



TEXAS HEALTH AND HUMAN SERVICES COMMISSION

KYLE L. JANEK, M.D.
EXECUTIVE COMMISSIONER

October 15, 2012

The Honorable Rick Perry
Governor
State Capitol, Room 2S.1
Austin, Texas 78701

The Honorable David Dewhurst
Lieutenant Governor
State Capitol, Room 2E.13
Austin, Texas 78701

The Honorable Joe Straus
Speaker of the House of Representatives
State Capitol, Room 2W.13
Austin, Texas 78701

Ms. Ursula Parks, Acting Director
Legislative Budget Board
1501 Congress Avenue, 5th Floor
Austin, Texas 78701

Dear Governor Perry, Governor Dewhurst, Speaker Straus, and Ms. Parks:

In accordance with Section 531.026, Government Code, I am pleased to present the Health and Human Services System Consolidated Budget for Fiscal Years 2014-2015.

The Consolidated Budget identifies the major funding issues of the health and human services agencies and presents supporting information on the health and human services appropriations requests. In addition, it highlights major cost containment efforts currently underway, provider rate considerations, and critical cross-agency needs, such as information technology, direct care staffing, facility maintenance, and waiting list reduction.

Please let me know if you have questions or need additional information. David Kinsey, Director of HHS System Budget and Fiscal Policy, serves as the lead staff on this matter and can be reached at (512) 424-6550 or by email at David.Kinsey@hhsc.state.tx.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Kyle Janek".

Kyle L. Janek, M.D.

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I. EXECUTIVE SUMMARY

The five agencies comprising the Texas Health and Human Services System (the Department of Aging and Disability Services, the Department of Assistive and Rehabilitative Services, the Department of Family and Protective Services, the Department of State Health Services, and the Health and Human Services Commission) have individually submitted their requests for legislative appropriations (LARs) for the two year budget period FY 2014-2015. Each agency's request provides strategy level detail, sources of funding, anticipated performance, and base and exceptional item requests. To build on these requests, the Consolidated Budget for FY 2014-2015:

- *Summarizes the requests* for legislative appropriations for all five Texas health and human services agencies;
- *Highlights critical funding needs across the agencies and categorizes* the requests to assist decision makers and the public in their analysis of the service and operational needs to maintain and improve the delivery of health and human services in our state;
- *Provides supporting information* on elements contributing to funding needs;
- *Identifies major federal funding issues*;
- *Describes provider rate methodologies and changes* for legislative consideration;
- *Includes additional information* not included in agencies' Legislative Appropriations Requests (LARs) such as the impact of the Affordable Care Act (ACA) and discussion concerning the new 1115 Transformation Waiver; and
- *Fulfills* several statutory reporting requirements.

Summary of the HHS System LARs

The HHS System agencies have requested a total of \$77.6 billion from all fund sources for the two year period of fiscal years 2014-2015, an increase of \$9.6 billion (14.2 percent) over the 2012-2013 biennium (**Chapter II**). The general revenue (GR) portion of the FY 2014-2015 request totals \$31.9 billion, an increase of \$4.1 billion (14.9 percent). The GR request includes \$628.4 million due to a decrease in the federal matching rate for certain entitlement programs. The change in federal matching rates was announced after each agency had submitted their legislative appropriations request, and therefore, is not captured in those requests. Figures also assume a \$4.7 billion general revenue supplemental appropriation in fiscal year 2013.

Categorization of Critical Funding Needs

In addition to the "base" level of funding, prepared according to required budget guidance, the Consolidated Budget highlights agency requests above the base budget (**Chapter II**) and categorizes this nearly \$6.4 billion all funds (\$2.6 billion general revenue) of exceptional items into two primary groups:

- Maintain Current Services; and
- Service Improvements

The Service Improvements group is broken into subcategories to provide greater detail of needs.

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 and trends in the cost of services.

Future Medicaid Funding Challenges and Opportunities

Chapter IV provides information on the Healthcare Transformation and Quality Improvement waiver that allows Texas to support the development and maintenance of a coordinated care delivery system through the creation of Regional Healthcare Partnerships, transition to quality-based payment system across managed care and hospitals, and improved coordination in the current indigent care system. **Chapter IV** also shows the impact of the Affordable Care Act on services in HHS agencies.

Cost Containment Initiatives

Chapter V reviews recent cost containment efforts undertaken by HHS agencies. These initiatives had a targeted savings of \$3 billion in FY 2012-2013. The chapter also identifies opportunities for savings in FY 2014-2015.

Major Federal Funding Issues

Federal funding and policy issues are contained in several chapters including **Chapter VII**, which highlights areas with potential fiscal impact, such as the sequestration of federal dollars as a result of the Budget Control Act, pending reauthorizations, and funding enhancement initiatives.

Provider Rates

Chapter VIII addresses the cost of various rate changes, including the cost of attendant compensation increases, which are not included in agency LAR submissions.

Other Supplemental Information Provided (Appendix)

Finally, the document provides information on increasing capacity in select programs, rate schedules, and presentation of state's Long-Term Care Plan.

Statutory Requirements Fulfilled

Submission of the Consolidated Budget fulfills several statutory requirements including:

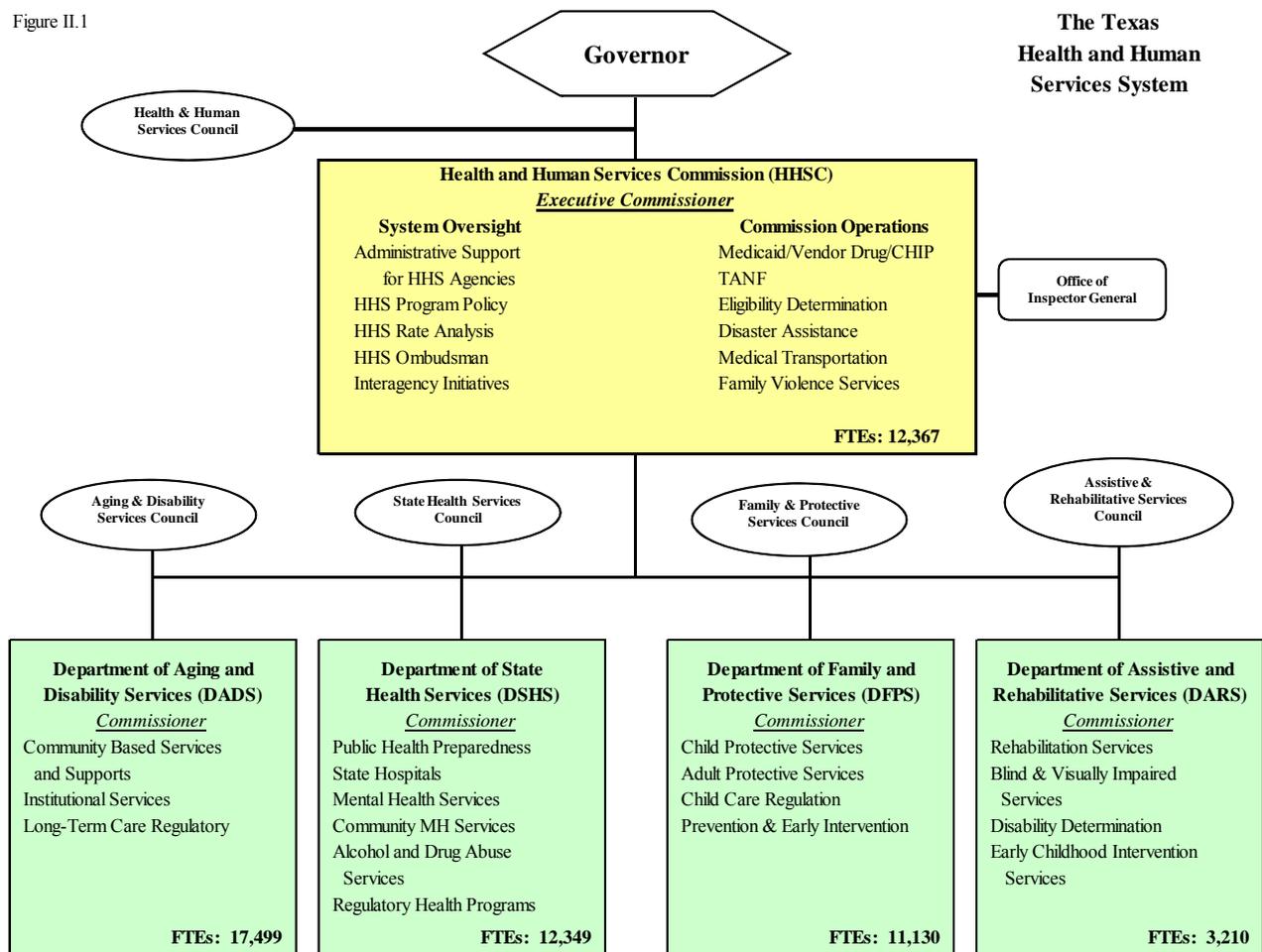
- The Biennial Consolidated Budget Recommendation for the HHS System, Section 531.026, Government Code;
- The Annual Federal Funds Report (**Chapter VII**); and
- The Long-term Care Plan for Individuals with Intellectual Disabilities and Related Conditions (**Appendix E**).

II. CONSOLIDATED BUDGET OVERVIEW

Health and Human Services System Overview

The Texas Health and Human Services (HHS) System is dedicated to developing client-focused program and policy initiatives that are solution-oriented and fiscally responsible. The HHS system promotes client-choice, appropriate funding, and streamlined service delivery. Reflecting a unified philosophy and approach to delivering health and human services, the HHS system agencies operate with similar organizational structures. Organizational structures reflect an emphasis on efficiency, service delivery, accountability, and providing visible and accessible agency resources for stakeholders. The following figure depicts the HHS system organizational structure in FY 2013 and identifies services provided by the HHS agencies.

Figure II.1

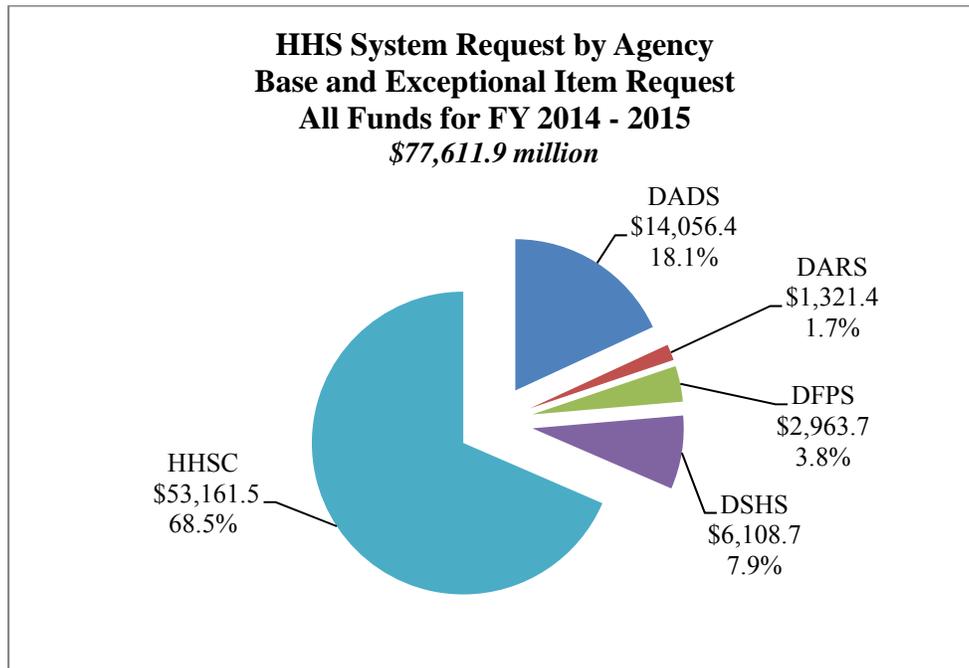


Note: The Full Time Equivalent (FTE's) positions are the budgeted level for FY 2013.

HHS System FY 2014-2015 Legislative Appropriations Request

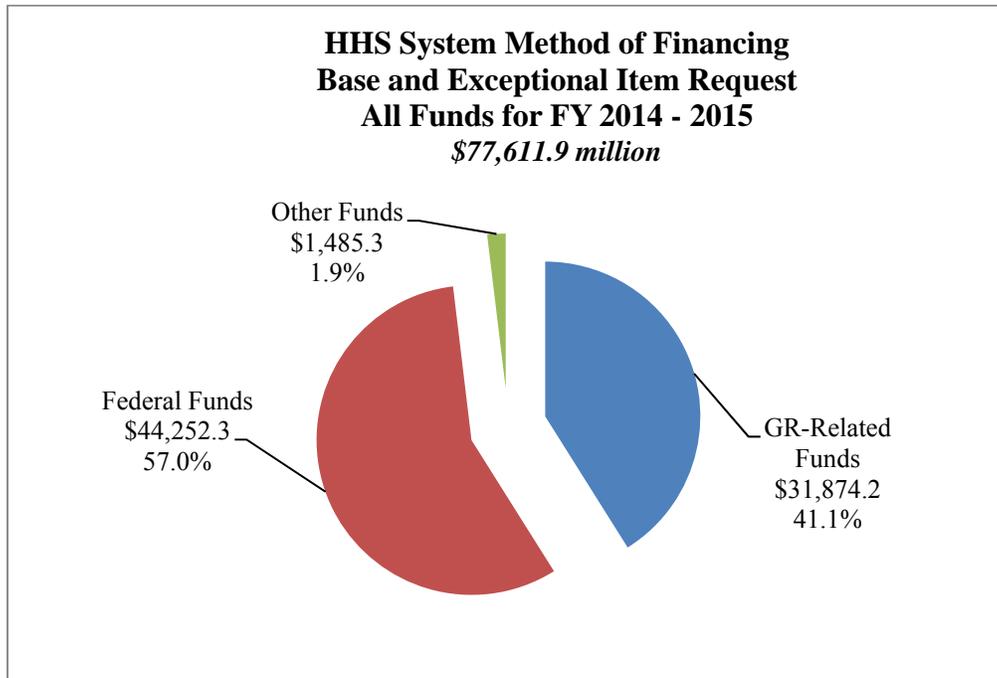
The FY 2014-2015 Legislative Appropriations Request (LAR) base request combined with the exceptional items for all HHS agencies totals \$77.6 billion, an increase of \$9.6 billion all funds from the 2012-2013 biennium (14.2 percent increase). **Figure II.2** presents the allocation of requested funds among HHS agencies.

Figure II.2



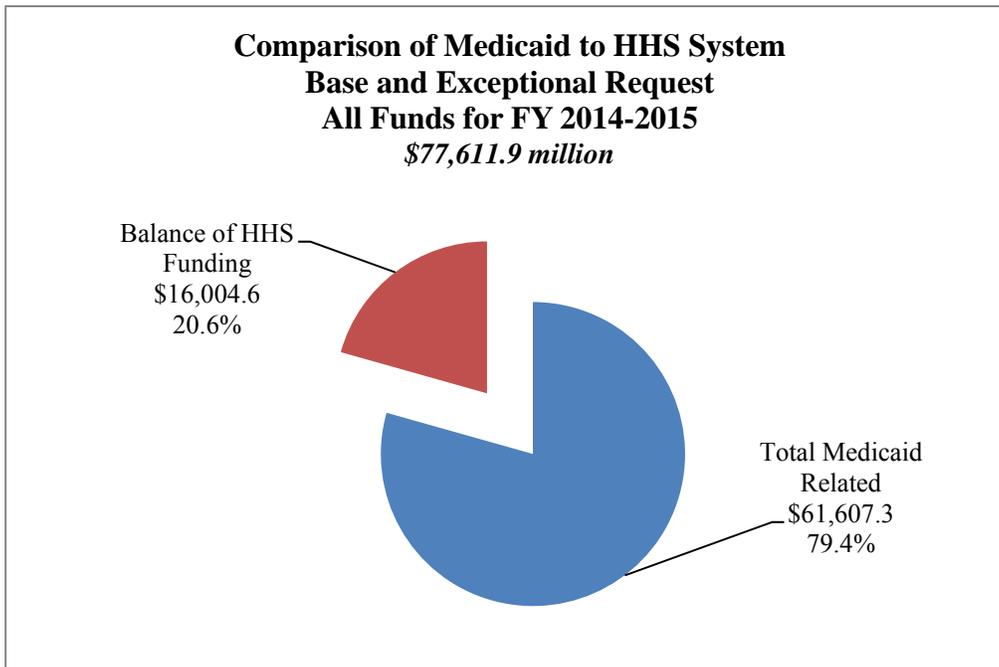
As reflected in the following chart, the GR-related base and exceptional item request for 2014-2015 biennium totals \$31.9 billion, representing a \$4.1 billion increase (14.9 percent) from the 2012-2013 biennium. Total requested federal funds for the base and exceptional items for the HHS System for the biennium is \$44.3 billion, representing a \$5.4 billion increase (13.8 percent) over 2012-2013 biennium federal funds. **Figure II.3** presents the comparison of funding sources for the HHS System.

Figure II.3



As the chart below indicates, Medicaid related funding accounts for \$61.6 billion, or 79.4 percent, of the total HHS funding requested in the 2014-2015 biennium. Using state and federal funding, Texas' Medicaid program provides acute care and long term services and support to millions of low income Texans each year (see **Chapter III** for Medicaid caseload forecasts). **Figure II.4** presents the comparison of Medicaid to the HHS System.

Figure II.4



Legislative Appropriation Request Guidance and Base Funding

Base Request Policy

The general revenue (GR) and GR-related base request must not exceed the sum of the amounts expended in fiscal year 2012 and budgeted in fiscal year 2013. Exceptions to the base limitation include amounts necessary to maintain funding for caseloads in Medicaid entitlement programs, the Children's Health Insurance Program, foster care program, the adoption subsidies program, and the permanency care assistance program.

Funding requests for other purposes which exceed the base spending level may not be included in the base request but may be submitted as exceptional items. Agencies must also submit a supplemental schedule detailing how they would reduce the base request by 10 percent in general revenue funding (**Appendix B**). A summary of each agency's base request is provided below.

The **Health and Human Services Commission (HHSC)** base request for FY 2014-2015 totals \$48,796.3 million in all funds (\$19,131.8 million GR-related). This request represents an increase of \$3,355.1 million in all funds and an increase of \$936.7 million GR or a 7.4 percent and 5.1 percent increase respectively.

The **Department of Aging and Disability Services (DADS)** FY 2014-2015 base request totals \$12,583.5 million in all funds (\$5,098.2 million GR-related). This level of funding is a decrease of \$186.9 million in all funds from the 2012-2013 biennium. The GR difference between the two biennia is a decrease of \$131.9 million or 2.5 percent.

The **Department of Assistive and Rehabilitative Services (DARS)** FY 2014-2015 base request totals \$1,237.0 million (\$243.2 million GR-related). The FY 2014-2015 base request is a decrease of \$15.4 million in all funds over FY 2012-2013 biennial amount and an increase of \$2.2 million (0.9 percent) in GR.

The **Department of Family and Protective Services (DFPS)** FY 2014- 2015 base request totals \$2,799.5 million in all funds (\$1,334.6 million GR-related). This level of funding is an increase of \$80.4 million all funds from FY 2012-2013 and a \$50.4 million or 3.9 percent increase of GR-related funds.

The **Department of State Health Services (DSHS)** FY 2014-2015 base request totals \$5,756.4 million in all funds (\$2,796.0 million GR-related). This level of funding is a decrease of \$40.0 million all funds from the FY 2012-2013 biennium and a \$1.8 million or 0.1 percent decrease in GR-related funds.

The figures above represent totals submitted by agencies in their LARs and do not contain the impact from the reduced federal match discussed in **Chapter III**.

Summary Tables of Agency Requests

Figure II.5 illustrates a comparison, by agency, of the FY 2014-2015 requests to the FY 2012-2013 budgets, and summarizes the FY 2014-2015 base, exceptional item, and FTE requests.

