



TEXAS

Health and Human
Services Commission

**House Committees on
Government Efficiency and Reform
and State Affairs**

Joint Interim Hearing

**Health and Human Services
Contracting Initiatives**

Thomas Suehs, Executive Commissioner

July 11, 2012

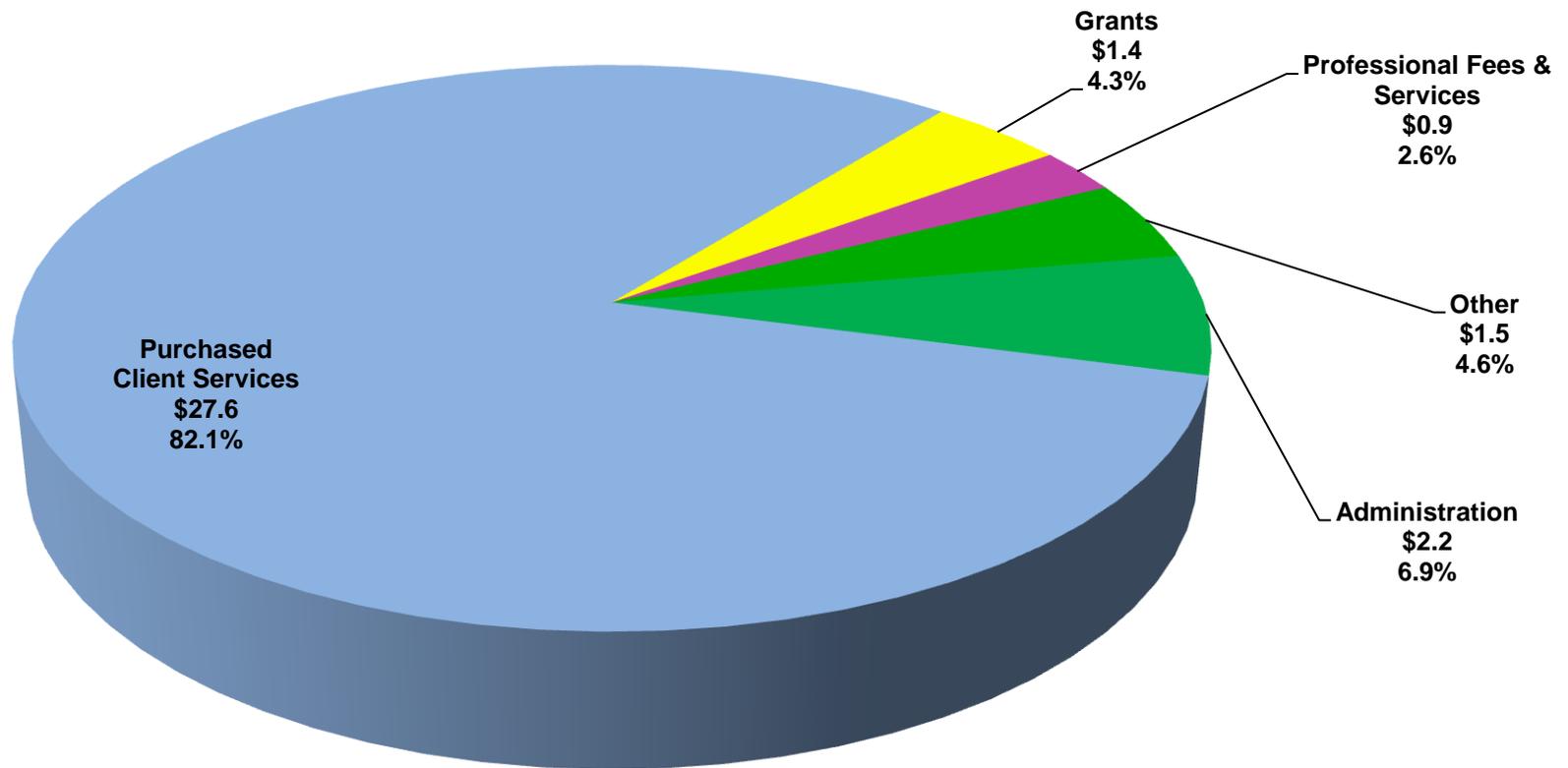
- Overview of HHS System, Functions and Expenditures
- Procurement Philosophy, Considerations, and Processes
- Key Procurements
- Recommendations

