.

Maintain Enterprise Data Warehouse Operations

The Enterprise Data Warehouse (EDW) will provide a comprehensive and consolidated view of Medicaid activities, transactions, and expenditures across the HHS system. Enterprise Data Governance (EDG) facilitates improved data quality, enterprise standards, along with policies and processes to ensure the integrity of HHS data assets.

| (\$ in Millions) | FY 2016 | FY 2017 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$4.3 | \$6.3 | \$10.6 |
| All Funds (AF) | \$35.5 | \$42.5 | \$78.0 |

These initiatives will increase the reliability of data used for HHS planning, forecasting, and decision-making at the executive and operational levels resulting in improved client outcomes.

During the current biennium, funding was appropriated to HHSC for the establishment of a Chief Data Office and corresponding governance structure (EDG) to better manage data assets across the HHS system. EDG is currently in the planning phase to implement master data management which will link enterprise data assets for improved reporting capabilities across the HHS Enterprise.

Funding would allow HHS to consolidate sensitive data in a secure environment while providing the ability to produce accurate and consistent information in a timely manner.

HHS System Exceptional Items by Agency

| Agency Exceptional Items (in millions) | FY 2016 | | FY 2017 | | BIENNIAL TOTAL | |
|---|---------|-----------|---------|-----------|----------------|-----------|
| | GR/GR-D | All Funds | GR/GR-D | All Funds | GR/GR-D | All Funds |
| Regional Laundry - Replacement of Equipment and Trailer | 2.3 | 2.3 | - | - | 2.3 | 2.3 |
| <i>DADS</i> | 1.6 | 1.6 | - | - | 1.6 | 1.6 |
| <i>DSHS</i> | 0.7 | 0.7 | - | - | 0.7 | 0.7 |
| Food Service Management & Nutrition Care Management Software Expansion to all Sites | 1.4 | 1.9 | 0.4 | 0.5 | 1.7 | 2.3 |
| Increase HHS Recruitment and Retention | 79.6 | 177.3 | 81.6 | 182.8 | 161.2 | 360.1 |
| <i>DADS</i> | 26.9 | 61.4 | 27.4 | 62.5 | 54.3 | 123.9 |
| <i>DARS</i> | 0.2 | 0.2 | 0.1 | 0.1 | 0.3 | 0.3 |
| <i>DFPS</i> | 0.6 | 0.7 | 0.3 | 0.3 | 0.9 | 1.0 |
| <i>DSHS</i> | 8.5 | 8.5 | 8.3 | 8.3 | 16.7 | 16.7 |
| <i>HHSC</i> | 43.4 | 106.5 | 45.5 | 111.6 | 88.9 | 218.1 |
| Cybersecurity Advancement for HHS Enterprise | 5.8 | 7.4 | 5.7 | 7.3 | 11.5 | 14.7 |
| <i>DADS</i> | 0.2 | 0.5 | 0.2 | 0.5 | 0.5 | 0.9 |
| <i>DFPS</i> | 0.4 | 0.5 | 0.4 | 0.5 | 0.8 | 0.9 |
| <i>DSHS</i> | 1.5 | 1.5 | 1.5 | 1.5 | 3.0 | 3.0 |
| <i>HHSC</i> | 3.7 | 5.0 | 3.6 | 4.9 | 7.3 | 9.9 |

HHS System Exceptional Items by Agency

| Agency Exceptional Items (in millions) | FY 2016 | | FY 2017 | | BIENNIAL TOTAL | |
|--|---------|-----------|---------|-----------|----------------|-----------|
| | GR/GR-D | All Funds | GR/GR-D | All Funds | GR/GR-D | All Funds |
| Network, Performance, and Capacity | 8.0 | 11.0 | 2.1 | 2.8 | 10.1 | 13.8 |
| <i>DARS</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>HHSC</i> | 8.0 | 11.0 | 2.1 | 2.8 | 10.1 | 13.8 |
| Improve HHS Enterprise Telecommunications | 6.4 | 8.5 | 2.7 | 3.8 | 9.2 | 12.3 |
| Improve Employee Technical Support | 3.6 | 5.3 | 2.8 | 3.9 | 6.4 | 9.1 |
| <i>DADS</i> | 0.0 | 0.0 | - | - | 0.0 | 0.0 |
| <i>DARS</i> | 0.0 | 0.0 | - | - | 0.0 | 0.0 |
| <i>DFPS</i> | 0.0 | 0.0 | - | - | 0.0 | 0.0 |
| <i>DSHS</i> | 0.0 | 0.0 | - | - | 0.0 | 0.0 |
| <i>HHSC</i> | 3.5 | 5.2 | 2.8 | 3.9 | 6.3 | 9.1 |