Figure II.5

| Comparison of HHS Agency Base Request FY 2012-2013 and FY 2014-2015 (in millions) | | | | | | | | | |
|--|---------------------------------|-------------------|-----------------------|-------------------|------------------|------------------|----------------|-------------|--|
| Agency | FY 12 Expended - FY 13 Budgeted | | FY 14-15 Base Request | | Biennial Change | | Percent Change | | |
| | GR/GRD | All Funds | GR/GRD | All Funds | GR/GRD | All Funds | GR/GRD | All Funds | |
| DADS | \$5,230.2 | \$12,770.4 | \$5,098.2 | \$12,583.5 | -\$131.9 | -\$186.9 | -2.5% | -1.5% | |
| DARS | 241.0 | 1,252.4 | \$243.2 | \$1,237.0 | \$2.2 | -\$15.4 | 0.9% | -1.2% | |
| DFPS | 1,284.2 | 2,719.1 | \$1,334.6 | \$2,799.5 | \$50.4 | \$80.4 | 3.9% | 3.0% | |
| DSHS | 2,797.9 | 5,796.4 | \$2,796.0 | \$5,756.4 | -\$1.8 | -\$40.0 | -0.1% | -0.7% | |
| HHSC | 18,195.1 | 45,441.1 | \$19,131.8 | \$48,796.3 | \$936.7 | \$3,355.1 | 5.1% | 7.4% | |
| FMAP* | - | - | \$587.0 | \$0.0 | \$587.0 | - | - | - | |
| Total, HHS | \$27,748.4 | \$67,979.4 | \$29,190.9 | \$71,172.7 | \$1,442.6 | \$3,193.3 | 5.2% | 4.7% | |

| HHS Agency Base and Exceptional Items Request (Total Request) FY 2014-2015 (in millions) | | | | | | |
|---|-------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| Agency | Base Request | | Exceptional Item Request | | Total Request | |
| | GR/GRD | All Funds | GR/GRD | All Funds | GR/GRD | All Funds |
| DADS | \$5,098.2 | \$12,583.5 | \$465.2 | \$1,472.9 | \$5,563.5 | \$14,056.4 |
| DARS | \$243.2 | \$1,237.0 | \$45.5 | \$84.4 | \$288.7 | \$1,321.4 |
| DFPS | \$1,334.6 | \$2,799.5 | \$149.8 | \$164.2 | \$1,484.4 | \$2,963.7 |
| DSHS | \$2,796.0 | \$5,756.4 | \$270.4 | \$352.3 | \$3,066.4 | \$6,108.7 |
| HHSC | \$19,131.8 | \$48,796.3 | \$1,711.0 | \$4,365.3 | \$20,842.9 | \$53,161.5 |
| FMAP* | \$587.0 | \$0.0 | \$41.4 | \$0.0 | \$628.4 | \$0.0 |
| Total, HHS | \$29,190.9 | \$71,172.7 | \$2,683.3 | \$6,439.2 | \$31,874.2 | \$77,611.9 |

| HHS Agency Biennial Funding Comparison (Base & Exceptional Items) FY 2012-2013 and FY 2014-2015 (\$ in Millions) | | | | | | | | | |
|---|---------------------------------|-------------------|--------------------|-------------------|------------------|------------------|----------------|--------------|--|
| Agency | FY 12 Expended - FY 13 Budgeted | | FY 14-15 Requested | | Biennial Change | | Percent Change | | |
| | GR/GRD | All Funds | GR/GRD | All Funds | GR/GRD | All Funds | GR/GRD | All Funds | |
| DADS | \$5,230.2 | \$12,770.4 | \$5,563.5 | \$14,056.4 | \$333.3 | \$1,286.0 | 6.4% | 10.1% | |
| DARS | \$241.0 | \$1,252.4 | \$288.7 | \$1,321.4 | \$47.6 | \$69.0 | 19.8% | 5.5% | |
| DFPS | \$1,284.2 | \$2,719.1 | \$1,484.4 | \$2,963.7 | \$200.2 | \$244.7 | 15.6% | 9.0% | |
| DSHS | \$2,797.9 | \$5,796.4 | \$3,066.4 | \$6,108.7 | \$268.6 | \$312.3 | 9.6% | 5.4% | |
| HHSC | \$18,195.1 | \$45,441.1 | \$20,842.9 | \$53,161.5 | \$2,647.8 | \$7,720.4 | 14.6% | 17.0% | |
| FMAP* | - | - | \$628.4 | \$0.0 | \$628.4 | \$0.0 | - | - | |
| Total, HHS | \$27,748.4 | \$67,979.4 | \$31,874.2 | \$77,611.9 | \$4,125.8 | \$9,632.5 | 14.9% | 14.2% | |

| HHS Agency Full-Time Equivalents (Base and Exceptional Items) FY 2012-2013 and FY 2014-2015 | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|-------------------------|--------------|-------------------|---------------|--|
| Agency | FTE | | FTE - Base | | FTE - Exceptional Items | | Total FTE Request | | |
| | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2014 | FY 2015 | FY 2014 | FY 2015 | |
| DADS | 16,936 | 17,499 | 17,499 | 17,499 | 122 | 182 | 17,621 | 17,681 | |
| DARS | 3,108 | 3,210 | 3,210 | 3,210 | 0 | 0 | 3,210 | 3,210 | |
| DFPS | 10,721 | 11,130 | 10,894 | 10,861 | 716 | 762 | 11,609 | 11,623 | |
| DSHS | 12,346 | 12,349 | 12,349 | 12,349 | 0 | 0 | 12,349 | 12,349 | |
| HHSC | 12,392 | 12,367 | 12,367 | 12,367 | 131 | 134 | 12,497 | 12,501 | |
| Total, HHS | 55,503 | 56,554 | 56,318 | 56,285 | 968 | 1,077 | 57,286 | 57,362 | |

* FMAP updated to reflect decrease in federal matching funds.

Note: Totals may not add due to rounding.

HHSC Exceptional Items include enterprise items such as recruitment and retention, state-operated facilities, and IT initiatives.

Summary of HHS Agency Exceptional Item Request

HHS agencies have requested 72 exceptional items totaling around \$2.6 billion in general revenue, including 10 requests that are enterprise wide with components that affect multiple agencies. **Figure II.6** divides the exceptional items into two groups and seven subcategories to better highlight the areas of funding needs.

Maintain Current Services and Cost Trends

The exceptional items in this category would continue the current level of services provided in the Medicaid program by funding increased costs in acute care and long-term care. For non-Medicaid programs, DARS and DFPS have requested funds to address increasing caseloads in Early Childhood Intervention, Relative Caregiver program, and Foster Care and Protective Day Care programs. DSHS requested funds to address patient safety and operations at state mental health hospitals, to prevent and control TB infections, and to purchase vaccines to prevent diseases among adults. HHSC requested funds to maintain services in CHIP, continue funding for data center services, and to support state-operated facilities.

Service Improvements

The exceptional items that would improve services provided by HHS agencies have been categorized into five areas.

Increase Capacity to Serve More Clients in Existing Programs

As the population of Texas grows, so will the need for health and human related services. These exceptional items would provide needed services to more individuals. The items include addressing interest and waiting lists at DADS and DSHS, expanding Autism services into new areas of the state, and restoring prevention and intervention services at DFPS. In addition, DADS would provide community attendant and habilitation services to individuals with intellectual and developmental disabilities at an enhanced federal matching rate

Address Critical Staffing Needs

These exceptional items would address the need of agencies to better serve the increased numbers of individuals requiring state services by recruiting and retaining direct care staff. To better monitor programs and investigate fraud and abuse, the items also would increase the number of contract ombudsmen at DADS, CPS supervisors at DFPS, and staff at the Office of Inspector General.

Maintain Infrastructure at State Facilities

The exceptional items in this category would primarily provide DADS and DSHS with funding to make critical repairs and renovations to state facilities. These repairs are needed to ensure the safety and well being of the facilities' residents. HHSC would improve security at regional offices by installing video surveillance and keyless access systems.

Enhance Information Technology

These items address critical information technology needs that will enable HHS programs to provide client services in the most efficient manner possible. These requests include:

- *Information Technology for Client Service Delivery* – Improves the delivery of client services through enhanced information technology services, such as upgrading systems at DFPS to assist in casework management and continuing the creation of a system wide data warehouse to support the delivery of health care services at all HHS agencies through better informed policy analysis.
- *Information Security* – Continues to improve the security of client and employee data to ensure compliance with regulations and protect sensitive information.
- *Information Technology for a Secure Mobile Workforce* – Supports mobile workforces to allow secure access to applications and data regardless of worker location.
- *Information Technology for State Supported Living Centers and Hospitals* – Upgrades the case records systems for clients in State Supported Living Centers and Hospitals and retire the old systems.
- *Information Technology to Improve Fraud Detection and Fee Collection* – Increases fraud detection capabilities and improves license fee collections to eliminate waste.
- *Information Technology Infrastructure* – Installs new electrical systems and improves hardware to ensure computer systems continue to operate.

The final category identifies a range of other service improvement initiatives at HHS agencies and introduces potential cost containment opportunities for FY 2014-2015. Potential cost containment opportunities include expanding Medicaid managed care into rural areas, receiving enhanced federal funds for infrastructure improvements and efforts designed to improve access to community-based long-term care services and supports, and integrating benefits for those who are eligible for Medicare and Medicaid.

Figure II.6

**HHS Exceptional Item Request by Major Category
FY 2014-2015**

| Agency | Exceptional Item | GR/GRD | All Funds |
|--|---|------------------------|------------------------|
| Maintain Current Services | | | |
| Medicaid Programs | | | |
| DADS | Maintain Caseload | \$9,138,616 | \$22,721,572 |
| DADS | Cost Trends | \$114,583,659 | \$284,944,803 |
| HHSC | Maintain Medicaid Current Services | \$1,185,885,917 | \$3,067,721,335 |
| HHSC | Maintain Current Services and Support Caseload Growth | \$8,500,044 | \$17,399,214 |
| HHSC | Affordable Care Act Provision: Maintain PCP Rate Increase for Primary Care Services | \$106,950,363 | \$266,162,047 |
| <i>Medicaid Programs, subtotal -</i> | | \$1,425,058,599 | \$3,658,948,971 |
| Non-Medicaid Programs | | | |
| DARS | Fund ECI Forecasted Caseload | \$17,700,208 | \$24,631,006 |
| DARS | Maintain Service Levels for Eligible Children- ECI | \$11,881,878 | \$17,940,007 |
| DFPS | Maintain CPS Staff Due to Erosion of IV-E Eligibility | \$23,039,347 | \$26,402,498 |
| DFPS | Direct Delivery Staff to Maintain Caseloads | \$10,203,170 | \$11,165,571 |
| DFPS | Caseload Growth for Relative Caregiver Program | \$5,777,652 | \$5,777,652 |
| DFPS | Caseload Growth for Foster and Protective Day Care | \$2,859,663 | \$3,502,820 |
| DSHS | State Hospital Patient Safety and Operations | \$17,733,441 | \$17,733,441 |
| DSHS | TB Prevention and Control | \$5,671,868 | \$5,671,868 |
| DSHS | Adult Immunizations | \$26,522,000 | \$26,522,000 |
| HHSC | Maintain CHIP Current Services | \$37,458,360 | \$133,068,176 |
| HHSC | Maintain Children's Litigation | \$5,575,422 | \$5,575,422 |
| HHSC | Maintain Funding for Data Center Services (HHS Enterprise) | \$20,815,913 | \$27,906,213 |
| HHSC | Maintain Support of State-Operated Facilities (HHS Enterprise) | \$3,994,090 | \$6,328,940 |
| HHSC | Support Office of Acquired Brain Injury | \$972,401 | \$973,347 |
| HHSC | Replace and Maintain HHSC Vehicles | \$1,090,048 | \$1,090,048 |
| HHSC | Support Texas Office for the Prevention of Development Disabilities (TOPDD) | \$153,486 | \$153,486 |
| <i>Non-Medicaid Programs, subtotal -</i> | | \$191,448,947 | \$314,442,495 |
| Maintain Current Services Total - | | \$1,616,507,546 | \$3,973,391,466 |

| Agency | Exceptional Item | GR/GRD | All Funds |
|--|---|----------------------|------------------------|
| Service Improvements | | | |
| Increase Service Capacity | | | |
| DADS | Promoting Independence | \$32,127,648 | \$79,899,970 |
| DADS | Community Expansion | \$259,447,393 | \$896,415,443 |
| DADS | PACE Expansion | \$4,785,782 | \$11,903,934 |
| DARS | Expand Autism in Four New Areas | \$4,751,198 | \$4,751,198 |
| DARS | Match Vocational Rehabilitation Grant Growth | \$7,021,162 | \$32,962,950 |
| DARS | Expand Services by Centers for Independent Living | \$1,980,882 | \$1,980,882 |
| DARS | Ensure Quality of Deaf Hard of Hearing Programs Through Education, Training, and Regulation | \$1,292,604 | \$1,292,604 |
| DFPS | Restore Prevention and Early Intervention Services | \$29,154,640 | \$29,166,747 |
| DSHS | Primary Health Care Expansion | \$69,931,512 | \$69,931,512 |
| DSHS | Increase Behavioral Health Treatment Outcomes | \$26,099,234 | \$30,922,768 |
| DSHS | Tobacco Cessation and Chronic Disease Prevention | \$8,574,702 | \$8,574,702 |
| DSHS | DSHS Waiting Lists | \$80,800,000 | \$80,800,000 |
| HHSC | Expand Family Violence Prevention and Victim Services | \$2,500,000 | \$2,500,000 |
| HHSC | Add Therapies to Medicaid Waivers for Individuals with Acquired Brain Injury (HHS Enterprise) | \$1,852,193 | \$4,604,822 |
| Increase Service Capacity, subtotal - | | \$530,318,950 | \$1,255,707,532 |
| Address Critical Staffing Needs | | | |
| DADS | Protecting Vulnerable Texans | \$15,678,249 | \$23,021,304 |
| DARS | Increase Resource Specialist Contractors | \$840,000 | \$840,000 |
| DFPS | Enhance Staff Retention - APS, CCL, CPS SWI | \$7,946,826 | \$8,976,811 |
| DFPS | Strengthen CPA Kinship Services | \$6,132,929 | \$7,016,896 |
| DFPS | Reduce Supervisor Span of Control - CPS Investigations and Conservatorship | \$31,390,446 | \$35,914,027 |
| DSHS | Disease Outbreaks and Disaster Response | \$7,103,306 | \$7,103,306 |
| HHSC | Improve OIG Staffing and Support | \$18,513,779 | \$37,601,893 |
| HHSC | Increase HHS Recruitment and Retention (HHS Enterprise) | \$28,541,488 | \$47,511,698 |
| Address Critical Staffing Needs, subtotal - | | \$116,147,023 | \$167,985,935 |
| Maintain Infrastructure at State Facilities | | | |
| DADS | Improving Support for SSLC Resident | \$27,664,472 | \$136,030,539 |
| DSHS | Hospital Facilities and Infrastructure | - | \$77,101,281 |
| HHSC | Improve Security Infrastructure for Regional Health and Human Services Client Delivery Facilities | \$1,197,682 | \$1,691,365 |
| Maintain Infrastructure, subtotal - | | \$28,862,154 | \$214,823,185 |
| Enhance Information Technology | | | |
| <u>Information Technology for Client Service Delivery</u> | | | |
| DFPS | Upgrades to Casework System Applications | \$3,686,030 | \$4,018,348 |
| DFPS | Upgrade Casework System to Improve Assessment and Service Delivery Processes | \$2,756,968 | \$3,096,534 |
| DFPS | Increase Performance and Usability of Casework System | \$19,368,632 | \$21,754,198 |
| DSHS | Texas Electronic Registry | \$6,000,000 | \$6,000,000 |
| HHSC | Continue International Classification of Diseases (ICD-10) (HHS Enterprise) | \$793,541 | \$2,323,164 |
| HHSC | Continue Enterprise Data Warehouse Initiative (HHS Enterprise) | \$6,552,248 | \$35,631,380 |

| Agency | Exceptional Item | GR/GRD | All Funds |
|---|--|-----------------------------|-----------------------------|
| <u>Information Security</u> | | | |
| HHSC | Implement Information Security Improvements and Application Provisioning Enhancements (HHS Enterprise) | \$5,674,078 | \$8,631,882 |
| <u>Information Technology for a Secure Mobile Workforce</u> | | | |
| DSHS | Increase Mobile Technology | \$2,103,636 | \$2,103,636 |
| HHSC | Secure Mobility Infrastructure and Enterprise Communications (HHS Enterprise) | \$14,074,320 | \$25,350,000 |
| <u>Information Technology for State Supported Living Centers and Hospitals</u> | | | |
| DADS | Streamlining Service Systems | \$1,798,842 | \$17,988,421 |
| DSHS | CARE Retirement | \$13,740,471 | \$13,740,471 |
| <u>Information Technology - Improve Fraud Detection and Fee Collection</u> | | | |
| DFPS | Improve the Collection of Licensing Fees | \$1,838,403 | \$1,859,582 |
| HHSC | Implement Fraud Integrity Initiative | \$9,732,924 | \$38,427,438 |
| <u>Information Technology Infrastructure</u> | | | |
| HHSC | Upgrade Winters Data Center Facilities (HHS Enterprise) | \$2,220,800 | \$4,000,000 |
| HHSC | Upgrade HHSAS Financials - Hardware Remediation (HHS Enterprise) | \$1,171,971 | \$1,616,622 |
| <i>Enhance Information Technology, subtotal -</i> | | <i>\$91,512,864</i> | <i>\$186,541,676</i> |
| <u>Other Service Improvements</u> | | | |
| DFPS | Restore State Match for CPS Purchased Services | \$5,597,532 | \$5,597,532 |
| DSHS | Preventing Healthcare Associated Infections | \$2,000,000 | \$2,000,000 |
| DSHS | Office of Violent Sex Offender Management | \$4,127,313 | \$4,127,313 |
| HHSC | Implement Initiatives to Address Disproportionality and Disparities Across HHS System | \$451,676 | \$623,234 |
| HHSC | Affordable Care Act: Expand PCP Rate Increase for Primary Care Services | \$229,103,590 | \$587,630,866 |
| HHSC | Improve Community Resources Coordination Group (CRCG) Services | \$307,552 | \$545,761 |
| HHSC | Increase Support of Healthy Marriage Program | \$1,186,697 | \$1,186,880 |
| <u>Potential Cost Containment Initiatives</u> | | | |
| HHSC | Expand STAR+PLUS in Medicaid Rural Services Area | \$15,771,782 | \$39,001,107 |
| HHSC | Carve In Nursing Facility Services in STAR+Plus | Savings TBD | |
| HHSC | Affordable Care Act Provision: Dual Eligibles Integrated Care Project | Savings TBD | |
| HHSC | Affordable Acre Act Provision: Balancing Incentives Payment (BIP) Program | Savings TBD | |
| <i>Other Service Improvements, subtotal -</i> | | <i>\$258,546,142</i> | <i>\$640,712,693</i> |
| Service Improvements Total - | | \$1,025,387,133 | \$2,465,771,021 |
| Total HHS Exceptional Item Request - | | \$2,641,894,679 | \$6,439,162,487 |

Note: Figures above do not reflect the revised FMAP in FY2014-2015.

III. MAJOR FACTORS CONTRIBUTING TO FUNDING NEEDS

Caseloads and Cost

Growing caseloads and health care cost increases are driving appropriations requests in several key areas. The Medicaid acute and long term care, CHIP, foster care, adoption subsidy, and early childhood intervention programs are all projecting continued growth in the number of clients that will need services in the next biennium. In addition, funding to address rising health care costs, particularly in the Medicaid and CHIP programs, is also requested in agency exceptional items.

Medicaid

Medicaid acute care caseloads are projected to average almost 4.2 million recipients in FY 2015, with an average of 3.0 million in the children's risk groups (all non-disability-related children). In forecasting the Medicaid program for the LAR, the base forecast held costs at the FY 2013 level; however, caseload growth under current eligibility criteria is included in the base request. Cost growth is projected through the end of the 2014-2015 biennium and included in HHSC's first exceptional item request. There are caseload increases in FY 2014 and FY 2015 that add clients who are currently eligible but not enrolled, in anticipation of new streamlined renewal policies and the insurance requirement of the Affordable Care Act (ACA). Costs for ACA-related Primary Care Physician (PCP) rate increases beginning in January 2013 are included in the base request, as part of the baseline 2013 costs, with additional cost growth through December 2014 in the cost exceptional item. Costs for the ACA-related PCP increase beyond December 2014, as well as the expanded list of primary care procedures administered by other physicians, are included in a separate exceptional item. Both caseload and cost trends are determined by time-series analyses of historical data, with consideration of external factors such as policy impacts (for example, the ACA changes mentioned above).

CHIP

CHIP caseloads are projected to average over 614,000 in FY 2015. If the Perinate caseload of 39,000 is included then estimated caseload is over 650,000 in FY 2015. Caseload growth is requested in HHSC's base request and cost growth is included in the second exceptional item request. In this request, approximately 72.5 percent is cost growth related to medical premiums for traditional CHIP clients, and the remaining cost growth is accounted for in the Vendor Drug and the Perinatal programs.

The following tables identify the Medicaid Acute Care and CHIP caseloads.

Figure III.1

Medicaid Acute Care Caseload

| Caseload by Group | Estimated FY 2012 | Projected FY 2013 | Projected FY 2014 | Projected FY 2015 |
|--|----------------------|----------------------|----------------------|----------------------|
| Total Medicaid | 3,659,009 | 3,720,656 | 3,947,805 | 4,191,664 |
| Aged & Disability-Related | 774,964 | 800,922 | 829,566 | 858,822 |
| Aged & Medicare-Related | 364,436 | 370,308 | 378,523 | 387,350 |
| Disability-Related (including Children) | 410,529 | 430,614 | 451,043 | 471,472 |
| Other Adults, Non-Aged/Disability-Related | 245,771 | 265,522 | 274,824 | 278,942 |
| Pregnant Women | 126,843 | 132,445 | 135,356 | 136,689 |
| TANF Level Adult, including Non-Cash | 118,927 | 133,077 | 139,469 | 142,252 |
| Medicaid Children Ages 0-20, Non-Disabled | 2,638,274 | 2,654,212 | 2,843,414 | 3,053,901 |
| Newborns | 261,863 | 269,184 | 282,979 | 289,155 |
| Age 1-5 | 935,948 | 927,318 | 947,228 | 962,858 |
| Age 6-14 | 1,088,822 | 1,103,603 | 1,224,402 | 1,371,701 |
| Age 15+ | 320,431 | 322,862 | 357,103 | 398,029 |
| StarHealth Foster Care | 31,210 | 31,246 | 31,701 | 32,157 |

Source: Legislative Appropriations Request Forecast, HHSC Financial Services

Note: Numbers may not add due to rounding.