- **The Texas Health and Human Services Commission (HHSC):**
 - Maintains and improves the health and human services (HHS) system in Texas
 - Administers its programs in accordance with the highest standards of customer service and accountability for the effective use of funds
 - Oversees the operations of the HHS system, provides administrative oversight of Texas HHS programs, and provides direct administration of some programs
 - **The Texas HHS system is composed of five agencies:**
 - Department of Aging and Disabilities Services (DADS)
 - Department of Assistive and Rehabilitative Services (DARS)
 - Department of Family and Protective Services (DFPS)
 - Department of State Health Services (DSHS)
 - HHSC
 - **The annual operating budget for the HHS System for SFY 2012 is \$33.5 billion, of which \$19.1 billion are federal funds**
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- **Some programs administered by HHSC include:**
 - Medicaid
 - Children's Health Insurance Program (CHIP)
 - Supplemental Nutrition Assistance Program (SNAP, also called Food Stamps)
 - Temporary Assistance for Needy Families (TANF)
 - Family Violence Services, Refugee Services, and Disaster Assistance
- **HHSC functions include:**
 - Eligibility Determination
 - System Planning and Evaluation
 - Policy Development and Rule-making
 - Fraud and Abuse Prevention and Detection
 - Border Affairs
 - Early Childhood Coordination
 - Ombudsman Services