Figure III.2

CHIP Caseload

| Caseload by Group | Estimated FY 2012 | Projected FY 2013 | Projected FY 2014 | Projected FY 2015 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Traditional CHIP Children* | 569,702 | 591,921 | 603,243 | 614,590 |
| CHIP Perinatal Clients | 37,024 | 37,339 | 37,840 | 38,601 |
| Group Total, With Perinates | 606,726 | 629,260 | 641,082 | 653,191 |

Source: Legislative Appropriations Request Forecast, HHSC Financial Services

*Traditional CHIP contains TRS, legal immigrant, and federally funded children since all 3 groups are now federally funded as of Sept. 2010

Long Term Support Services

Residential long-term services and supports caseloads are projected to reach approximately 79,787 clients by FY 2015, an increase of approximately 0.3 percent each year of the biennium. Promoting Independence caseload is projected to increase 4.9 percent for FY 2014 and 5.3 percent during FY 2015. Community Care caseload is projected to increase 1.3 percent over FY 2014 and 0.9 percent by the end of FY 2015.

Caseload reduction in some community care groups reflect the shift of additional clients into managed care in March 2012. Additional caseload information for long-term care services and supports is provided in **Figure III.3**.

Figure III.3

Long-Term Services and Supports Caseload

| | Estimated FY 2012 | Projected FY 2013 | Projected FY 2014 | Projected FY 2015 |
|--|----------------------|----------------------|----------------------|----------------------|
| Residential Long-Term Services and Supports: | | | | |
| Nursing Facility (SNF) | 56,773 | 56,843 | 56,916 | 57,030 |
| Hospice (Hosp) | 6,816 | 7,017 | 7,218 | 7,418 |
| Skilled Nursing Facility (SNF) | 6,132 | 6,068 | 6,012 | 5,949 |
| Intermediate Care Facilities for Persons with Intellectual Disability (IFC/ID) | 5,599 | 5,625 | 5,624 | 5,624 |
| State Supported Living Center (SSLC) programs | 3,881 | 3,772 | 3,767 | 3,766 |
| Total Residential - | 79,202 | 79,327 | 79,536 | 79,787 |
| Promoting Independence: | | | | |
| Promoting Independence (PI) | 5,804 | 5,500 | 5,768 | 6,077 |
| The Community Care group: | | | | |
| Primary Home Care (PHC) | 30,126 | 11,355 | 11,371 | 11,372 |
| Community Attendant Services (CAS) | 46,740 | 48,417 | 49,370 | 50,326 |
| Day Activity and Health Services Title XIX programs (DAHS) | 9,806 | 1,999 | 2,033 | 2,068 |
| Community-based Alternatives (CBA) | 14,403 | 9,794 | 9,816 | 9,816 |
| Home and Community Based Services (HCS) | 19,876 | 20,471 | 20,795 | 20,795 |
| Community Living Assistance and Support Services (CLASS) | 4,700 | 4,655 | 4,655 | 4,655 |
| Deaf-Blind Multiple Disability (DBMD) | 149 | 148 | 148 | 148 |
| Medically Dependent Children (MDCP) | 2,342 | 2,404 | 2,404 | 2,404 |
| Consolidated Waiver (CW) | 37 | 0 | 0 | 0 |
| Texas Home Living (TXHML) | 4,127 | 5,738 | 5,738 | 5,738 |
| Total Community Care - | 132,304 | 104,980 | 106,330 | 107,322 |

Source: Legislative Appropriations Request Forecast, HHSC Financial Services

Other HHS Caseloads

DFPS - After a projected 3 percent increase in foster care caseloads for FY 2013, caseloads are projected to stabilize and increase by 1 percent in FY 2014 and FY 2015. Adoption subsidy caseloads are projected to increase by about 7 percent in FY 2013 and 6 percent in FY 2014 and FY 2015. The purchased client services at DFPS are also increasing along with the caseload growth.

DARS - Early childhood intervention caseload increases approximately 3 percent in FY 2013 and by 6 percent in each year of the FY 2014-2015 biennium.

HHSC - Temporary Assistance for Needy Families (TANF) is projected to see a significant decrease of around 8 percent in FY 2013, continuing a similar trend that has developed in the second half of FY 2012. TANF caseload is expected to stabilize in FY 2014 with a much smaller projected decrease of around 2 percent, followed by an expected increase of around 1 percent in FY 2015.

Figure III.4

Other Key HHS Caseloads

| Agency/Program | Estimated FY 2012 | Projected FY 2013 | Projected FY 2014 | Projected FY 2015 |
|--|----------------------|----------------------|----------------------|----------------------|
| Department of Family and Protective Services | | | | |
| Foster Care | 16,730 | 17,194 | 17,319 | 17,544 |
| Adoption Subsidies | 35,948 | 38,564 | 41,045 | 43,320 |
| Department of Assistive and Rehabilitative Services | | | | |
| Early Childhood Intervention | 25,197 | 25,977 | 27,424 | 28,951 |
| Health and Human Services Commission | | | | |
| Temporary Assistance for Needy Families | 107,599 | 99,020 | 97,508 | 98,856 |

Source: Legislative Appropriations Request Forecast, HHSC Financial Services

FMAP Adjustment

LARs submitted by health and human service agencies assumed the federal match (FMAP) for direct care services in Medicaid and Title IV-E would be higher. The FMAP for FY 2014 and 2015 is now expected to be more than 1 percent lower than estimated. (Figure III.5)

Figure III.5

**LAR Estimated and Revised Federal Matching Rates (FMAP)
State Fiscal Years 2013-2015**

| State Fiscal Year | Estimated FMAP | Revised FMAP |
|-------------------|----------------|--------------|
| 2013 | 59.21% | 59.21% |
| 2014 | 59.76% | 58.74% |
| 2015 | 59.80% | 58.69%* |

* Projected

The result of this change in FMAP is the need for additional general revenue for HHS agencies estimated to be more than \$587 million for base funding and another \$41.4 million for exceptional items needed to maintain service levels. Federal funds will decrease by the same amounts. The FMAP for fiscal year 2015 will not be announced until the fall of 2013.

Figure III.6 shows the impact of the change in FMAP by agency for base funding and exceptional items needed to maintain service levels.

Figure III.6

**Impact to HHS Agencies from Revised FMAP
FY 2014-2015**

| Agency | Base Request | Exceptional Items | Total |
|-----------------|----------------------|--------------------------|----------------------|
| DADS | \$122,298,121 | \$3,324,209 | \$125,622,330 |
| DARS | \$1,227,973 | \$213,012 | \$1,440,984 |
| DFPS | \$8,351,155 | \$11,510 | \$8,362,665 |
| DSHS | \$3,005,253 | \$0 | \$3,005,253 |
| HHSC - Medicaid | \$431,232,916 | \$36,731,759 | \$467,964,675 |
| HHSC - CHIP | \$20,878,277 | \$1,120,067 | \$21,998,344 |
| Total - | \$586,993,696 | \$41,400,556 | \$628,394,252 |

IV. MEDICAID FUNDING ISSUES

Fiscal Year 2013 Supplemental Needs

HHSC and DADS will require as estimated \$4.7 billion in supplemental funding in fiscal year 2013 (see **Figure IV.1**). The need is a result of partial funding for Medicaid and CHIP and increases in caseload and cost. HHSC and DADS estimate that the amount of funds appropriated for fiscal year 2013 will meet the agencies' needs until the end of March 2013, at which time the 83rd Legislature will need to provide supplemental funds.

Figure IV.1

Supplemental Need for Fiscal Year 2013
(\$ in millions)

| | DADS | | HHSC | | Total | |
|----------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| | GR | All Funds | GR | All Funds | GR | All Funds |
| Medicaid | \$1,021.9 | \$2,407.1 | \$3,600.0 | \$8,787.8 | \$4,621.9 | \$11,194.9 |
| CHIP | \$0.0 | \$0.0 | \$83.7 | \$290.4 | \$83.7 | \$290.4 |
| Total - | \$1,021.9 | \$2,407.1 | \$3,683.7 | \$9,078.2 | \$4,705.6 | \$11,485.3 |

Healthcare Transformation and Quality Improvement Waiver

Texas did not fully expand managed care in the past due to federal policy that prohibits states from continuing upper payment limit (UPL) hospital supplemental payments for Medicaid beneficiaries who transition from fee-for-service to a capitated managed care delivery system. To meet legislative mandates to preserve funding, expand managed care, achieve savings, and improve quality of care, HHSC entered into negotiations with the Centers for Medicare and Medicaid Services (CMS) and on December 12, 2011, Texas received approval from CMS for an 1115 transformation waiver with the following goals:

- Expand risk-based managed care statewide;
- Support the development and maintenance of a coordinated care delivery system through the creation of Regional Healthcare Partnerships (RHPs) and RHP five-year care and quality improvement transformation plans;
- Improve outcomes while containing cost growth;
- Transition to quality-based payment system across managed care and hospitals; and
- Provide a mechanism for investments in delivery system reform including improved coordination in the current indigent care system.

The waiver allows the state to expand Medicaid managed care while preserving hospital funding, provides incentive payments for health care improvements, and directs more funding to hospitals and other providers that serve large numbers of Medicaid and uninsured patients. Hospital payments stay largely the same for the first year of the waiver, with hospital transition payments

through September 30, 2012. This approach provides transition time and system stability during development and implementation of waiver payment systems. Starting October 1, 2012, waiver payments will be made only 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.

Figure IV.2 shows the total amounts that the state is authorized to allocate for the UC and DSRIP Pools in each demonstration year (DY). These amounts include both state and federal shares.

Figure IV.2

Pool Allocations According to Demonstration Year (All Funds in Billions)

| Type of Pool & Percent Allocation | DY 1 (2011-2012) | DY 2 (2012- 2013) | DY 3 (2013- 2014) | DY 4 (2014-2015) | DY 5 (2015-2016) | Total |
|-----------------------------------|------------------|-------------------|-------------------|------------------|------------------|---------------|
| UC | \$ 3.7 | \$3.9 | \$3.5 | \$3.3 | \$3.1 | \$17.6 |
| DSRIP | \$0.5 | \$2.3 | \$2.7 | \$2.9 | \$3.1 | \$11.4 |
| Total/DY | \$4.2 | \$6.2 | \$6.2 | \$6.2 | \$6.2 | \$29.0 |
| % UC | 88% | 63% | 57% | 54% | 50% | 60% |
| % DSRIP | 12% | 37% | 43% | 46% | 50% | 40% |

The waiver allowed the state to increase available funding to hospitals and other providers by including use of trends for historic UPL funds and availability of additional funds from managed care savings. In fiscal year 2011, UPL hospital payments were \$2.8 billion compared to \$4.2 billion available in the first year of the waiver.

Under the transformation waiver, eligibility for UC or DSRIP payments will require participation in a regional healthcare partnership. Within a partnership, participants include governmental entities providing public funds known as intergovernmental transfers, Medicaid providers and other stakeholders. Participants will develop a regional plan identifying partners, community needs, proposed DSRIP projects, and funding distribution. Each partnership is required to 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. RHPs are expected to submit their plans to HHSC by October 31, 2012.

UC payments for DY1 of the waiver are scheduled to be disbursed in January 2013. To accommodate for cash flow issues in some hospitals, hospitals that received disproportionate share hospital (DSH) payments for 2012 and hospitals that received transition payments under the waiver are eligible for advanced UC payments in October and November 2012. DSRIP

payments for DY1 are targeted for February 2013, based on regional healthcare partnership plans approved by HHSC and, subsequently, by CMS.

Funding Needs for Waiver Operations

While the transformation waiver provides substantial funding to hospitals and other providers, it also places a significant number of requirements on the state and providers that will be accessing this funding. The Special Terms and Conditions for the waiver include numerous reporting requirements that will be used by the state and federal agencies to establish the basis for payments from the two pools. The state will also need to guarantee that the information used for making waiver payments is accurate; otherwise federal funding could be recouped. In addition, the state will have to evaluate whether initiatives implemented with the funding from the waiver produce anticipated results over time. HHSC will assess funding needs in these areas, and if necessary, will request additional funding when the Legislature convenes in January 2013.

Affordable Care Act Impact

In March 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 Affordable Care Act (ACA), were signed into federal law. Key provisions of ACA include:

- Requires all U.S. citizens and legal residents to obtain health coverage that meets federal standards (individual mandate)
- Eliminates lifetime and annual benefit limits/restrictions
- Prohibits pre-existing conditions exclusions
- Allows dependent coverage up to age 26
- Eliminates out-of-pocket expenses for preventive services
- Creates Health Benefit Exchanges to serve as marketplaces for individuals and small business employees to compare and purchase health coverage

ACA Provisions Implemented to Date

While the June 2012 ruling by the Supreme Court effectively made expansion of Medicaid optional, HHSC has implemented some Medicaid and CHIP provisions. These include:

- Allowing children enrolled in Medicaid and CHIP to elect hospice care without waiving their rights to treatment for their terminal illness
- Making freestanding birthing centers eligible for Medicaid reimbursement
- Claiming federal matching funds for school and state employees' children enrolled in CHIP
- Adding tobacco cessation counseling as a Medicaid benefit for pregnant women
- Making drug rebate formulary changes
- Implementing a pharmacy carve-in for Medicaid and CHIP managed care
- Adding several program integrity provisions

ACA Provisions in Planning Phase

DSHS anticipates that certain key public and mental health activities will be impacted by the third-party insurance component of ACA beginning in fiscal year 2015. These activities include: 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.

From January 2013 through December 2014, the federal government will fund with 100 percent federal funding the difference between Medicaid rates as of July 2009 and Medicare reimbursement levels for certain Medicaid primary care providers. For the affected Medicaid rates that were reduced after July 2009, the state must pay the regular state matching share to restore the rate reduction.

ACA Schedules in LARs

As part of the LAR instructions, each agency reported the budgetary impacts of federal health care reform. HHSC and DSHS are the only agencies within Article II that reported an impact. The table below summarizes FY 2014-2015 estimates of agency costs, savings and federal funds resulting from the implementation of the ACA.

Figure IV.3

**Summary of Impacts Related to Health Care Reform
FY2014-2015**

| Agency | Project | Base Request | | Exceptional Item | |
|---------------------|---|-----------------------|----------------------|----------------------|--------------------|
| | | GR/GRD | All Funds | GR/GRD | All Funds |
| DSHS | Public Health, Health Services, Wellness - Funds for a variety of public health, wellness, and prevention activities | \$0 | \$41,022,804 | \$0 | \$0 |
| DSHS | Third Party Insurance Exchange – Savings associated with current DSHS clients being covered with insurance through the exchange | (\$13,934,797) | (\$8,843,976) | \$0 | \$0 |
| HHSC | Maternal, Infant and Early Childhood Home Visiting Program | \$0 | \$20,966,660 | \$0 | \$0 |
| HHSC | Tobacco Cessation Pregnant Women - Tobacco cessation for pregnant women in Medicaid | \$258,265 | \$642,131 | \$8,687 | \$21,603 |
| HHSC | SKIP into CHIP Federal Match - Children once covered by the SKIP program at ERS are eligible under CHIP* | \$9,583,270 | \$34,037,712 | \$569,750 | \$2,023,997 |
| HHSC | TRS CHIP Federal Match - Children of TRS ActiveCare members enrolled in CHIP are eligible for federal match | (\$37,043,639) | \$0 | (\$2,213,538) | \$0 |
| HHSC | Curative Children Electing Hospice | \$130,404 | \$463,173 | \$9,479 | \$33,677 |
| HHSC | Consulting Services | \$804,400 | \$2,000,000 | \$0 | \$0 |
| HHSC | PCP Rate Increase | \$7,246,371 | \$372,582,541 | \$0 | \$0 |
| Total, HHS - | | (\$32,955,726) | \$462,871,045 | (\$1,625,622) | \$2,079,277 |

Note: Additional cost is positive, while savings are negative.

* While there is a cost to HHSC to cover the state match for the CHIP program, ERS will realize a savings.

HHSC also will see a decrease in revenue as a result the federal government keeping a larger share of manufacturer rebates in the vendor drug program. HHSC estimates a loss of \$2.2 million in general revenue in FY 2014-2015.

V. COST CONTAINMENT INITIATIVES

Increasing health care costs and the demand for services, particularly in the Medicaid program, have necessitated an ongoing effort to develop new policies and initiatives to control spending growth. Over the past decade, cost containment projects identified by the Legislature and implemented by HHS agencies resulted in general revenue reductions of \$4.3 billion (see **Appendix G**). These savings are primarily related to changes in policy and reimbursement that both provide immediate reductions in general revenue spending and curb future cost growth. Most recently, the 82nd Legislature directed HHS agencies to undertake unprecedented cost containment efforts with 60 initiatives targeting approximately \$3 billion in general revenue savings.

This chapter discusses the initiatives implemented in this biennium and outlines potential cost containment strategies for the coming years. HHSC is committed to keeping cost containment at the forefront of its efforts and working with the federal government to obtain maximum flexibility to achieve efficiencies.

Cost Containment Efforts and Budget Reductions

(Fiscal Years 2012-2013)

In the General Appropriations Act (H.B. 1) the 82nd Legislature identified over 60 initiatives, detailed primarily in six major riders and codified in Senate Bill 7, which improve service efficiency and outcomes while containing costs. These efforts include payment reform, statewide expansion of managed care, and provider rate reductions. Based on current implementation plans, \$2.0 billion in general revenue (\$4.3 billion all funds) of the \$3.1 billion savings target is expected to be achieved. To date 80 percent of the initiatives in H.B. 1 have been implemented. **Figure V.1** shows the estimated cost containment savings compared to the targets outlined by major riders in H.B. 1.

Figure V.1

FY2012-2013 Cost Containment Initiatives- HB1 General Revenue (\$ in millions)

| Major Category and H.B. 1 Rider | Estimated Savings | HB1 Target |
|---|-------------------|------------------|
| Medicaid Funding Reductions- Rider 61 | \$355.0 | \$450.0 |
| Managed Care Expansion- Rider 51 | \$263.3 | \$385.7 |
| Provider Rates- Section 16 | \$486.6 | \$571.3 |
| Additional Cost Containment- Section 17 | \$576.0 | \$705.0 |
| Other Cost Containment Measures in HB1 | \$80.6 | \$85.6 |
| Subtotal Cost Containment | \$1,761.5 | \$2,197.6 |
| Premium Tax | \$200.0 | \$238.0 |
| Federal Flexibility-Rider 59 | \$0.0 | \$700.0 |

| | | |
|--|------------------|------------------|
| Total Cost Containment, Premium Tax, and Rider 59 | \$1,961.5 | \$3,135.6 |
|--|------------------|------------------|

Medicaid Funding Reductions-Rider 61

HHSC Rider 61 directed HHS agencies to implement 30 initiatives with a target savings of \$450.0 million in general revenue. Current estimates indicate a savings of approximately \$355.0 million in general revenue (\$790.8 all funds), or 79 percent of the target.

The initiatives in Rider 61 not only control cost, but improve the health care system by rewarding quality, improving health outcomes, establishing efficient rates, encouraging appropriate service utilization, and maximizing funding from federal and other payers. Examples include the following:

- To prepare for quality-based adjustments, HHSC moved to an All Payer Refined-Diagnosis Related Group (APR-DRG) reimbursement system for most inpatient hospital services on September 1, 2012. In addition, to increase competition and incentivize quality outcomes, effective September 1, 2011 HHSC implemented a statewide standard dollar amount rate with appropriate add-on adjustments for hospitals paid based on the diagnosis-related group prospective payment system.
- To improve health outcomes, on October 1, 2011 HHSC ended Medicaid payments for elective deliveries occurring prior to 39 weeks, in order to reduce birth complications and improve birth outcomes. Also, effective March 1, 2012, additional Medicaid children with disabilities gained access to comprehensive care management through the Texas Medicaid Wellness Program.
- To establish efficient rates, HHSC moved to a fee schedule for imaging services rendered by outpatient hospital providers, reduced facility payments for non-emergency services delivered in an emergency department, reduced hospital outlier payments, and reduced durable medical equipment (DME) rates.
- To encourage appropriate service utilization, HHSC increased utilization of over-the-counter medicines, implemented new quantity limitations for incontinence supplies and diabetic equipment and supplies, and reviews the amount, duration and scope of other Medicaid services to achieve additional savings. The Office of Inspector General performs utilization reviews of providers and is actively seeking remedies for orthodontia services that exceeded Medicaid policies.
- To maximize other funding sources, HHSC received federal approval in April 2011 for a waiver that allows the state to receive increased federal financial participation for certain Medicaid medical transportation services and in March 2012 began a full-risk broker pilot. HHSC also increased client co-payment in CHIP effect March 1, 2012.

Figure V.2 shows the estimated savings compared to the H.B. 1 target.

Figure V.2

Rider 61 Medicaid Cost Containment Initiatives
General Revenue
(\$ in millions)

| Item | Item Description | Current Estimate | Target |
|------|--|------------------|----------------|
| 1 | Implementing payment reform and quality based payments in fee for service and managed care, | \$0.9 | \$8.9 |
| 2 | Increasing neonatal intensive care management, | \$3.9 | \$13.7 |
| 3 | Transitioning outpatient Medicaid payments to a fee schedule, | \$62.1 | \$28.6 |
| 4 | Developing more appropriate emergency department hospital rates for nonemergency related visits, | \$25.6 | \$16.8 |
| 5 | Maximizing co-payments in all Medicaid and Non Medicaid programs, | \$2.9 | \$8.2 |
| 6 | Maximizing federal matching funds through a combination of a Medicaid waiver, full-risk transportation broker pilots, and/or inclusion of transportation services in managed care organizations, | \$15.6 | \$31.1 |
| 7 | Reducing costs for durable medical equipment and laboratory services through rate reductions, utilization management and consolidation, | \$12.1 | \$14.6 |
| 8 | Statewide monitoring of community care through telephony in Medicaid fee for service and managed care, | \$15.4 | \$37.9 |
| 9 | Expanding billing coordination to all non-Medicaid programs, | \$0.0 | \$0.0 |
| 10 | Increasing utilization of over-the-counter medicines, | \$2.2 | \$4.5 |
| 11 | Renegotiating more efficient contracts, | \$1.2 | \$1.2 |
| 12 | Equalizing the prescription drug benefit statewide, | \$0.0 | \$46.3 |
| 13 | Allowing group billing for up to three children at one time in a foster care or home setting who receive private duty nursing services, | \$0.6 | \$0.6 |
| 14 | Achieving more competitive drug ingredient pricing, | \$2.3 | \$28.3 |
| 15 | Increasing generic prescription drug utilization, | \$7.6 | \$7.4 |
| 16 | Improving birth outcomes by reducing birth trauma and elective inductions, | \$1.7 | \$1.7 |
| 17 | Increasing competition and incentivizing quality outcomes through a statewide Standard Dollar Amount and applying an administrative cap, | \$25.9 | \$30.9 |
| 18 | Establishing a capitated rate to cover wrap around services for individuals enrolled in a Medicare Advantage Plan, | \$0.0 | \$1.1 |
| 19 | Improving care coordination for Children with Disabilities in managed care, | \$11.7 | \$6.1 |
| 20 | Automatically enrolling clients into managed care plans, (premium tax revenue) | \$20.2 | \$21.5 |
| 21 | Restricting payment of out-of-State Services to the Medicaid rate and only our border regions, | \$0.2 | \$0.2 |
| 22 | Increasing utilization management for provider-administered drugs, | \$0.2 | \$0.2 |
| 23 | Implementing the Medicare billing prohibition, | \$8.4 | \$8.4 |
| 24 | Increasing the assessment time line for private duty nursing, | \$0.0 | \$1.9 |
| 25 | Maximizing federal match for services currently paid for with 100 percent general revenue, | \$0.7 | \$0.7 |
| 26 | Adjusting amount, scope and duration for services, | \$45.0 | \$45.0 |
| 27 | Increasing fraud, waste and abuse detection and claims, | \$50.0 | \$50.0 |
| 28 | Strengthening prior authorization when efficient, | \$0.0 | ---- |
| 29 | Paying more appropriately for outliers, and | \$30.7 | \$15.0 |
| 30 | Additional initiatives identified by the Health and Human Services Commission. | \$7.8 | ---- |
| | <i>Amount not identified with specific initiatives</i> | | \$19.2 |
| | Subtotal Rider 61 Estimated Cost Containment | \$355.0 | \$450.0 |

Managed Care Expansion-Rider 51

The expansion of Medicaid managed care statewide encompasses six different initiatives and is one of the largest Medicaid rollouts of managed care in any state. The expansion resulted in three million clients per month in managed care as of July 2012 or 82 percent of the total Medicaid clients. These initiatives began on September 1, 2011 with the expansion of managed care to regions contiguous to existing managed care areas. The managed care expansion to rural areas of Texas and the capitation of dental services and pharmaceuticals, as well as the inclusion of inpatient services in STAR+PLUS (aged and disabled populations), occurred March 1, 2012.

Implementing managed care statewide produces savings and enhances client services by:

- Establishing a medical home for Medicaid clients through a primary care provider
- Emphasizing preventative care
- Improving access to care including serving some clients previously on waiting list for long-term care support services
- Ensuring appropriate utilization of services
- Allowing managed care plans to negotiate provider rates
- Improving health outcomes and quality of care

H.B. 1 assumes a statewide managed care expansion will save approximately \$380 million in general revenue and increase state revenues by \$238.0 million from the collection of insurance premium taxes. The savings are mostly from reduced medical expenses but also include administrative reductions in state staff of approximately 187 full-time equivalent positions in fiscal year 2012 and 357 in fiscal year 2013.

Based on current estimates, the expansion of managed care in Texas will save \$263.3 million in general revenue and \$645.3 million in all funds, while increasing state revenue collections by \$200 million for the biennium. The estimated savings are lower than the target primarily because of caseload and cost changes since the original estimates were made. After adjusting for caseload and the impact of other cost containment measures outside of the managed care expansion, the estimated savings is \$367.4 million in general revenue.

Figure V.3 shows the estimated managed care expansion savings compared to the H.B. 1 target.

Figure V.3

Medicaid Managed Care Expansion
Comparison of Biennial Savings- Current Estimate to H.B. 1
(\$ in millions)

| Managed Care Initiative | Current Estimate (June 2012 Forecast) | | *House Bill 1 (May 2010 Forecast) | |
|--|---|------------------|---|------------------|
| | GR | AF | GR | AF |
| Expand Medicaid Managed Care in South Texas | (\$106.1) | (\$257.7) | (\$249.3) | (\$633.3) |
| Create a Dental Managed Care Model for Medicaid | (132.9) | (325.0) | (53.0) | (127.4) |
| Capitate Medicaid & CHIP Vendor Drug Programs | (9.1) | (23.5) | (0.7) | (4.4) |
| Include In-Patient Hospital Services in STAR+PLUS | 1.1 | 2.7 | (19.4) | (49.3) |
| Expand Medicaid Managed Care to Rural Service Areas | (13.0) | (31.8) | (20.2) | (51.8) |
| Capitate Medicaid in Urban & Contiguous Counties | 6.1 | 14.8 | (15.4) | (39.3) |
| Net Savings Administration | (9.3) | (24.9) | (21.8) | (44.4) |
| Subtotal Managed Care Savings | (\$263.3) | (\$645.3) | (\$379.9) | (\$949.8) |
| Impact of Lower Caseload and Cost Containment Initiatives | (\$104.1) | | | |
| Total Managed Care Savings | (\$367.4) | | | |
| Premium Tax Revenue | \$199.7 | | \$238.0 | |

* Rider 51 general revenue savings is \$385.6 million, which is \$5.7 million higher than the HHSC savings estimates. For consistency of comparison to original estimates, HHSC estimates are used in Figure 1.

Provider Rate Reductions- Section 16

Article II, Special Provisions Section 16 required rate reductions for most providers beginning in September 2011. These reductions were in addition to rate reductions that many providers received in fiscal year 2011. Programs impacted include home and community-based services, hospice services provided in a nursing facility, Intermediate Care Facility for Persons with an Intellectual Disability (ICF/IID), most hospital services, DME, laboratory services, and certain other ancillary services. The estimated biennial savings for the Section 16 rate changes are \$486.6 million in general revenue (\$1,183.0 million all funds). This represents 85 percent of the H.B. 1 target of \$571.3 million in general revenue. **Figure V.4** shows the rate reductions by provider type from fiscal year 2011 through fiscal year 2013.

Figure V.4

Provider Rate Reductions FY 2011 through FY 2013

| Department of Aging and Disability Services | FY 2011 | FY12-13 |
|---|----------------|----------------|
| Community Care Entitlement | 0% | 0% |
| Home and Community-based Services | -2% | -1% |
| Other Community Care Waivers | 0% | 0% |
| PACE | 0% | 0% |
| Nursing Facilities | -3% | 0% |
| Medicare Copay Skilled Nursing Facility | 0% | 0% |
| Nursing-Facility-related Hospice | -1% | -2% |
| Intermediate Care Facilities - MR, excluding state supported living centers | -3% | -2% |
| Health and Human Services Commission | | |
| CHIP Physicians | -2% | 0% |
| CHIP Dental Providers | -2% | 0% |
| Other CHIP Providers | -2% | -8% |
| Medicaid Physician Services | -2% | 0% |
| Medicaid Hospital Services, excluding those reimbursed under TEFRA | -2% | -8% |
| Medicaid Dental and Orthodontic Services | -2% | 0% |
| Medicaid Durable Medical Equipment | -2% | -10.5% |
| Medicaid Laboratory Services, excluding reimbursements to DSHS | -2% | -10.5% |
| Medicaid Pediatric Private Duty Nursing and Home Health | -2% | 0% |
| Other Medicaid Providers | -2% | -5% |

Additional Cost Containment- Section 17

Special Provisions Section 17 required HHSC, DADS, and DSHS to implement over a dozen cost containment items. Based on current implementation plans, biennial savings are estimated at \$576 million in general revenue (\$1,349.7 million all funds) compared to the H.B.1 target of \$705 million in general revenue. Significant policy changes include the following:

- *Electronic visit verification (EVV)* was implemented to ensure proper payment for home health providers. DADS began a pilot in March 2011 in West Texas and expanded to two additional areas (Northwest and East Texas) in February 2012. A statewide expansion is expected to be implemented by the end of the biennium.
- *Medicare Equalization* began in January 2012, which changed provider payments for outpatient and professional services by limiting deductibles and coinsurance for dual eligible clients (clients who receive Medicaid and Medicare) to no more than what Medicaid would have paid for the same service.

- *Utilization reviews* to improve nursing facilities' billing procedures were implemented by the Office of Inspector General (OIG), resulting in more accurate payments for services.
- A conversion of 120 *psychiatric rehabilitation beds* from sub-acute to residential which reduced cost at three hospitals was implemented by DSHS in March of 2011.

Figure V.5 shows the estimated savings to be realized in FY 2012-2013 from Section 17.

Figure V.5

**Section 17 Cost Containment Initiatives
General Revenue
(\$ in millions)**

| | Estimated Savings | HB1 Target |
|--|-------------------|----------------|
| Department of Aging and Disability Services | | |
| Nursing Facility Cost Change (OIG) | \$0.0 | \$58.0 |
| Wrap Around Services | 20.7 | 15.0 |
| Equalizing Rates Across Waivers (HCS) | 12.8 | 12.5 |
| Adjust Amount, Scope and Duration for All Community Services (caps) | 2.1 | 31.0 |
| Administrative Reductions Related to Requisition | 2.1 | 1.8 |
| Department of State Health Services | | |
| Residential Units | \$6.0 | \$6.0 |
| NorthSTAR Billing Change | 6.0 | 6.0 |
| Medications at Discharge for 1 Week | 1.9 | 1.9 |
| Management Changes | 1.0 | 1.0 |
| Health and Human Services Commission | | |
| Fee Reductions for Vendor Drug Dispensing Fee and Primary Care Management Fee | \$27.8 | \$34.7 |
| Optional Benefit Reduction through changes in Amount, Scope and Duration of Services | 0.0 | 45.0 |
| Medicare Equalization | 448.7 | 295.8 |
| Reduce Managed Care Administrative portions of Premiums | 43.7 | 27.0 |
| More Efficient Managed Care Premium Methodology | 3.3 | 169.3 |
| Total Sec 17 Cost Containment | \$576.0 | \$705.0 |

Other Cost Containment Measures in H.B. 1

H.B. 1 included other cost containment measures in areas of durable medical equipment (DME) (HHSC Rider 80), HCBS foster care rates (DADS Rider 48), and a federal flexibility waiver. Current savings estimates for these initiatives are \$80.7 million in general revenue. These initiatives include:

- The DME program instituted rate reductions and quantity limits based on guidance from HHSC’s Rider 80 which outlined targeted savings of \$88.3 million in general revenue. The current estimate for Rider 80 is \$84.9 million in general revenue (\$55.8 million- Section 16, \$12.1 million - Rider 61, and \$17.0 million - Rider 80).
- DADS’ Rider 48 reduced a portion of the home and community-based services’ rates for the foster care and companion care components of the rate.
- Other savings items that are not rider specific in H.B. 1 of the 82nd Legislature are;
 - Medicaid administrative savings,
 - Reduction in the state’s contribution to the children’s upper payment limit program, and
 - Vendor drug dispensing fee in CHIP (*Medicaid dispensing fee reduced under Section 17*).
- HHSC Rider 59 also required HHSC to apply for a federal waiver allowing more flexibility in the Medicaid program. While H.B. 1 reduced Medicaid funding by \$700 million, these savings are not expected to be achieved this biennium.

Figure V.6 shows the estimated savings to be realized in FY 2012-2013 compared to the H.B. 1 target.

Figure V.6

Other Cost Containment Measures- HB1
(\$ in millions)

| Major Category and H.B. 1 Rider | Estimated Savings | HB1 Target |
|---|-------------------|----------------|
| Durable Medical Equipment- Rider 80 <i>(amount excludes Rider 61 and Section 16)</i> | \$17.0 | \$17.0 |
| DADS HCS Foster Care- Rider 48 | 4.1 | 4.1 |
| Medicaid Administration | 38.2 | 38.2 |
| Children’s Upper Payment Limit | 20.0 | 25.0 |
| CHIP Vendor Drug Dispensing Fee | 1.4 | 1.4 |
| Subtotal Other Cost Containment Measures | \$80.7 | \$85.7 |
| Medicaid flexibility- Rider 59 | 0.0 | 700.0 |
| Total Other Cost Cont. Measures and Rider 59 | \$80.7 | \$785.7 |

Note: Rider 80 target in H.B. 1 is located in three areas of Article II; Section 16, Rider 61(7), and Rider 80.

Other Savings Measures Outside of Cost Containment

Outside of the cost containment effort, HHS agencies’ budgets were decreased in the General Appropriations Act by reducing and in some cases eliminating programs. While these items are not considered cost containment measures they did assist in lowering the general revenue needs for the state by approximately \$207.9 million. One reduction included in Article IX, Section 18.09 requires a payroll contribution to the Employees Retirement System from agencies

(estimated to be \$20.0 million for HHS agencies). Other major reductions to general revenue by agency are:

- DADS reductions total \$25 million primarily in non-Medicaid community supports such as adult foster care and personal attendant services.
- DSHS reductions total \$133.4 million in areas of family planning, trauma funds, Children with Special Health Care Needs, regulatory functions, and primary care services.
- DFPS reductions total \$19.4 million primarily in prevention and early intervention programs.
- DARS reductions total \$0.2 million in vocational rehabilitation services for person who are visually impaired.
- HHSC reductions total \$9.5 million including healthy marriage program, family violence, faith based initiatives, guardianship, and community resource coordination.

Fiscal Years 2014-2015

Through the expansion of cost containment initiatives from the current biennium and new efforts, further opportunity exists to slow cost growth in 2014-2015.

The fiscal year 2012-2013 initiatives fundamentally changed how the Medicaid program operates and offers longer term efficiencies. For example, managed care expansion lowered Medicaid cost trends by approximately 5 percent during the 2012-13 biennium, including a 6 percent reduction in fiscal year 2013, the first year of full implementation. Current Medicaid cost trends continue to show at least a 6 percent reduction due to managed care and cost containment through fiscal year 2015.

Additionally, many new cost containment items are being evaluated for fiscal years 2014-2015. For example, HHSC's LAR includes three items that could curb future cost growth in Medicaid:

- Expanding STAR+PLUS into rural service areas;
- Carving nursing facility services into managed care; and
- Implementing a balance initiative payment program that increases the federal share and decreases the state share by 2 percent for certain community-based services.

The cost containment efforts in fiscal years 2012-2013 and in previous biennia have slowed cost growth and improved quality. HHSC continues to monitor the impact of these changes on its providers and clients and will work with stakeholders to mitigate unintended consequences.

HHSC also is analyzing potential future cost containment initiatives to identify best practices and evaluate applicability for Texas. Cost containment efforts are being coordinated with HHSC's quality efforts to build a health care infrastructure that rewards positive outcomes and efficiencies. Since most of HHSC's clients now are served through capitated managed care, new cost containment initiatives need to be structured to incentivize the managed care organizations to innovate and contain costs while improving quality. With data analysis tools, HHSC has greater ability to leverage data to identify cost containment opportunities and build upon practices that have proven most effective.

VI. ENTERPRISE INITIATIVES

HHS agencies included a number of exceptional item requests that address critical needs across agencies. Some of these exceptional items are carried by the respective agencies in their LARs, while others are consolidated into an enterprise request that is carried in the HHSC LAR. The requested items (described below) include increasing capacity of the community-based services programs, addressing retention and recruitment of selected direct care staff at HHS agencies, enhancing information technology, and meeting the needs of state-operated facilities.

Increase HHS Community Services (Waiting/Interest Lists)

Increase HHS Community Services (Waiting/Interest Lists)

The Health and Human Services Commission supports funding additional waiver slots in all community-based services programs in order to provide more timely service and give clients greater choice in the type of service they may access. DADS and DSHS have included exceptional item requests to continue efforts to increase capacity in community services. These exceptional items would serve 30,097 individuals by the end of FY 2015 and cost \$340.2 million in general revenue (GR) for the biennium. Most programs would receive federal matching funds. (see **Appendix A**)

In the past, the HHSC LAR has included an exceptional item requesting funding on behalf of other agencies to increase capacity in community service programs. This biennium, however, each agency has submitted its own request.

- **DADS – \$259.4 million general revenue (\$896.4 million all funds).** DADS LAR requested reductions to waiting/interest list in Home and Community Care Waivers, Non-Medicaid services, MR Community, and In-Home and Family Support. Programs included in Home and Community Care Waivers are Community Based Alternatives, Community Living Assistance and Support Services, Medically Dependent Children’s Program, Deaf-Blind with Multiple Disabilities, Home and Community-Based Services, STAR+PLUS, and Texas Home Living.

DADS request also included funding for the new Community First Choice (CFC) program. The CFC program, a provision of the Affordable Care Act (ACA), will provide HHSC and DADS with an ongoing 6 percent enhanced Federal Medical Assistance Percentage to provide community-based attendant services and supports. DADS and HHSC currently provide these services in the community programs and STAR+PLUS to those with physical disabilities. The CFC program will provide attendant care and habilitative services to the intellectual and developmental disability (IDD) population.

- **DSHS - \$80.8 million general revenue (\$80.8 million all funds).** DSHS programs included in this exceptional item are Child and Adolescent Community Mental Health,

Adult Community Mental Health, and Children with Special Health Care Needs. This exceptional item provides services for an additional 6,929 clients to be served.

DSHS waiting list could be impacted by the ACA subject to Legislative decisions. Some individuals in DSHS community programs or on the waiting list for these programs will receive federal subsidies to obtain third party insurance through the insurance exchange. This potential impact was not considered in the development of DSHS's request.

- In previous biennia, DARS maintained a waiting list for Comprehensive Rehabilitation Services (CRS) and Independent Living Services (ILS). As a result of increased dedicated general revenue in fiscal years 2012 and 2013, DARS no longer has a waiting list for CRS. DARS will also be able to reduce the ILS waiting list with increased federal funds. Therefore, no exceptional item is needed.

Information Technology Systems Needs

The Health and Human Services Commission Enterprise Information Technology (IT) functions provide leadership and direction related to automated systems to achieve an efficient and effective health and human services system for Texans. In order to continue to fulfill this purpose, eight exceptional items are included in the HHSC FY 2014-2015 Legislative Appropriations Request. 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 item is described separately below.

The funding request for these initiatives would support the HHS System by:

- Allowing for the successful transformation and remediation of systems and funding for the statewide Data Center Services;
- Enhancing consumables inventory for the items needed to provide care to individuals at the State Hospitals and State Supported Living Centers and retiring older systems as new systems are implemented;
- Improving the security of applications and client data;
- Upgrading the diagnostic coding used by providers to report their services for reimbursement to comply with federal requirements;
- Providing a secure network and communications platform to support mobile and remote access for staff to applications needed to perform their jobs and other business process innovations for increased efficiencies;
- Continuing the Enterprise Data Warehouse project to allow access to all data for Medicaid clients across systems for improved policy making;
- Upgrading the electrical systems in the Winters Data Center to reduce system downtime; and
- Upgrading the hardware platform of the agency's financial application to ensure continued operation and vendor support of the application.

In addition to the eight exceptional items described below, HHS agencies included in their agency-specific LAR's those information technology projects that do not impact multiple agencies.

HHSC Exceptional Item #5 - Maintain Funding for Data Center Services

In January 2012, the Department of Information Resources (DIR) commenced contracts with CapGemini and Xerox to provide data center services for 27 Texas state agencies. The state's goals for the data center services (DCS) contract include management of in-place services, migration of services to the consolidated data centers, and improvements in services, security, and disaster recovery capability.