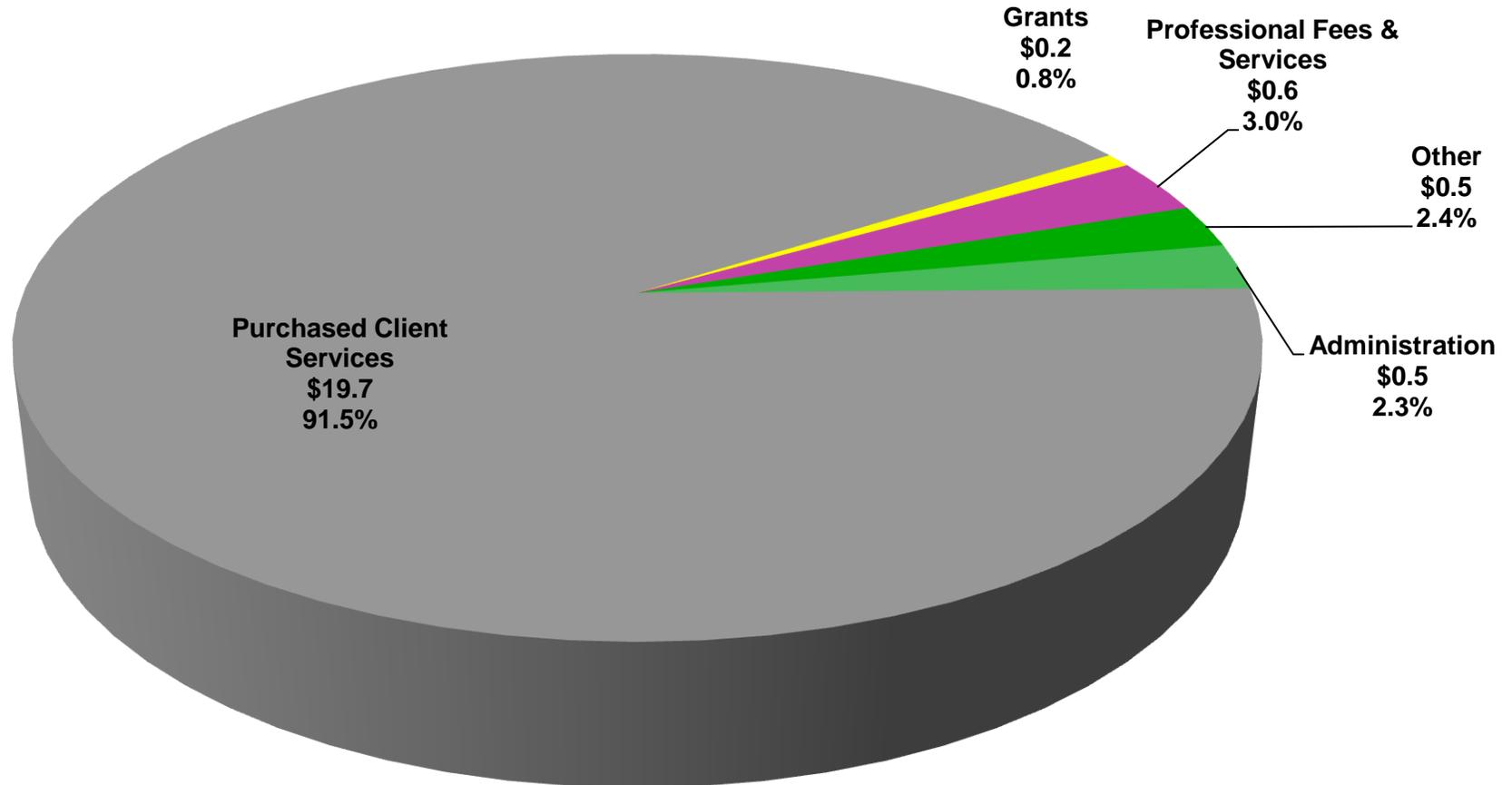
HHS Expenditures

HHS Enterprise FY 2011 - \$33.5 Billion



HHSC Expenditures

FY 2011 - \$21.5 Billion All Funds



- **HHS agencies contract out various functions ranging from eligibility services and the delivery of health care services, to administrative duties**
- **In FY 2011, HHS had 10,249 active contracts, and 2,684 of these were valued at \$1 million or more**
- **Successful procurements rely on:**
 - **Clear requirements**
 - **Clear expectations around performance**
 - **Enforceable standards and measures**

- **Evaluate agency's core functions to determine if it makes sense to contract that function**
 - Comprehensive and understandable Statement of Work (SOW)
 - Clear set of contract deliverables
 - Adherence to appropriate rules and regulations
 - Strong contract management division
 - Risk mitigation planning
 - Follow established best practices during the solicitation process

- **The HHSC Executive Commissioner has delegated authority for the purchase and contracting of client services to HHS agencies**
 - These are purchased according to requirements outlined in the Texas Government Code and the HHS procurement rules
- **The HHS Contract Council is tasked with improving contracting across the HHS agencies, and members include the chief operating officers (COOs) and representatives from legal, finance, and program from each HHS agency**
 - The contract council chair rotates annually between the HHS agency COOs
 - The director of HHS Enterprise Contract and Procurement Services (ECPS) serves as the vice-chair
- **ECPS provides and directs purchasing and contracting activities for the HHS agencies**
 - Administrative goods and services are procured directly through ECPS for all five HHS agencies, and ECPS also procures client services for HHSC and DADS
 - DARS, DFPS and DSHS have delegated authority to contract for client services
- **Each HHS agency has HUB (Historically Underutilized Businesses) offices responsible for establishing policies, procedures, and guidelines associated with consistent administration of the application, review, approval, tracking, and performance reporting/monitoring of all HUB Program activities**

HHS Procurement Partners

- **Comptroller of Public Accounts (CPA):** Awards and manages hundreds of statewide contracts on behalf of more than 200 state agencies and 1,900 local government CO-OP members
 - **Department of Information Resources (DIR):** Provides statewide leadership and oversight for the management of government information and communications technology
 - **Texas Department of Criminal Justice (TDCJ):** Purchase items, such as furniture, from TDCJ under the Prison Made Good Act
 - **Council for Competitive Government (CCG):** Advances government transformation efforts that examine methods of delivering services in ways that improve efficiency and effectiveness, and provides relevant results
 - **Texas Council for Purchasing from People with Disabilities:** Purchase commodities and services offered in the Texas Industries for the Blind & Handicapped (TIBH) catalogue, which is approved by the Texas Council on Purchasing from People with Disabilities
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- **HHSC**
 - Enrollment Broker Services (\$60-65 million)
 - Medicaid Management Information Systems (MMIS) (\$150 million)
 - Medicaid and Children's Health Insurance Program (CHIP) Managed Care
 - Electronic Benefits Transfer (EBT, known as Lone Star Card) (\$103.6 million over six years)
 - Texas Home Visiting Program (\$5.5 million)
 - Community Partner Program (\$3.5 million)

- **DSHS**
 - Women, Infants, and Children (WIC) Information Network (\$51.3 million over six years)
 - Public Awareness, Education, and Communication Services (\$70 million over five years)
 - State Mental Health Hospital Privatization (\$97 million)
 - **DADS**
 - Client Managed Personal Attendant Services (CMPAS) (\$5.7 million)
 - **DFPS**
 - Foster Care Redesign (\$60 million)
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- **Develop a web-based database to provide information on potential future solicitations**
- **Continue moving toward performance-based contracting that allows for more contract flexibility and is results oriented**
- **Establish an e-procurement system to capture the entire procurement process from the issuance of requisitions, to processing contract/purchase orders, and assembling files – all in a paperless environment**