The exceptional item represents two funding components:

- 1) Funding for DADS, DARS, DFPS, DSHS, and HHSC to fully cover estimated monthly DIR billings.

- 2) Funding requests necessary to transform and remediate existing applications at DADS, DSHS, and HHSC so that they can be supported by the DIR Data Center.

This item also includes DCS related costs for new FTEs requested in HHSC’s exceptional item requests.

Figure VI.1

**Maintain Funding for Data Center Services
Requested Funding by Agency**

| Project | FY 2014-2015 | |
|--|---------------------|---------------------|
| | GR | All Funds |
| DIR Billings Increase | \$13,407,148 | \$19,015,895 |
| DADS | | \$303,754 |
| DARS | \$1,804,123 | \$1,804,123 |
| DFPS | \$38,675 | \$86,179 |
| DSHS | \$7,270,801 | \$9,088,501 |
| HHSC | \$4,293,549 | \$7,733,338 |
| Transform and remediate existing applications | \$7,408,765 | \$8,890,318 |
| DADS | \$70,159 | \$140,318 |
| DSHS | \$5,700,000 | \$5,700,000 |
| HHSC | \$1,638,606 | \$3,050,000 |
| Total - | \$20,815,913 | \$27,906,213 |

HHSC Exceptional Item #7 - Maintain Support of State-Operated Facilities

This funding request supports two initiatives that would improve facility operations. The first is an upgrade to a critical supply inventory system used daily. This system is not current with technology advances or with software upgrades. The upgrade would contain facility services, inventory, supply/stock/requisition, replenishments, medical supplies, and foods, with warehouse work flow and business processes.

Funding would also provide for retiring the Client Assignment and Registration System (CARE), which is a central tracking system for consumers receiving mental health and mental retardation services. DADS and DSHS are working on systems that will replace functionality currently in CARE. There are many stakeholders, including agencies within and outside of the Health and Human Services agencies, who depend on CARE. There has been no comprehensive analysis of all functions and interfaces so there is a risk that there will be functions or interfaces that are needed but are not in one of the new systems. This project will validate all functions and interfaces, ensure that all needed functions are available in some system and that there is no loss in data integrity when CARE is retired.

Figure VI.2

Maintain IT Support at State-Operated Facilities

| Project | FY 2014-2015 | |
|--------------------------|--------------------|--------------------|
| | GR | All Funds |
| Upgrade Inventory System | \$1,308,139 | \$1,715,567 |
| Upgrade CARE System | \$590,400 | \$1,180,800 |
| Total - | \$1,898,539 | \$2,896,367 |

HHSC Exceptional Item #12 - Implement Information Security Improvements & Application Provisioning Enhancements

HHS agencies face increasing and evolving threats from cyber-related attacks. Funding the exceptional item (**\$5.7 million GR and \$8.6 million All Funds**) would allow:

- Additional information security controls at HHS agencies to protect systems from attacks;
- Additional protections against unauthorized access including a higher level of authentication and improved efficiencies in granting and removing access to systems; and
- Improved monitoring systems and processes to better protect agency information assets.

Without these initiatives, systems will be at risk from attacks, potential disclosure of confidential data, and costs associated with clean-up activities. Additionally, failure to perform these functions will put HHS at risk of a major security incident, potentially causing the loss of personally identifiable information about its clients, and causing severe damage to its reputation.

HHS agencies maintain confidential information on their clients. Numerous laws and policies govern the way that HHS is to protect this information during its use, transport, processing and storage, including Texas Administrative Code (202) Rule 202.21, Subchapter A; American Recovery and Reinvestment Act, dated February 17, 2009; CMS policy for information security dated December 31, 2008; and Texas Government Code, Subchapter A, Section 2059.056.

Since the consolidation of HHS agencies in 2004, numerous information security events have impacted worker productivity, wasted labor hours, and exposed a currently insufficient information security posture. A series of attacks in 2005 is estimated to have cost over \$2 million to remediate. Additional attacks in 2010 showed consistent threat from foreign sources. Although there are no pending penalties or funding losses, the risk of non-compliance includes the possible breach of client confidential data, indeterminate loss of federal funding, fines and penalties, and negative audit findings.

HHSC Exceptional Item #17 - Continue International Classification of Diseases (ICD-10)

New HIPAA ICD-10 Code set rule mandates an upgrade from ICD-9 to ICD-10 for diagnosis and procedure codes. These code sets allow for a more thorough detail identification of medical conditions and procedures. The code sets are used in 95 percent of health care related systems

(including those at DADS, DARS, DSHS, and HHSC) and are required for medical claims processing, tracking, and reporting. Texas HHS is in the final stages of planning for this initiative, and has conducted an ICD-9/10 Impact Analysis and Implementation Approach. HHSC requests **\$0.8 million GR and \$2.3 million All Funds** for the FY 2014-2015 biennium.

HHSC Exceptional Item #18 - Secure Mobile Infrastructure & Enterprise Communications

HHS is currently planning business initiatives designed to increase efficiencies and promote improvement in service delivery in order to meet projected increases in caseloads without expanding the HHS workforce. These initiatives include expanding tele-work and video conferencing, enabling mobile workers where appropriate, consolidating offices and increasing use of client self service capabilities in our web based applications. To support these initiatives, the underlying network and communications infrastructure needs to be modernized and enhanced.

Funding the exceptional item (**\$14.1 million GR and \$25.4 million All Funds** in fiscal year 2014) would provide a foundation for a secure, integrated HHS network, and enhanced telecom systems in various offices, eligibility call centers and other service delivery areas.

HHSC Exceptional Item #19 - Continue Enterprise Data Warehouse Initiative

HHSC requests **\$6.6 million GR and \$35.6 million All Funds** to allow continuation in establishing a data warehouse that will span Medicaid-related data across all HHS agencies. Integration of data across all HHS agencies would help improve the delivery of health care services to Texans, help evaluate program effectiveness, assure that services are delivered in a cost-effective manner, and help forecast future needs and priorities. By using this system for integrating related program data and conducting advanced data analysis, HHSC would enhance its ability to interpret patterns and gain insight into client outcomes.

HHSC Exceptional Item #20 - Upgrade Winters Data Center Facilities

HHSC requests **\$2.2 million GR and \$4.0 million All Funds** in fiscal year 2014 to upgrade key data center facility infrastructure components to improve reliability and availability of key computing resources. This upgrade would focus on the electrical infrastructure components, installing a power generator system and related electrical system enhancements. This reduces the risk of downtime and service outage for key systems located in the Winters data centers (including TIERS). This includes mission critical systems and services upon which many key business areas rely. If the data centers are not upgraded, systems will continue to be susceptible to power outages which could adversely affect clients for hours at a time.

This project will benefit several HHS agencies and will help resolve internal audit findings that identified several physical security vulnerabilities for the Winters Complex data centers, including a lack of monitoring, alerting and logging capability, both locally and remotely, for electrical infrastructure and environmental systems.

HHSC Exceptional Item #26 - Upgrade HHSAS Financials – Hardware Remediation

HHSC requests **\$1.2 million GR and \$1.6 million All Funds** to allow remediation of the HHSAS Financials PeopleSoft application onto a refreshed technology platform within the consolidated data centers in San Angelo and Austin. The current platform is an aging technology (approximately six years or older) residing on the legacy side of the San Angelo data center, with production, test, and development on the same platforms causing competition for resources. With this upgrade, the production environment would be in San Angelo and the test/development would be in Austin, and therefore available for disaster recovery/business continuity purposes.

The current platform does not meet the software requirements for the DCS contract. This initiative is part of the technology refresh requirement. New hardware and software will enable compliance with "n" or "n-1" software standards. It will provide users with improved performance, particularly with reporting. Other agencies impacted include DADS, DARS, DFPS, and DSHS.

Retention and Recruitment of Critical Client Service Staff

The foundation of the Health and Human Services System in Texas is the staff that provides direct care for vulnerable Texans. The competition for qualified health professionals and front line client services staff throughout the state has a direct impact on HHS agencies' ability to maintain a high level of quality services in several critical areas, such as state mental health hospitals and state supported living centers among others.

Increased turnover, high vacancy rates, and the inability to fill positions with qualified applicants have the potential to diminish the quality of services and delay client access to services. Together these conditions heighten the risk to consumers by increasing the burden on existing staff, resulting in long hours, weekend shifts, and ultimately high staff dissatisfaction and burnout. In addition, the cost of turnover related to recruitment, training, and loss of productivity associated with frequently hiring new employees creates an additional strain on funding health and human services.

Structure of Funding Requests

The FY 2014-2015 appropriations request to provide salary increase for critical HHS agencies positions to improve retention and recruitment of these staff is included as Exceptional Item #27 in the HHSC Legislative Appropriations Request. This item combines requests to increase salaries for the Department of Aging and Disability Services' direct support professionals, and the Department of State Health Services' psychiatric nurse assistants. This request is based on increasing salaries of these two groups by 10 percent.

In addition to this main request, individual agency LARs have included specific requests for targeted groups that are difficult to hire and retain, such as salary increases for qualified developmental disability professionals at DADS, as well as supervisors and caseworkers at the Department of Family and Protective Services.

Lastly, HHS agencies are requesting rider authority to increase salaries of employees that provide interpreter services to their customers. This approach can result in better quality and timeliness of services, while reducing contracting costs. To implement another initiative aimed at retaining qualified staff, HHS agencies are requesting authority to provide employees with performance-based payments to increase productivity and reward high performing employees. No additional funds are requested for these two initiatives.

Requested Funding for Fiscal Years 2014-2015

Retention and Recruitment of Targeted HHS Direct Care Professionals (HHSC Exceptional Item #27 - \$28.5 million GR)

DADS and DSHS experience high-turnover among client services staff. For FY14-15 LAR, these two agencies identified critical groups of professionals with high turnover within the last 12 months. These groups are psychiatric nurse assistants at DSHS, and direct support professionals at DADS. In Fiscal Year 2012, DADS' turnover for direct support professionals is

43.8 percent, and at DSHS turnover for psychiatric nurse assistants is 31.6 percent. The cost of turnover related to recruitment, training, and the loss of productivity associated with frequently hiring new employees creates an additional strain on ICF/IIDs and complying with Joint Commission on Accreditation of Healthcare Organizations standards.

Figure VI.3

**Turnover Rates for Select Direct Care Professions
Fiscal Year 2012**

| Occupational Category/Agency | Total Number of Positions | Number of Filled Positions | Annual Turnover |
|-------------------------------------|----------------------------------|-----------------------------------|------------------------|
| Psychiatric Nurse Assistants/DSHS | 3,081 | 2,503 | 31.6% |
| Direct Support Professionals/DADS | 7,274 | 6,846 | 43.8% |

The appropriations request would increase salaries of psychiatric nurse assistants and direct support professionals by 10 percent. As shown in **Figure VI.4**, this item totals \$28.5 million in general revenue and \$47.5 million in all funds. These recommendations were developed by a workgroup of key staff involved in the recruitment and retention of health professionals from the affected agencies.

Figure VI.4

**Requested FY 2014-2015 Funding for
Direct Care Professional Staff Retention and Recruitment**

| Agency | Occupational Category | Number of Positions | Percent Salary Increase Requested | Biennial Total | |
|--------------------------------|------------------------------|----------------------------|--|------------------------|---------------------|
| | | | | General Revenue | All Funds |
| DSHS | Psychiatric Nurse Assistants | 3,081 | 10% | \$14,790,336 | \$14,790,336 |
| DADS | Direct Support Professionals | 7,274 | 10% | \$13,751,152 | \$32,721,362 |
| Total, Exceptional Item | | | | \$28,541,488 | \$47,511,698 |

Additional Agency Requests

The Department of Aging and Disability Services and the Department of Family and Protective Services each include an exceptional item related to staff recruitment and retention for specific areas of those agencies that experience high turnover and difficulty in hiring qualified staff.

DADS includes a \$2.1 million general revenue and \$5.2 million in all funds request for increasing salaries of Qualified Developmental Disability Professionals (QDDPs). The request also includes 12 new QDDP staff, one at each facility.

DFPS is requesting \$3.7 million in general revenue and \$4.2 million in all funds to increase salaries of the Family and Protective Services supervisors, which is accompanied by the request that the State Auditor's Office reclassify these positions. DFPS is also requesting funds to provide promotions sooner for caseworkers through the certification program to help with retention. The corresponding LAR request is \$4.3 million general revenue and \$4.8 million all funds. Total requested amount for the 2014-15 biennium for DFPS' two initiatives is \$7.9 million general revenue and \$9 million all funds.

Requested Legislative Authority for Fiscal Years 2014-2015

Language Interpreter Services

HHS agencies are requesting through suggested changes to Sec. 32, Article II, Special Provisions for all Health and Human Services Agencies, 2012-13 General Appropriation Act to allow HHS to compensate employees for assuming the duty of providing interpreter services to its consumers. If implemented, the agencies will be able to increase salary of eligible employees by 6.8 percent.

As the state of Texas population changes, HHS agencies expect an increased demand for interpreter and translation services. Using state employees to provide these services would reduce current contract costs. Expanding this rider to include all HHS agencies and increasing the amount to 6.8 percent of base salary will provide the flexibility needed to meet this service demand. No additional funds are requested for this initiative.

Performance-Based Payments

To increase agency productivity and efficiency and provide incentives to high performing employees for successful and timely completion of work, HHS agencies will pursue statutory authority to provide employees with performance incentive compensation payments. This initiative would award only those employees whose performance consistently meets or exceeds job performance standards, which will be based on objective, measurable performance metrics approved by the Executive Commissioner. Employees who receive a performance-based payment will not be eligible for a regular merit salary increase or one-time merit payment during the six-month period after receipt of the performance-based payment. Implementation of this initiative requires statutory authority. HHS agencies will not request additional funding to implement the initiative; performance-based payments will be implemented with existing funding.

State-Operated Facilities

HHSC, DADS and DSHS have identified four areas of need to ensure the health and safety of residents in state-operated facilities. These areas include: facility repairs, vehicles, furniture and equipment, and regional laundries. HHSC has included an enterprise exceptional item for regional laundry services. All other needs are addressed in each agency's LAR.

Facility Repairs and Renovation

DADS has 12 state supported living center campuses composed of 841 buildings. The buildings range in age from four to 108 years, with an average age of 46 years. State Supported Living Centers (SSLC) must have certification to be eligible for federal funding and facilities must comply with the articles of participation and licensing standards.

DADS' request would provide critical infrastructure repairs and renovations to SSLCs, such as life and safety code, fire sprinklers, roofing, generators, and electrical and plumbing systems.

DSHS has 12 state hospital campuses composed of 581 buildings. The buildings range in age from 1 to 155 years, with an average age of 53 years. State hospitals must maintain Joint Commission accreditation to receive federal funding. The state must provide a safe and therapeutic environment that is conducive to patient recovery.

DSHS's request would provide funding to repair and renovate aging state hospitals and their infrastructure. These repairs would limit high cost emergency repairs in the future.

Figure VI.5 below shows the amount of all funds requested. Both DADS and DSHS recommend general obligation bonds to fund facility needs.

Figure VI.5

Summary of DADS and DSHS FY 2014-15 Repair and Renovation Needs and Requests (All Funds)

| Agency | Identified Needs | Request |
|---------------|-------------------------|----------------------|
| DADS | \$205,670,326 | \$88,530,970 |
| DSHS | \$180,677,775 | \$77,101,281 |
| Total | \$386,348,101 | \$165,632,251 |

Vehicles

HHS agencies' request for vehicles is consistent with each agency's replacement priorities identified in the HHS Enterprise Vehicle Replacement Plan. The request includes passenger cars, SUVs, light duty trucks, medium trucks, and vans that are primarily used for supporting client services at state facilities. HHS agencies request 479 vehicles and \$13.6 million in general revenue (**Figure VI.6**).

Figure VI.6

**HHS Enterprise Vehicle Needs
(General Revenue)**

| Agency | Number of Vehicles | Request |
|---------------|---------------------------|---------------------|
| DADS | 219 | \$6,766,632 |
| DSHS | 224 | \$5,701,562 |
| HHSC | 36 | \$1,090,048 |
| Total | 479 | \$13,558,242 |

DARS vehicle needs are included in the agency’s base request. If approved, DARS will purchase six vehicles using federal funds. DADS request for vehicles would receive federal funds covering 60 percent of the cost while DSHS’ request is general revenue.

Furniture and Equipment

DADS has requested funds to replace furniture and equipment in the SSLCs. These include medical and adaptive equipment, food service, HVAC maintenance, and non-regional laundry. The total request for DADS is \$7,400,000 in general revenue (\$7,400,000 in all funds).

Regional Laundry

Prior to 2005, state hospitals and state supported living centers had 13 individual laundry facilities located throughout the state. Due to aging equipment, deteriorating buildings, and an opportunity to replace equipment as part of the Energy Savings Performance Initiative through the State Energy Conservation Office, 11 of the individual laundry facilities were consolidated into 5 regional laundries. Of the 5 regional laundries, 4 provide services across agencies serving both state hospitals and SSLCs.

The exceptional item requests replacing laundry equipment with an average age of 18 years with the oldest piece being 45 years old. The request also includes vehicles and trailers that transport laundry to the facilities. The total request for FY 2014-2015 is \$1,225,890 (GR) and \$2,151,573 (All Funds).

The exceptional item for regional laundry is part of a larger state-operated facility enterprise request in the HHSC LAR. Other components of the enterprise request include frozen food and storage, the retirement of the CARE and Columbus systems at DADS and DSHS and an inventory system upgrade. The total enterprise request, including regional laundry, is \$3,994,090 (GR) and \$6,328,940 (All funds).

VII. FEDERAL FUNDS: CURRENT ISSUES

For the FY 2014-2015 biennium, the legislative appropriations base request and exceptional items include \$44.3 billion in federal funds or 57 percent of the total requested appropriations. Issues such as the Budget Control Act of 2011, the Affordable Care Act, rising caseloads for Medicaid and other entitlement programs, and a recovering economy can impact the state's ability to receive federal funds for services to clients. A detailed table of the top 30 federal funding sources used by the Texas health and human services agencies is attached as **Appendix F**.

Federal Budget Outlook

Budget Control Act

The most prominent federal funding concern for legislators going into the 83rd Legislative Session is the potential impact of the Budget Control Act of 2011, which calls for an across-the-board sequester of federal spending. Because the Joint Select Committee on Deficit Reduction (or "super committee") created by the Act failed to produce an agreement to reduce the deficit, sequestration is scheduled to begin on January 2, 2013, barring other Congressional action. The sequester reduces funding by almost \$1 trillion over 10 years, split equally between defense and nondefense spending, cutting about \$109 billion per year. The Act also establishes a cap on defense and non-defense discretionary programs such as public health, environmental protection, law enforcement, and transportation.

While both discretionary and mandatory programs are subject to sequestration, many mandatory and a few discretionary programs have been specifically exempted from it. These include Medicaid (which accounts for almost half of federal aid to states) and a host of other programs benefiting low-income individuals, including Disability Determination Services. As a result, the majority of funding states receive via federal grants would not be subject to sequester; however smaller individual programs receiving federal grants may be significantly impacted.

There are serious concerns about the federal deficit projections and the impact of sequestration under the Budget Control Act of 2011 to many traditional state discretionary and entitlement programs during fiscal years 2014-2015. Congressional actions between now and January 2013 when the sequestration provisions take effect could introduce alternative approaches and change this outlook.

Sequestration

The Congressional Budget Office estimates the across-the-board sequestration to roughly equate to an 8 percent reduction for all discretionary grants. This analysis results in a potential loss of \$86 million in federal revenues for the Department of State Health Services and an additional \$55 million across the other health and human services agencies, impacting approximately 328,000 clients statewide. The table below illustrates the potential impact of sequestration by

agency on funding and clients. Additional detailed information by federal grant program is provided in **Appendix F**.

Figure VII.1

**Potential HHS System Impact from Sequester
Based on OMB 8 Percent Analysis**

| Agency | Difference FY13 vs. FY12 | Change |
|---|-------------------------------|------------------|
| | Fed Funds (\$ in millions) | # Clients |
| Department of State Health Services | (\$86.4) | (279,519) |
| Department of Aging and Disability Services | (\$16.8) | (28,104) |
| Department of Assistive and Rehabilitative Services | (\$22.4) | (2,464) |
| Department of Family and Protective Services | (\$12.6) | (11,465) |
| Health and Human Services Commission | (\$3.5) | (6,364) |
| Total | (\$141.7) | (327,915) |

Continuing Resolution

For federal fiscal year 2013, Congress passed a continuing resolution or CR to keep the federal government operating until new appropriations bills are passed. The continuing resolution expires on March 27, 2013. The CR also serves as the legal authority for allowing mandatory spending (Medicaid, CHIP, SNAP/food stamps, Title IV-E & F, TANF, and Social Services Block Grant/SSBG) to proceed under the general authorizing law. Many of these entitlement programs are exempt from automatic reductions under the Budget Control Act.

The continuing resolution includes the extension of the TANF program through March 2013 so the program avoids expiration at the end of the calendar year. The CR does not include contingency or supplemental TANF. Nor does the CR include the smaller provisions attached last year to the payroll tax cut bill referred to as the “extenders bill” such as the Medicare physician payments fix, transitional medical assistance/TMA and qualifying individuals/QI programs.

The practice of enacting a CR in lieu of passing appropriations bills is becoming common business practice in the absence of a budget agreement. Consistent with recent history, the CR continued funding at the previous federal fiscal year 2012 funding level. With the passage of the Budget Control Act requiring the federal government to reduce spending by approximately \$109 billion per year over fiscal years 2013 to 2021, this may no longer be the outcome.

There are many variables to consider in looking at the impact to the federal budget. Scenarios based on current laws and policies, such as expiring tax provisions, automatic enforcement under the Budget Control Act, and scheduled reductions in Medicare’s payment rates for physicians’ services, versus alternative fiscal approaches that change current law, (i.e., extending tax provisions) holding Medicare’s payment rates constant, and avoiding automatic spending reductions, may yield different budget outlooks and impacts to economic conditions.

Pending Federal Reauthorizations

Supplemental Nutrition Assistance Program/SNAP

The 2012 reauthorization of the SNAP program via the “Farm Bill” is currently pending in Congress. Reauthorization proposals include measures to reduce SNAP appropriations over 10 years by placing limits on eligibility for SNAP benefits and making changes to how programs operate. Measures aimed at improving quality and accountability include funding to increase identification of benefit trafficking, adding new requirements for retailer participation, and placing new limits on eligibility for categorically eligible households, college students, and individuals with substantial lottery winnings.

Reauthorization proposals preserve nutrition education, adding physical activity as an eligible use of the program. Proposals also require participating retailers to stock more staple foods like fruits and vegetables and bans stores from participating if sales of prohibited items (e.g., tobacco, alcohol) exceed 45 percent of total sales. Other provisions propose to eliminate or place limits on the ways states may use SNAP performance bonus payments.

Workforce Investment Act

The Workforce Investment Act is pending reauthorization. This is the main vehicle for reauthorizing the Vocational Rehabilitation grants to the Department of Assistive and Rehabilitative Services. This federal legislation proposes to consolidate more than a dozen existing federal workforce programs into a single Workforce Investment Fund. Vocational rehabilitation is exempt from the proposed consolidation at this time. If retained in the final bill, other elements of the legislation would require the same set of core indicators for job training, adult literacy, and vocational rehabilitation programs and also require states to submit a unified statewide workforce development plan to the federal government.

Children’s Health Insurance Program/CHIP

The CHIP Reauthorization Act of 2009 (CHIPRA) authorized CHIP funding through federal fiscal year 2013. CHIPRA increased the amount of funding available to Texas. The allotment is adjusted annually based on a formula that takes into account actual expenditures, child population growth, and a measure of health care inflation.

CHIPRA also included significant policy changes that impacted Texas, including requiring health maintenance organizations to pay federally-qualified rural health centers their full encounter rates, applying certain Medicaid managed care safeguards to CHIP, implementing mental health parity, and providing coverage to qualified immigrant children. CHIPRA also required Texas to provide expanded dental services which was implemented in March 2012.

Ryan White HIV/AIDS Treatment Extension Act of 2009

The Ryan White HIV/AIDS Treatment Extension Act of 2009 is scheduled for reauthorization in 2013. Congress has not developed proposals for reauthorization and it is unknown at this time how the Affordable Care Act may impact reauthorization of this legislation.

Transitional Medical Assistance and Qualifying Individuals Programs

The provisions related to Transitional Medical Assistance (TMA) and Qualifying Individuals (QI) Programs were included in the payroll tax cut bill passed in December 2011 and are set to expire on December 31, 2012. These provisions were not part of the Continuing Resolution passed by Congress to fund FY 2013 until March 27, 2013. In order to extend the programs prior to expiration, Congressional action is needed when they convene in November 2012. Under TMA, low-income Medicaid beneficiaries who would otherwise become ineligible for Medicaid due to new or increased wages or hours at a job are entitled to up to 12 months of Medicaid benefits. QI receive help with part of their Medicare expenses through state Medicaid programs.

Agency Specific Federal Issues

This section includes information on specific federal grant funding issues being monitored by health and human services agencies.

Title IV Part E Federal Payments for Foster Care and Adoption Assistance (DFPS)

The federal financial participation of Title IV-E administrative funding is declining every year due to erosion of eligibility. This erosion is happening at the national level because federal law ties Title IV-E eligibility to the income and asset standards that were in place in 1996. Those standards have not been updated because the associated program (Aid to Families with Dependent Children/AFDC) no longer exists.

This is an issue in Texas due to the large number of relative placements that are not verified foster homes and cannot be counted in the calculation to determine federal financial participation. Title IV-E administrative funding is used to help fund Child Protective Services (CPS) direct delivery staff in the Department of Family and Protective Services. As the federal financial participation decreases, more state funds are needed to maintain the existing number of staff for CPS direct delivery staff. DFPS has an exceptional item request for additional state funds needed in the FY 2014-2015 biennium to maintain the FY 2013 staff level.

Disability Determination Services Program (DARS)

The Disability Determination Services (DDS) program is 100 percent federally funded and is exempt from the sequestration legislation. However, the DDS program continues to operate under a hiring freeze issued by the Social Security Administration. While the program continues to perform better than the national average for case processing times, the Department

of Assistive and Rehabilitative Services remains concerned about the inability to hire and continues to discuss staffing levels with the Social Security Administration.

Public Health Preparedness (DSHS)

The Pandemic and All-Hazards Preparedness Act Reauthorization of 2011 was passed by the Senate and is pending further Congressional action. This bill reauthorizes the Public Health Emergency Preparedness grant program which provides funding for local, regional, and state public health preparedness activities and the Hospital Preparedness grant program which provides resources and coordination for healthcare systems preparedness for responding to disasters.

The agency anticipates reductions for both grant programs. A reduction could reduce the preparedness infrastructure and response capacity in the state, including Austin, regional and local public health entities, and healthcare partners.

In addition, the Early Warning Infectious Disease Surveillance (EWIDS) program ended July 1, 2012. This program was established in 2003 to support intrastate, interstate, and bi-national capacity development for active infectious disease surveillance, laboratory testing, and emergency preparedness and response along and across the 1,200 mile Texas-Mexico border. The agency coordinates with local health department stakeholders and is sustaining the EWIDS staffing through the base Public Health Emergency Preparedness Program grant. If future federal budget reductions occur in this base grant, it may result in reduction or elimination of this bi-national surveillance.

Laboratory Services Funding (DSHS)

The state laboratory at DSHS could be greatly impacted by two proposed rules changes to the Select Agent and Toxin regulations (42 CFR Part 72) and to the Clinical Laboratory Improvement Act (CLIA '88) and Health Insurance Portability and Accountability Act (HIPAA 1996). The proposed changes to the Select Agent and Toxin regulations could force the laboratory to withdraw from the Centers for Disease Control and Prevention Laboratory Response Network, leaving the state without resources to test for biological threats associated with white powder incidences. Proposed rules changes to CLIA and HIPAA would necessitate that an authentication process be developed to provide patients direct access to test results. Additional staff would be required to develop this process and maintain the system.

Texas Birth Defects Research Center (DSHS)

The existing funding received through the Centers for Disease Control and Prevention for the Texas Birth Defects Research Center at DSHS is slated to end in November 2014. Federal funding has supported the Texas Birth Defects Center for the last 18 years. The current annual funding level is \$900,000. It is uncertain what type of birth defects research will be awarded to states after 2014. In addition, federal Title V funding provides almost 50 percent of the Birth Defects Registry (non-research) operations. It is not certain to what extent continued Title V funding for birth defects registry operations would be available in the 2014-2015 biennium.

Title V Maternal and Child Health Services Block Grant (DSHS)

The federal Health Resources and Services Administration is proposing a change in the allocation formula for the Title V Maternal and Child Health Services Block Grant which could result in fluctuations of the grant award amounts from year to year. The final comments on the proposed formula changes published in July 2012 were due in September 2012. The change could be implemented as soon as the FY 2013 grant funding period.

Currently, grant funds are based in part on a calculation of 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, using data from the U.S. Census Bureau's official decennial census. The proposed formula change would use the American Community Survey (ACS) data for children living in poverty. This allows the federal agency to implement annual changes to the state Title V Maternal and Child Health Services Block Grant allocations using the three-year ACS poverty estimates.

Mental Health and Substance Abuse Block Grants (DSHS)

The federal Substance Abuse and Mental Health Services Administration asked states to provide a coordinated and combined state plan application for the 2012 Mental Health Block Grant and the Substance Abuse Prevention and Treatment Block Grant.

In addition, after implementation of the Affordable Care Act, the federal Substance Abuse and Mental Health Services Administration recommends that the block grant funds address services and activities focusing on the primary prevention of mental and substance use disorders. The funds could be directed to fund priority treatment and support services for individuals without insurance or for whom coverage is terminated for short periods of time; to fund those priority treatment and support services not covered by Medicaid, Medicare or private insurance for low income individuals; and, to fund primary prevention activities and services for persons not identified as needing treatment.

Preventive Health and Health Services Block Grant (DSHS)

In 2012, the block grant to Texas was decreased from \$4.1 million to \$3.1 million, resulting in the reduction of local public health programming and capacity across the state and decreasing the number of positions at the state, regional and local levels.

Over the last 30 years, these funds allowed states to respond to the diverse, complex, and constantly changing public health needs of their communities. The block grant provided states the flexibility to prioritize the use of funds and fill funding gaps in public health programs dealing with leading causes of death and disability, preventing and controlling chronic diseases such as heart disease, diabetes, and arthritis, and responding rapidly to emerging health issues including outbreaks of foodborne infections and water borne diseases.

In response to recent reductions, Texas reprioritized and reduced public health services for disease surveillance and reporting, disease prevention and education programs, and water and food safety services in our communities. In addition state regional public health offices and local health departments have had to reduce or repurpose staffing including physicians, nurses, general sanitarians, epidemiologists, laboratory service staff, social service staff, health educators, and public health technicians.

The proposed funding elimination could have a significant impact on critical public health responsibilities that protect health and safety and prevent disease, and on the capacity of local communities to maintain local public health systems and respond to public health emergency response activities across the state.

Federal Funds Enhancement Initiatives

The health and human services agencies were successful in efforts to enhance revenue and maximize the use of federal funds during the current biennium. By working with various federal funding sources, the state identified expenditures where additional federal funds could be claimed and qualified for new opportunities to bring additional dollars to Texas. The health and human services agencies continue to seek innovative ways to increase access to federal funds.

Refinancing of Intellectual Disability Community Services

This “safety net” program provides support for individuals in the intellectual disability priority population who reside in the community. Beginning in fiscal year 2012, up to 5,000 individuals who were Medicaid eligible were moved into the Texas Home Living waiver. This allowed Texas to “refinance” these services in order to receive federal matching funds. Texas will receive an estimated \$22.5 million in matching federal funds for FY2012-2013.

Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund

The American Recovery and Reinvestment Act of 2009 provided states the opportunity to receive additional funding through the TANF Emergency Contingency Fund. As a result of revenue maximization efforts, the Health and Human Services Commission submitted and received approval from the federal Administration for Children and Families for increased expenditures in non-recurrent short-term benefits. This included utility assistance (\$15.6 million) and donated food and volunteer hours provided by food banks (\$21.2 million). A portion of the funds were allocated to the Texas Food Bank Network to allow food banks to purchase Texas-grown or manufactured products and bulk purchase staples, such as peanut butter, beans, or rice that food banks identified as being in short supply.

TANF Contingency Fund

In 2012 Texas applied for and received approximately \$42 million in additional funds requested through the TANF Contingency Funds grant. These funds are separate and apart from the TANF Emergency Contingency Funds and were created under the Personal Responsibility and Work Opportunity Reconciliation Act.

Unlike the regular TANF block grant which provides a fixed funding amount to states regardless of economic conditions, the TANF Contingency Fund provides additional TANF funds to states in times of economic downturn when states reach high levels of unemployment and/or food stamp caseloads. Texas met the threshold, based on SNAP caseload. TANF Contingency Funds can be used for any purpose for which regular TANF funds are used but must be spent in the fiscal year they are received.

Supplemental Nutrition Assistance Program (SNAP) Outreach Activities

In FY 2012 the state was able to claim additional SNAP funding through an agreement with the US Department of Agriculture involving outreach-related expenditures. The state received approximately \$937,000 in additional federal funds based on expenditures for the targeted outreach and education activities by the state and enhanced outreach efforts by the local food banks related to SNAP.

- Approximately \$350,000 for targeted outreach and education activities.
- Approximately \$326,000 for outreach activities based on the number of SNAP recipients requesting food from local food banks.
- Approximately \$261,000 from collaboration between HHSC and the food bank network to provide outreach by purchasing labeled boxes with messages about the SNAP program and where to get assistance and apply for benefits.

The additional SNAP funds were passed through to the local organizations. To quantify how much of their outreach effort is SNAP related, food banks must document the number of applications they receive that are SNAP related relative to all applications received and apply that percentage to their total outreach effort. There were four food banks participating in FY 2012 and seven are expected to participate in FY 2013.

Reallotment funds for Older Blind, Supported Employment and Independent Living grants

The Department of Assistive and Rehabilitative Services requested 2012 Reallotment funds for Older Blind (OB), Supported Employment (SE), and Independent Living (IL) grants. The OB and IL grants require a 10 percent state match and the SE grant has no state match requirements. The agency requested approximately \$2.7 million and received about \$7,000. Receiving these additional federal funds is not automatic; the availability of funds is determined by other states returning their unused funds to the federal programs.

VIII. 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. While state employees determine client eligibility and provide protective and regulatory services, medical, residential and social services are generally received by clients in community settings from private sector individuals or entities¹. These providers may also serve individuals 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 health and human services system should provide adequate reimbursement to permit client access to necessary and efficiently delivered services for clients enrolled in state funded programs.

Figure VIII.1 illustrates the cost of providing increases/decreases in the rates paid to providers and the cost of providing a 1 percent rate change. The 1 percent rate increment can be used to estimate the fiscal impact to the state for each 1 percent rate increase or decrease. The overall percent rate changes in this figure represent rate changes required to recognize increases/decreases in costs incurred by providers as verified through audited cost reports, in some cases routine inflation over current rates, for select programs the cost to implement federally mandated rates, or the cost to increase rates to Medicare rates for programs that have their rates based on the Medicare methodology. Rate increases may be needed in order to appropriately reimburse providers for changes in their costs in delivering care to HHS clients. Without additional funding for rate increases, continued rising costs incurred by providers will erode the quality of services delivered and could result in access to care problems for clients due to fewer providers willing to deliver services for the level of Medicaid reimbursement, unless providers can adjust their business practices to reduce costs. In general, most Medicaid services had rate increases effective September 1, 2007; however, those rate increases in some cases still lagged behind routine inflation, or the costs incurred by providers (as determined through the rate methodologies and provider reported/audited costs) or Medicare rates. Prior to the September 1, 2007 rate increases, most services had their rates reduced effective September 1, 2003, and then had them held flat until the rate increases restored the reduced rates for most services effective September 1, 2007. Many provider rates were reduced by 1 percent effective September 1, 2010, 1 percent February 1, 2011 and by varying percentages effective September 1, 2011.

HHSC develops approximately 158,000 different rates, primarily for the Medicaid program. Of this amount 360 rates are for health maintenance organizations, 955 are for nursing facilities, 28,000 for school health and related services, 473 for inpatient hospital standard dollar amounts and 745 for inpatient hospitals diagnostic related groups, 112,592 are for physicians and other

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

professionals, 1,991 are for durable medical equipment, and 2,773 are for Texas Health Steps medical providers.

In addition to the rate tables, information is provided on several specific rate issues including long-term services and supports and compensation for attendant workers.

See the figure below and **Appendix C** for the cost of providing a 1 percent rate change for each program is identified. In addition, **Appendix C** provides estimates for the cost of fully funding the various rates using current methodologies; provides estimates for a \$1 per hour increase for attendant wages; and a comparison of Medicaid rates with select physician/professional fees and select dental fees.

Cost of One Percent Rate Change

Figure VIII.1

| Estimated Cost of 1 Percent Rate Change | | | | | | | | |
|--|--------------------|---|---|---|---|-----------|-----------|-----------|
| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Incremental Cost of 1 Percent Rate Change | | | |
| | Date | Percent | Date | Percent | 2014 | | 2015 | |
| | | | | | AF | GR | AF | GR |
| DADS | | | | | | | | |
| Service Coordination (ID) | 6/1/2010 | 5.00% | NA | NA | 644,524 | 259,356 | 644,524 | 259,099 |
| PASSR Assessment Effective 2-1-2013 | NA | NA | NA | NA | 4,181 | 1,682 | 4,181 | 1,681 |
| PASSR Specialized Services Effective 2-1-2013 | NA | NA | NA | NA | 93,954 | 37,807 | 93,954 | 37,770 |
| Community Attendant Services | 8/1/2009 | \$0.80 per hour minimum wage rate increase* | NA | NA | 5,332,152 | 2,145,658 | 5,435,433 | 2,185,044 |
| Community Based Alternatives | 8/1/2009 | \$0.80 per hour minimum wage rate increase* | 9/1/2011 | 3.95% for Personal Assistance and Financial Management Services | 1,620,032 | 651,901 | 1,620,032 | 651,253 |
| Community Living Assistance and Support Services | 8/1/2009 | \$0.80 per hour minimum wage rate increase* | NA | NA | 1,957,026 | 787,507 | 1,957,026 | 786,724 |
| Day Activity and Health Services - Title XIX | 8/1/2009 | \$0.80 per hour minimum wage rate increase* | NA | NA | 116,393 | 46,837 | 118,373 | 47,586 |
| Deaf-Blind Multiple Disabilities | 6/15/2010 | 18% increase for Intervenors | NA | NA | 79,469 | 31,978 | 79,469 | 31,946 |
| Home and Community-based Services | 10/1/2009 | 4.25% | 9/1/2011 | 3% to 44% depending on service | 8,607,183 | 3,463,531 | 8,607,183 | 3,460,088 |
| Note 1 | | | | | | | | |
| Hospice Payments (NF Related Only) | 9/1/2009 | 2.79% | 9/1/2011 | 3.00% | 2,459,164 | 989,568 | 2,527,304 | 1,015,976 |
| Intermediate Care Facilities - Intellectual Disabilities | 9/1/2009 | 1.50% | 9/1/2011 | 5.00% | 3,186,638 | 1,282,303 | 3,186,638 | 1,281,028 |

Estimated Cost of 1 Percent Rate Change

| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Incremental Cost of 1 Percent Rate Change | | | |
|---|--------------------|---|---|---------|---|-------------------|-------------------|-------------------|
| | Date | Percent | Date | Percent | 2014 | | 2015 | |
| | | | | | AF | GR | AF | GR |
| DADS, continued | | | | | | | | |
| Medically Dependent Children Program | 8/1/2009 | \$0.80 per hour minimum wage rate increase | NA | NA | 414,743 | 166,893 | 414,743 | 166,727 |
| Non-Medicaid Services - Title XX | 8/1/2009 | \$0.80 per hour minimum wage rate increase* | NA | NA | 880,537 | 880,537 | 880,537 | 880,537 |
| Nursing Facility | 9/1/2009 | 2.79% | 2/1/2011 | 3.00% | 27,442,746 | 11,042,961 | 27,497,713 | 11,054,080 |
| Primary Home Care | 8/1/2009 | \$0.80 per hour minimum wage rate increase* | NA | NA | 975,776 | 392,652 | 975,908 | 392,315 |
| Program of All-inclusive Care for the Elderly | 9/1/2012 | -0.5% OVERALL | NA | NA | 379,130 | 152,562 | 379,130 | 152,410 |
| Promoting Independence Services | 8/1/2009 | \$0.80 per hour minimum wage rate increase | NA | NA | 991,530 | 398,992 | 1,044,205 | 419,770 |
| Texas Home Living Waiver | 10/1/2009 | 39.49% | 2/1/2011 | 2.00% | 550,848 | 221,661 | 550,848 | 221,441 |
| Total DADS (with totals only included) | | | | | 55,736,028 | 22,954,386 | 56,017,201 | 23,045,475 |
| Note 1: Tied by federal law to 95% of NF rates - any changes to NF rates will impact Hospice Payments. * Effective 9/1/09, there was a \$19.2 million GR funding increase for certain DADS Community Care programs for rate enhancement. | | | | | | | | |
| DARS | | | | | | | | |
| Note 2 | | | | | | | | |
| ECI - Case Management | 3/15/2010 | 24.00% | NA | NA | 209,256 | 84,205 | 216,370 | 86,981 |
| ECI - Development Rehabilitative Services | 3/15/2010 | 5.71% | NA | NA | 380,783 | 153,227 | 393,730 | 158,279 |
| Total DARS | | | | | 590,039 | 237,432 | 610,100 | 245,260 |
| Note 2: Rate change effective 10-1-2011 to reflect change in reimbursement methodology eliminating monthly unit of services as directed by CMS. | | | | | | | | |

Estimated Cost of 1 Percent Rate Change

| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Incremental Cost of 1 Percent Rate Change | | | |
|---|--------------------|---------|---|---------|---|---------------------|------------------|---------------------|
| | Date | Percent | Date | Percent | 2014 | | 2015 | |
| | | | | | AF | GR | AF | GR |
| DFPS | | | | | | | | |
| 24-Hr. Residential Child Care (Foster Care) - Foster Family | 9/1/2009 | 3.33% | NA | NA | 172,764 | 93,103 | 171,916 | 92,732 |
| CPA - Foster Family Pass Through | 9/1/2009 | 3.33% | NA | NA | 1,038,958 | 611,011 | 1,028,913 | 605,310 |
| CPA - Retainage | 9/1/2009 | 1.33% | NA | NA | 1,354,284 | 796,455 | 1,355,155 | 797,238 |
| 24-Hr. Residential Child Care (Foster Care) - Child Placing Agency (CPA) | 9/1/2009 | 2.41% | NA | NA | 2,393,028 | 1,407,340 | 2,385,828 | 1,403,422 |
| 24-Hr. Residential Child Care (Foster Care) - Residential Treatment Facility | 9/1/2009 | 9.30% | NA | NA | 885,655 | 604,282 | 886,409 | 605,949 |
| 24-Hr. Residential Child Care (Foster Care) - Emergency Shelter | 9/1/2009 | 8.68% | NA | NA | 219,451 | 142,885 | 224,027 | 145,864 |
| Note 3 24-Hr. Residential Child Care (Foster Care) - Total All Provider Types | NA | NA | NA | NA | 3,671,113 | Note 4 2,247,736 | 3,673,189 | Note 5 2,247,092 |
| Psychiatric Transition (Intensive Psychiatric Step Down) | NA | NA | NA | NA | 28,835 | Note 6 22,116 | 29,363 | Note 7 22,522 |
| Total DFPS (with totals only included) | | | | | 9,764,090 | 5,924,928 | 9,754,801 | 5,920,128 |
| <p>Note 3: Supervised Independent Living (SIL) is a new 24 hour residential child care (foster care) living arrangement. SIL is scheduled to begin in FY 2013. Future costs are unknown; however, DFPS believes any costs associated with SIL are being captured through the 24 hour residential child care costs (foster care).</p> <p>Note 4: If TANF funding is available, up to \$728,042 of this amount is eligible for TANF funding the remaining \$1,519,694 must be GR</p> <p>Note 5: If TANF funding is available, up to \$727,833 of this amount is eligible for TANF funding the remaining \$1,519,259 must be GR</p> <p>Note 6: If TANF funding is available, up to \$12,235 of this amount is eligible for TANF funding the remaining \$9,881 must be GR</p> <p>Note 7: If TANF funding is available, up to \$12,459 of this amount is eligible for TANF funding the remaining \$10,063 must be GR</p> | | | | | | | | |
| DSHS | | | | | | | | |
| Note 8 & 9 Children with Special Health Care Needs (CSHCN) - Outpatient Hospital | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | 40,849 | 21,650 | 40,849 | 21,650 |
| Note 8 & 9 CSHCN - Ambulance Services | 9/1/2009 | 2.50% | 2/1/2011 | 2.00% | 2,261 | 1,198 | 2,261 | 1,198 |
| Note 8 & 9 CSHCN - Durable Medical Equipment, Prosthetics, Orthotics, Supplies | Various 2008 | 2.50% | 2/1/2011 | 2.00% | 12,927 | 6,851 | 12,927 | 6,851 |
| Note 8 & 9 CSHCN - Drugs/Biologicals | 10/1/2008 | 2.50% | 2/1/2011 | 2.00% | 80,881 | 42,867 | 80,881 | 42,867 |

Estimated Cost of 1 Percent Rate Change

| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Incremental Cost of 1 Percent Rate Change | | | |
|---|--------------------|-------------|---|---------|---|--------|---------|--------|
| | Date | Percent | Date | Percent | 2014 | | 2015 | |
| | | | | | AF | GR | AF | GR |
| | | | | | | | | |
| DSHS, continued | | | | | | | | |
| Note 8 & 9 TEFRA Based Inpatient Hospital (Cost-Based) | NA | NA | NA | NA | 34,377 | 18,220 | 34,377 | 18,220 |
| Note 8 & 9 CSHCN - Nursing | 11/1/2002 | 2.50% | 2/1/2011 | 2.00% | 666 | 353 | 666 | 353 |
| Note 8 & 9 CSHCN - Physician & Professional Services - Total | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | 30,109 | 15,958 | 30,109 | 15,958 |
| Note 8 & 9 Family Planning - Durable Medical Equipment, Prosthetics, Orthotics, | Various 2008 | 2.50% | 2/1/2011 | 2.00% | 6,585 | 0 | 6,585 | 0 |
| Note 8 & 9 Family Planning - Drugs/Biologicals | 10/1/2008 | 2.50% | 2/1/2011 | 2.00% | 47,881 | 0 | 47,881 | 0 |
| Note 8 & 9 Family Planning - Clinical Laboratory | 4/1/2008 | 2.50% | 2/1/2011 | 2.00% | 34,248 | 0 | 34,248 | 0 |
| Note 8 & 9 Family Planning - Physician & Professional Services (Includes Women's Health Program) - Adults - Total | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | 40,334 | 0 | 40,334 | 0 |
| Note 8 & 9 Maternal and Child Health - | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | 41,916 | 0 | 41,916 | 0 |
| Maternal and Child Health - Physician & Professional Services - Children - Total | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | 19,942 | 0 | 19,942 | 0 |
| Note 8 & 9 Maternal and Child Health - Physician & Professional Services - Adults - Total | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | 27,685 | 27,685 | 27,685 | 27,685 |
| Note 10 Mental Health (MH) Targeted Case Management - Adult | 9/1/2004 | New Service | 2/1/2011 | 2.00% | 89,066 | 35,840 | 93,297 | 37,505 |
| Note 10 Mental Health (MH) Targeted Case Management - Children | 9/1/2004 | New Service | 2/1/2011 | 2.00% | 143,750 | 57,845 | 152,001 | 61,104 |

Estimated Cost of 1 Percent Rate Change

| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Incremental Cost of 1 Percent Rate Change | | | |
|---|--------------------|--|---|---------|---|------------------|------------------|------------------|
| | Date | Percent | Date | Percent | 2014 | | 2015 | |
| | | | | | AF | GR | AF | GR |
| DSHS, continued | | | | | | | | |
| Note 10 MH Rehabilitative Services - Adult | 9/1/2004 | New Service | 2/1/2011 | 2.00% | 984,197 | 396,041 | 1,030,946 | 414,440 |
| Note 10 MH Rehabilitative Services - Children | 9/1/2004 | New Service | 2/1/2011 | 2.00% | 422,207 | 169,896 | 446,441 | 179,469 |
| Note 8 & 9 Substance Use Disorder | 9/1/2007 | 7.00% | NA | NA | 753,771 | 109,071 | 761,309 | 110,161 |
| NorthSTAR -- Medicaid Inpatient Hospital | NA | NA | NA | NA | 80,488 | 32,388 | 85,037 | 34,185 |
| NorthSTAR -- MH Rehabilitative Services - | NA | NA | NA | NA | 26,227 | 10,554 | 27,659 | 11,119 |
| NorthSTAR -- MH Rehabilitative Services - Adults | NA | NA | NA | NA | 45,666 | 18,376 | 48,307 | 19,419 |
| NorthSTAR -- MH Targeted Case Management - Children | NA | NA | NA | NA | 6,700 | 2,696 | 7,066 | 2,841 |
| NorthSTAR -- MH Targeted Case Management - Adults | NA | NA | NA | NA | 17,182 | 6,914 | 18,176 | 7,307 |
| NorthSTAR - Physician & Professional Services - Total | NA | NA | NA | NA | 116,408 | 46,843 | 122,988 | 49,441 |
| NorthSTAR -- Medicaid Institutions for Mental Disease (State Hospitals) | NA | NA | NA | NA | 146,244 | 58,849 | 154,510 | 62,113 |
| Youth Empowerment Services (YES) Waiver | 4/1/2012 | 17% for Community Living Supports; 34% for Family Supports | NA | NA | 30,000 | 12,210 | 30,000 | 12,210 |
| Total DSHS (with totals only included) | | | | | 3,282,567 | 1,092,304 | 3,398,398 | 1,136,096 |
| <p>Note 8: 1% Fiscal impact displayed for CSHCN, Maternal and Child Health Services, and Substance Use Disorder Services reflects 1% decrease only, a 1% increase to these programs would be 100% GR funded at the All Funds amount.</p> <p>Note 9: "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.</p> <p>Note 10: 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.</p> | | | | | | | | |

Estimated Cost of 1 Percent Rate Change

| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Incremental Cost of 1 Percent Rate Change | | | |
|---|--------------------|--|---|---------|---|-----------|------------|-----------|
| | Date | Percent | Date | Percent | 2014 | | 2015 | |
| | | | | | AF | GR | AF | GR |
| HHSC | | | | | | | | |
| Anesthesia - Children | 9/1/2007 | 21.58% | 2/1/2011 | 2.00% | 501,845 | 201,942 | 530,651 | 213,322 |
| Anesthesia - Adults | 1/1/2010 | 9.23% | 2/1/2011 | 2.00% | 424,484 | 170,812 | 444,647 | 178,748 |
| Anesthesia - Certified Registered Nurse Anesthetist - Anesthesia - Certified | 9/1/2007 | 21.58% | 2/1/2011 | 2.00% | 89,975 | 36,206 | 95,139 | 38,246 |
| Registered Nurse Anesthetist - Anesthesia - Certified | 1/1/2010 | 9.23% | 2/1/2011 | 2.00% | 105,464 | 42,439 | 110,474 | 44,411 |
| Ambulance Services | 9/1/2009 | 29.97% | 2/1/2011 | 2.00% | 1,439,718 | 579,343 | 1,508,104 | 606,258 |
| Ambulatory Surgical Center/Hospital Ambulatory Surgical Center | 9/1/2007 | 2.50% | 9/1/2011 | 5.00% | 738,785 | 297,287 | 773,882 | 311,100 |
| Birthing Centers | 7/1/2012 | 250.00% | 9/1/2011 | 5.00% | 1,837 | 739 | 1,924 | 773 |
| Children & Pregnant Women - Case Management - Children | 9/1/2007 | 55.50% | 2/1/2011 | 2.00% | 13,964 | 5,619 | 14,627 | 5,880 |
| Children & Pregnant Women - Case Management - Adults | 9/1/2007 | 55.50% | 2/1/2011 | 2.00% | 2,370 | 954 | 2,506 | 1,007 |
| Children's Health Insurance Program (CHIP) (including perinate, excluding pharmacy costs) | 9/1/2013 | -0.3% (3/1/12), - 1.1% (9/1/12) | NA | NA | 10,479,756 | 2,952,147 | 10,679,899 | 3,005,324 |
| CHIP Dental | 9/1/2013 | -9.5% Overall, since 9/1/2012 | NA | NA | 1,559,260 | 439,244 | 1,588,591 | 447,030 |
| CHIP Vendor Drug Dispensing Fee | 3/1/2012 | MC rollout for VD decreased Disp Fee from \$6.5/RX +1.96% to \$1.50/RX | NA | NA | 34,613 | 9,750 | 35,265 | 9,924 |
| Clinical Laboratory Fees (non-state owned) | 4/1/2008 | 2.60% | 9/1/2011 | 10.50% | 2,342,303 | 942,543 | 2,476,659 | 995,617 |
| Orthodontics - Children | 9/1/2007 | 52.50% | 2/1/2011 | 2.00% | 2,578,604 | 1,037,630 | 2,726,616 | 1,096,100 |
| Orthodontics - Adults | 9/1/2007 | 52.50% | 2/1/2011 | 2.00% | 12,792 | 5,148 | 13,400 | 5,387 |
| Dental Services - Children's | 9/1/2007 | 52.50% | 2/1/2011 | 2.00% | 12,415,824 | 4,996,128 | 13,128,492 | 5,277,654 |
| Dental Services - Adults | 9/1/2007 | 52.50% | 2/1/2011 | 2.00% | 65,130 | 26,208 | 68,223 | 27,426 |
| Durable Medical Equipment, Prosthetics, Orthotics, Supplies (DMEPOS) | | | | | | | | |
| Diabetic Equipment and Supplies | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 261,145 | 105,085 | 273,550 | 109,967 |
| Hearing | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 770,180 | 309,920 | 806,763 | 324,319 |

Estimated Cost of 1 Percent Rate Change

| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Incremental Cost of 1 Percent Rate Change | | | |
|--|--------------------|--|---|---|---|------------|------------|------------|
| | Date | Percent | Date | Percent | 2014 | | 2015 | |
| | | | | | AF | GR | AF | GR |
| | | | | | | | | |
| HHSC, continued | | | | | | | | |
| Hospital Beds and Accessories | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 84,263 | 33,907 | 88,265 | 35,483 |
| Incontinence Supplies | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 1,929,119 | 776,277 | 2,020,752 | 812,342 |
| Kidney Machines and Access | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 1,675 | 674 | 1,754 | 705 |
| Miscellaneous DME Equipment and Supplies | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 279,449 | 112,450 | 292,722 | 117,674 |
| Mobility Aids | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 62,802 | 25,272 | 65,785 | 26,446 |
| Neurostimulators | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 13,808 | 5,556 | 14,464 | 5,815 |
| Nutrition | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 1,239,095 | 498,612 | 1,297,953 | 521,777 |
| Orthotics | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 193,736 | 77,959 | 202,938 | 81,581 |
| Oxygen and Related Respiratory Equipment | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 584,898 | 235,363 | 612,681 | 246,298 |
| Prosthetics | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 60,990 | 24,542 | 63,887 | 25,683 |
| Speech Generating Devices/Augmentive Communication Devices | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 2,867 | 1,154 | 3,003 | 1,207 |
| Wheel Chairs | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 489,827 | 197,106 | 513,094 | 206,264 |
| Wound Therapy | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 101,841 | 40,981 | 106,679 | 42,885 |
| Vision | Various 2008 | 10.00% | 9/1/2011 | 10.00% | 328,433 | 132,161 | 344,033 | 138,301 |
| Family Planning - Children | 9/1/2007 | 10.06% | 2/1/2011 | 2.00% | 189,939 | 18,994 | 200,841 | 20,084 |
| Family Planning - Adults | 9/1/2007 | 4.00% | 2/1/2011 | 2.00% | 453,142 | 45,314 | 474,666 | 47,467 |
| Federally Qualified Health Centers | 1/1/2012 | Medicare Economic Index (MEI) (0.6%) or MEI+0.5% | 1/1/2011 | 1.00% | 529,297 | 212,989 | 529,297 | 212,777 |
| Freestanding Psychiatric Hospitals (non-state owned) | 1/1/2008 | 18.18% | 9/1/2011 | 8.00% | 332,881 | 133,951 | 348,765 | 140,204 |
| TEFRA Based Inpatient Hospital (Cost-Based) | NA | NA | NA | NA | 10,222,127 | 4,113,384 | 10,707,744 | 4,304,513 |
| Inpatient Hospital - SDA Rebasing | 9/1/2001 | 13.87% | 9/1/2012 | Funding reduced by \$20 million GR as hold harmless for SDA transition ends | 26,034,047 | 10,476,101 | 27,270,832 | 10,962,874 |
| Outpatient Hospital | 9/1/2007 | 2.50% | 9/1/2011 | 10.00% | 14,044,396 | 5,651,465 | 14,711,596 | 5,914,061 |
| Outpatient Imaging | NA | NA | NA | NA | 863,812 | 347,598 | 904,848 | 363,749 |
| HHA - Home Health Aide Services | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | 1,412 | 568 | 1,479 | 595 |
| HHA - Other Services (Supplies) | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | 3,914 | 1,575 | 4,100 | 1,648 |

Estimated Cost of 1 Percent Rate Change

| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Incremental Cost of 1 Percent Rate Change | | | |
|--|--------------------|---------|---|---------|---|-----------|-----------|-----------|
| | Date | Percent | Date | Percent | 2014 | | 2015 | |
| | | | | | AF | GR | AF | GR |
| | | | | | | | | |
| HHSC, continued | | | | | | | | |
| HHA - Skilled Nursing Services | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | 173,336 | 69,750 | 181,569 | 72,991 |
| Laboratory Services - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 67,017 | 26,968 | 70,864 | 28,487 |
| Laboratory Services - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 136,917 | 55,095 | 143,421 | 57,655 |
| Maternity Service Clinic | NA | NA | 9/1/2011 | 7.00% | 1,845 | 742 | 1,933 | 777 |
| Note11 Medical Transportation | NA | NA | 9/1/2010 | 1.0% | 43,265 | 17,609 | 45,321 | 18,446 |
| Physician And Other Practitioners - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 9,249,767 | 3,722,106 | 9,780,703 | 3,931,943 |
| Physician And Other Practitioners - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 5,679,886 | 2,285,586 | 5,949,680 | 2,391,771 |
| Note 12 ACA Physicians Primary Care - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 0 | 0 | 623,468 | 250,634 |
| Note 12 ACA Physicians Primary Care - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 0 | 0 | 141,411 | 56,847 |
| Note 12 ACA THSteps Providers Primary Care - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 0 | 0 | 1,530,497 | 615,260 |
| Note 12 ACA Physicians Vaccine Administration - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 0 | 0 | 61,402 | 24,684 |
| Note 12 ACA Physicians Vaccine Administration - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 0 | 0 | 425 | 171 |
| Note 12 ACA THSteps Providers Vaccine Administration-Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 0 | 0 | 157,579 | 63,347 |
| Physicians Vaccine Administration - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 99,713 | 40,125 | 105,436 | 42,385 |
| Physicians Vaccine Administration - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 2,374 | 955 | 2,487 | 1,000 |
| Physician- Administered Drugs/Biological Fees - Children | 10/1/2008 | 3.59% | 2/1/2011 | 2.00% | 41,306 | 16,622 | 43,677 | 17,558 |
| Physician- Administered Drugs/Biological Fees - Adults | 10/1/2008 | 3.59% | 2/1/2011 | 2.00% | 157,494 | 63,376 | 164,975 | 66,320 |
| Physician-Administered Oncology Drugs - Children | 10/1/2008 | 3.59% | 2/1/2011 | 2.00% | 12,185 | 4,903 | 12,884 | 5,179 |
| Physician-Administered Oncology Drugs - Adults | 10/1/2008 | 3.59% | 2/1/2011 | 2.00% | 407,678 | 164,050 | 427,043 | 171,671 |

Estimated Cost of 1 Percent Rate Change

| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Incremental Cost of 1 Percent Rate Change | | | |
|---|--------------------|---------|---|---------|---|---------|---------|---------|
| | Date | Percent | Date | Percent | 2014 | | 2015 | |
| | | | | | AF | GR | AF | GR |
| | | | | | | | | |
| HHSC, continued | | | | | | | | |
| Certified Nurse Midwife - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 3,005 | 1,209 | 3,177 | 1,277 |
| Certified Nurse Midwife - Adults | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 6,388 | 2,571 | 6,692 | 2,690 |
| Chiropractors - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 2,133 | 858 | 2,256 | 907 |
| Chiropractors - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 4,048 | 1,629 | 4,241 | 1,705 |
| Comprehensive Care Program Social Worker - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 19,532 | 7,860 | 20,653 | 8,303 |
| Comprehensive Care Program Social Worker - | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 1,427 | 574 | 1,495 | 601 |
| Geneticist - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 15,084 | 6,070 | 15,950 | 6,412 |
| Geneticist - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 4,626 | 1,862 | 4,846 | 1,948 |
| Licensed Clinical Social Worker - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 41,474 | 16,689 | 43,854 | 17,629 |
| Licensed Clinical Social Worker - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 11,453 | 4,609 | 11,997 | 4,823 |
| Licensed Marriage and Family Therapist - | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 7,292 | 2,934 | 7,710 | 3,099 |
| Licensed Marriage and Family Therapist - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 1,167 | 470 | 1,222 | 491 |
| Licensed Professional Counselors - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 452,963 | 182,272 | 478,963 | 192,543 |
| Licensed Professional Counselors - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 97,835 | 39,369 | 102,482 | 41,198 |
| Optometrist/Optician - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 265,977 | 107,029 | 281,244 | 113,060 |
| Optometrist/Optician - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 82,042 | 33,014 | 85,939 | 34,547 |
| Pathologist - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 33,855 | 13,623 | 35,798 | 14,391 |
| Pathologist - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 66,002 | 26,559 | 69,137 | 27,793 |
| Physician Assistants and Nurse Practitioners - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 164,039 | 66,009 | 173,455 | 69,729 |
| Physician Assistants and Nurse Practitioners - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 33,308 | 13,403 | 34,890 | 14,026 |
| Podiatrist - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 27,638 | 11,122 | 29,224 | 11,748 |
| Podiatrist - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 35,517 | 14,292 | 37,204 | 14,956 |
| Psychologists - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 183,815 | 73,967 | 194,366 | 78,135 |
| Psychologists - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 19,404 | 7,808 | 20,326 | 8,171 |
| Radiologist - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 185,622 | 74,694 | 196,277 | 78,903 |
| Radiologist - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | 528,703 | 212,750 | 553,816 | 222,634 |
| Renal Dialysis Facilities | 9/1/2007 | 2.50% | 9/1/2011 | 5.00% | 278,889 | 112,225 | 292,138 | 117,440 |

Estimated Cost of 1 Percent Rate Change

| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Incremental Cost of 1 Percent Rate Change | | | |
|--|--------------------|--------------------------------------|---|-----------|---|-----------|------------|-----------|
| | Date | Percent | Date | Percent | 2014 | | 2015 | |
| | | | | | AF | GR | AF | GR |
| | | | | | | | | |
| HHSC, continued | | | | | | | | |
| Rural Health Clinics | 1/1/2012 | Medicare Economic Index (MEI) (0.6%) | NA | NA | | | | |
| STAR+PLUS Long Term Care - Community Based Alternatives (S+P expansions occurred 9/1/2011 and 3/1/2012. DADS paid LTSS services for those members prior to those dates.) | NA | NA | NA | NA | 8,635,135 | 3,474,778 | 8,871,236 | 3,566,237 |
| STAR+PLUS Long Term Care - Day Activity and Health Services (S+P expansions occurred 9/1/2011 and 3/1/2012. DADS paid LTSS services for those members prior to those dates.) | NA | NA | NA | NA | 1,321,433 | 531,745 | 1,360,767 | 547,028 |
| STAR+PLUS Long Term Care - Primary Home Care (S+P expansions occurred 9/1/2011 and 3/1/2012. DADS paid LTSS services for those members prior to those dates.) | NA | NA | NA | NA | 9,893,752 | 3,981,246 | 10,196,162 | 4,098,857 |
| Substance Use Disorder Services (Chemical Dependency Treatment Facility) | NA | NA | 9/1/2011 | 5.00% | 71,825 | 28,902 | 75,236 | 30,245 |
| Therapy Services - Comprehensive Outpatient Rehabilitation Facility (CORF) / Outpatient Rehabilitation Facility (ORF) (PT 65, PS25) - Children ONLY | 1/1/2006 | NA | 9/1/2011 | 7.00% | 3,118,299 | 1,254,804 | 3,297,289 | 1,325,510 |
| Therapy Services - Home Health Agency - Children | 1/1/2006 | NA | 2/1/2011 | 2.00% | 1,667,863 | 671,148 | 1,763,599 | 708,967 |
| Therapy Services - Home Health Agency - Adults | 1/1/2006 | NA | 2/1/2011 | 2.00% | 36,660 | 14,752 | 38,401 | 15,437 |
| Therapy Services - Independent Therapists (PT 34, 35, 50) - Children | 1/1/2006 | NA | 2/1/2011 | 2% and 7% | 1,609,884 | 647,817 | 1,702,291 | 684,321 |
| Therapy Services - Independent Therapists (PT 34, 35, 50) - Adults | 1/1/2006 | NA | 2/1/2011 | 2% and 7% | 75,019 | 30,188 | 78,582 | 31,590 |
| THSteps Medical Checkups | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 162,629 | 65,442 | 171,964 | 69,130 |

Estimated Cost of 1 Percent Rate Change

| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Incremental Cost of 1 Percent Rate Change | | | |
|--|--------------------|---------|---|---------|---|-------------------|--------------------|-------------------|
| | Date | Percent | Date | Percent | 2014 | | 2015 | |
| | | | | | AF | GR | AF | GR |
| | | | | | | | | |
| HHSC, continued | | | | | | | | |
| THSteps Newborn | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | 116,120 | 46,727 | 122,785 | 49,360 |
| THSteps Personal Care Services and Attendant Care | 8/1/2009 | 7.00% | 9/1/2010 | 1.00% | 1,405,965 | 565,760 | 1,486,667 | 597,640 |
| THSteps Private Duty Nursing | 7/1/2008 | 15.00% | 2/1/2011 | 2.00% | 4,252,483 | 1,711,199 | 4,496,576 | 1,807,624 |
| Tuberculosis Clinics | NA | NA | 2/1/2011 | 2.00% | 1,564 | 629 | 1,639 | 659 |
| Vendor Drug Dispensing Fee | 9/1/2007 | 44.80% | 2/1/2011 | 2.00% | 1,079,272 | 434,299 | 1,129,747 | 454,158 |
| Women's Health Program | 9/1/2007 | 22.50% | 2/1/2011 | 2.00% | 356,616 | 356,616 | 373,556 | 373,556 |
| Total HHSC (with totals only included) | | | | | 144,336,359 | 56,642,507 | 153,382,213 | 60,195,529 |
| <p>Note 11: The costs were calculated for the Transportation Service Area Providers (TSAPs) operating with 50/50 matching and for American Medical Response (AMR), the only waiver approved hybrid TSAP- at that time, operating with 60/40 matching</p> <p>Note 12: ACA Physicians and Vaccine Administration increases are effective January 1, 2013-December 31, 2014; per federal direction, no rate reductions may occur during the enhancement period. Estimated rate change amount reflects 8 months of SFY 2015 after the enhancement period ends.</p> | | | | | | | | |
| Total HHS | | | | | 213,709,082 | 86,851,557 | 223,162,712 | 90,542,488 |

Long Term Services and Supports

Apportioning Rate Changes Pro Rata

In the event that appropriations are not adequate to fully fund payment rate increases included in this 2014-2015 Consolidated Budget for a specific program and no direction is given by the Legislature as to Legislative intent on 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 type's and cost area's 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 2014-2015 Consolidated Budget included 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). 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

Data from nursing facility provider's fiscal year 2010 cost reports showed the average daily payment for a Medicaid recipient was \$127.80, whereas the average daily payment for a private pay resident was \$133.57 and the average daily payment for a Medicare resident was \$378.24. A comparison of Nursing Facility Medicaid rates to estimated private pay amounts is detailed below.

Figure VIII.2

Comparison of Nursing Facility Rates Fiscal Year 2010

| Procedure Description | Average Medicaid Fee | Average Private Pay | Percent Medicaid to Average Private Pay |
|------------------------------|-----------------------------|----------------------------|--|
| Nursing Facility | \$127.80 | \$133.57 | 95.68% |

Attendant Compensation

Direct support workers, typically referred to as attendants; provide the majority of services to consumers in a number of Department of Aging and Disability Services 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 due to 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; high rates of job turnover exist throughout the state. Low compensation is a significant issue with attendant wages in Texas ranking among the lowest in the nation.

A Home and Community-Based Services Workforce Advisory Council (Council) was established by the Health and Human Services Commission in 2009 to identify and study attendant workforce issues, including wages and benefits, turnover, recruitment, training and skill development, and retention. Three priority recommendations were made by the Council. All three recommendations are concerned with improving compensation levels, as research shows that wages and benefits are the most important factors affecting attendant recruitment and retention.

Appendix C – Attendant Wages per Hour and Cost of Increasing Attendant Wages by \$1.00 per Hour, presents the minimum attendant wages per hour assumed in fiscal year 2011 base payment rates for the various DADS programs as well as the maximum attendant wages per hour assumed in the fiscal year 2013 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 DADS program employing attendants. Figures presented in this table can be used in calculating the fiscal impact of various wage options for attendants.

Hospitals

Transitioning the New Standard Dollar Amount Payment System

Effective September 1, 2011, the conversion of most acute care hospitals to a statewide standard dollar amount (SDA) payment methodology with add-on rates was implemented as required by the 2012-13 General Appropriations Act (Article II, Health and Human Services Commission, H.B. 1, Rider 67 and Rider 61(b)(17), 82nd Legislature, Regular Session, 2011). To offset the loss experienced by some hospitals by transitioning to this new methodology, a transitional hold-harmless amount was added to each impacted provider’s SDA on a proportional basis during the first year under the new statewide SDA payment methodology. The application of the transitional hold harmless add-on to the statewide SDAs ended on August 31, 2012.

Change in the Diagnosis-Related Group Classification System

Senate Bill 7, 82nd Legislative, First Special Called Session, 2011, amended the Texas Government Code Sec. 536.005, and instructed HHSC to the extent possible to convert hospital reimbursement systems to a diagnosis-related groups (DRG) methodology that allows for a more accurate classification of specific patient populations and accounts for severity of patient illness and mortality risk. As a result, the All Patient Refined Diagnosis-Related Groups (APR-DRGs) classification system was implemented for most hospitals on September 1, 2012. The APR-DRG

is a patient classification system that provides a means of relating the types of patients a hospital treats (i.e., its case mix) to the costs incurred by the hospital. The APR-DRG methodology expands the basic DRG structure to focus on all populations instead of targeting just the elderly Medicare population as the former Medicare Severity-Diagnosis Related Groups (MS-DRG) system used for Medicare was designed to do. In addition, APR-DRGs will allow HHSC to be able to compare hospital service lines, individual physician performance, and patient outcomes through the use of a severity adjustment that creates a common measurement across disparate patient types. The APR-DRG methodology is necessary to support pay-for-quality analytics and is essential to derive potentially preventable complications and other quality metrics. APR-DRGs along with a hospital's Statewide Standard Dollar Amount (SDA) with add-ons are the two components used in the calculation of reimbursement of inpatient services at acute care hospitals.

Disproportionate Share Hospital (DSH) 2013 and Beyond

With the implementation of the Texas Healthcare Transformation and Quality Improvement Program, Medicaid 1115 Waiver (Transformation Waiver), hospitals that have traditionally transferred local hospital district funds to be used to obtain federal matching funds for the DSH program are reviewing their options to continue funding the DSH program and to also participate in funding the Transformation Waiver. Net returns for hospitals that transferred local funds for the DSH program have diminished significantly since 1996, while the amount of local hospital district funds contributed to support other hospitals statewide has grown. Under the current DSH methodology these hospitals can receive better returns on their transferred local hospital district funds under the Transformation Waiver.

Discussions regarding the funding of the DSH program for program year 2013 and beyond are ongoing. The hospital industry asked HHSC to obtain General Revenue funding for non-transferring hospitals for the DSH program year 2013.

The 2014-2020 health care reform law reduced DSH allotments on the assumption that, with the expansion of health care coverage under the Affordable Care Act, there will be fewer uninsured patients and less uncompensated care incurred by hospitals. Specifically, the law reduced payments nationwide by \$500 million in federal fiscal year 2014, \$600 million in federal fiscal years 2015 and 2016, \$1.8 billion in federal fiscal year 2017, \$5 billion in federal fiscal year 2018, \$5.6 billion in federal fiscal year 2019, and \$4 billion in federal fiscal year 2020. Actual reductions to the Texas allotment are unknown at this time.

The law directs the secretary of the U.S. Department of Health and Human Services to make the reductions using a methodology that focuses on the percentage of uninsured and the amount of uncompensated care provided by hospitals in each state. The secretary must impose a smaller percentage reduction on low-DSH states and the methodology must take into account the portion of the allotment used to expand coverage through a section 1115 waiver.

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 actual 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 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 utilize a consistent and objective approach to updating rates. Most of the acute care fees, prior to this initiative, had not had a systematic review and had not been updated in six to ten years, or 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 effective April 1, 2009. The eighth and final calendar fee review in the first two-year cycle was completed and implemented effective 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 Medicaid conversion factors that are multiplied by the RVU to determine the payment fee are not changed. Conversion factors are revised when appropriations warrant an update for fee increases or decreases.

Physicians/Professional Services

Medicare 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. 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 82 percent of Medicare for physician and professional services to children and 78 percent of Medicare for physician and professional services to adults. This Medicare methodology is based on the primary Medicaid conversion factor of \$28.0672 for services provided to children and the primary Medicaid conversion factor of \$26.7305 for services provided to adults. An additional conversion factor of \$30.000 was added as an option to increase a rate beyond the normal threshold for children and adults as deemed necessary by medical staff. By way of comparison, the Medicare conversion factor effective January 1, 2012, is \$34.0376.

A comparison of 2012 select physician and professional Medicaid rates to 2012 Medicare rates is detailed in **Appendix C**, along with a ranking of the procedure code based on the total dollar amount paid for that Medicaid service in fiscal year 2011.

Figure VIII.3

**Comparison of Medicare to Texas Medicaid Conversion Factors
for Physicians and Other Professionals**

| | |
|---|---------------|
| Medicare 2012 Conversion Factor | \$34.0376 |
| Texas Medicaid 2012 Conversion Factor for Adults | \$27.2760 |
| Percentage Adjustment to Medicaid Conversion Factor for Adults to Account for a 1 Percent Rate Reduction September 1, 2010, and a 1 Percent Rate Reduction February 1, 2011 | 2% |
| Texas Medicaid 2012 Conversion Factor Adjusted for 2% Rate Reduction | \$26.7305 |
| Percent of Medicare for Adults | 78.53% |
| Texas Medicaid 2012 Conversion Factor for Children | \$28.6400 |
| Percentage Adjustment to Medicaid Conversion Factor for Adults to Account for a 1 Percent Rate Reduction September 1, 2010 and a 1 Percent Rate Reduction February 1, 2011 | 2% |
| Texas Medicaid 2012 Conversion Factor Adjusted for 2% Rate Reduction | \$28.0672 |
| Percent of Medicare for Children | 82.46% |

IX. APPENDICES

A. Increase Capacity of HHS – Community Services

|  FY 2014-2015 LAR Community Expansion <i>(dollars in millions)</i> | | | | | | | | | | | | | | | |
|---|---------------------------------|---------------------|------------------|---------------------------|-----------------------|----------------|---------------|-----------------------|----------------|--------------|------------------------|----------------|---------------|----------------|----------------|
| CLASS/HCS - 20 % of estimated eligibles on the Interest List served Other Programs -10% Increase to the number served in August 2013 | Current Interest Lists Feb 2012 | % Recv. Other Svcs. | Percent Eligible | Number Served August 2013 | FY 2014 | | | FY 2015 | | | Biennium | | | | |
| | | | | | Avg. Monthly Caseload | Total for FY14 | AF | Avg. Monthly Caseload | Total for FY15 | AF | Caseload as of Aug. 09 | GR | AF | | |
| Community Based Alternatives (CBA) | 13,580 | 60.5% | 20.7% | 9,816 | 245 | 491 | \$2.0 | \$4.8 | 736 | 491 | \$5.6 | \$13.7 | 982 | \$7.6 | \$18.4 |
| Comm. Living Asst. & Supp. Svcs. (CLASS) | 40,947 | 24.2% | 37.3% | 4,819 | 764 | 1,528 | \$16.0 | \$38.7 | 2,292 | 1,528 | \$48.4 | \$120.2 | 3,056 | \$64.4 | \$159.9 |
| Medically Dep. Children's Program (MDCP) | 23,840 | 7.5% | 25.1% | 2,380 | 60 | 119 | \$1.5 | \$3.8 | 179 | 119 | \$4.6 | \$11.2 | 238 | \$6.1 | \$15.0 |
| Texas Home Living Waiver | 16,201 | N/A | 69.3% | 5,738 | 143 | 287 | \$0.8 | \$1.9 | 430 | 287 | \$2.4 | \$5.7 | 574 | \$3.2 | \$7.6 |
| Deaf/Blind w/ Mult. Disab. Waiver (DBMD) | 470 | 40.3% | 16.7% | 156 | 4 | 8 | \$0.1 | \$0.2 | 12 | 8 | \$0.3 | \$0.6 | 16 | \$0.3 | \$0.9 |
| Non-Medicaid Services ¹ | 24,907 | varies | 50.0% | 35,489 | 887 | 1,774 | \$2.7 | \$2.7 | 2,661 | 1,774 | \$7.9 | \$7.9 | 3,549 | \$10.6 | \$10.6 |
| In-Home & Family Support | 9,953 | varies | 50.0% | 5,375 | 134 | 269 | \$0.3 | \$0.3 | 403 | 269 | \$0.7 | \$0.7 | 538 | \$1.0 | \$1.0 |
| MR Community Services | 11,192 | 0.0% | 69.3% | 9,955 | 249 | 498 | \$2.0 | \$2.0 | 747 | 498 | \$5.9 | \$5.9 | 996 | \$7.9 | \$7.9 |
| Home and Community-Based Svcs. (HCS) | 40,168 | 26.3% | 69.3% | 20,729 | 1,391 | 2,783 | \$27.4 | \$67.8 | 4,174 | 2,783 | \$82.4 | \$204.5 | 5,566 | \$109.8 | \$272.2 |
| STARPLUS CBA (MAO only) | 14,000 | N/A | 20.7% | 11,157 | 279 | 558 | \$3.2 | \$7.9 | 837 | 558 | \$9.6 | \$23.7 | 1,116 | \$12.8 | \$31.6 |
| Total | 195,258 | | | 105,414 | 4,156 | 8,314 | \$56.0 | \$130.9 | 12,471 | 8,314 | \$167.7 | \$394.1 | 16,628 | \$223.7 | \$525.0 |
| FTEs | | | | | | | | 53.4 | | | | 107.2 | | | 107.2 |

¹ Non-Medicaid Services include the following services: Family Care, Home Delivered Meals, Emergency Response, Adult Foster Care, Special Svcs. for Persons with Disabilities, Residential Care, Client Managed Attendant Care, and Title XX Day Activity & Health Services (DAHS). Waiting/Interest List count is a duplicated count of these services.

² QWP draws from waiting/interest lists of the waiver programs: CBA, MDCP, HCS, DBMD, and CLASS.

The exceptional item for the Community First Choice program would provide attendant and habilitative services to individuals on the interest list for CLASS, HCS, and DBMD.

Assumes 20% of the current (as of February 2012) eligibles on the waiting/interest list will be served for the HCS and CLASS Programs. All other programs are assume a 10% increase in the number of individuals estimated to be served in Aug 2013.

A. Increase Capacity of HHS – Community Services, continued

|  FY 2014-2015 LAR Options to Address Interest / Waiting Lists <i>(dollars in millions)</i> | | | | | | | | | | | | | | |
|---|----------------------|---------------------|----------------------|------------|-------|-----------------|---------------|---------------|-----------------|---------------|---------------|------------------------|---------------|---------------|
| Reduce 100% of the Waiting Lists | Current Waiting List | % Recv. Other Svcs. | August 2013 Caseload | Phase in % | | FY 2014 | | | FY 2015 | | | Biennium | | |
| | | | | FY 14 | FY 15 | Annual Caseload | GR | AF | Annual Caseload | GR | AF | Caseload as of Aug. 13 | GR | AF |
| Child & Adolec. Community Mental Health | 286 | 0% | 12,206 | 100% | 0% | 12,206 | \$1.6 | \$1.6 | 12,206 | \$1.6 | \$1.6 | 12,206 | \$3.1 | \$3.1 |
| Adult Community Mental Health | 6,242 | 0% | 52,484 | 100% | 0% | 52,484 | \$27.1 | \$27.1 | 52,484 | \$27.1 | \$27.1 | 52,484 | \$54.1 | \$54.1 |
| Children with Special Health Care Needs (CSHCN) | 802 | 100% | 1,740 | 100% | 0% | 1,100 | \$11.8 | \$11.8 | 1,100 | \$11.8 | \$11.8 | 1,740 | \$23.6 | \$23.6 |
| Total for Option III MH & IV CSHCN: | | | | | | 65790 | \$40.4 | \$40.4 | 65790 | \$40.4 | \$40.4 | 66430 | \$60.8 | \$60.8 |

Assumptions for Community Mental Health Services:

- The current waiting list estimate was based on a point in time Feb 2012 for eligible clients receiving no behavioral health services. There are additional clients on both wait lists that are receiving limited services and are not included in the figures above.

Assumptions for Children with Special Health Care Needs:

- Caseload figures are annualized.
- The current waiting list estimate was based on a point in time (February 2012 at 802 total clients); the CSHCN program updates waiting list figures monthly.
- Dollars to sustain clients removed from the waiting list in FY14 would be needed in FY15.
- Assumes no additional Federal dollars available.
- Client benefit costs exclude transportation benefit (approximately 2% of the total CSHCN health care benefit costs) provided through the Health and Human Services Commission (HHSC).
- Assumes 50% of eligible clients (not on waiting list) receive services as CSHCN is a safety net program and payor of last resort. Current rules require removal of clients from the waiting list based on priority groups, with groups 1 & 2 being the most likely to receive services at a higher cost. As one moves through the levels of priority, the need for services and related costs to CSHCN diminishes.

B. 10% Biennial Base Reduction Schedule

LAR 10 Percent Reduction Schedules

HHS agencies submitted items totaling \$609.6 million in general revenue as part of a supplemental schedule in agencies' LARs. This schedule represents reductions, and in some cases, elimination of various HHS programs. Savings and the impact on FTEs are listed below. Details of the 10 percent reductions are shown in the following tables.

| Supplemental 10% Schedule General Revenue/General Revenue Dedicated (in millions) | | | | |
|--|----------------|----------------|-----------------|-------------------------|
| Agency | FY 2014 | FY 2015 | Biennial | FY 2015 FTEs |
| HHSC | \$66.2 | \$66.2 | \$132.4 | 9 |
| DADS | 74.4 | 74.7 | 149.1 | 23 |
| DFPS | 36.8 | 37.8 | 74.6 | 61 |
| DARS | 12.0 | 12.0 | 24.0 | 0 |
| DSHS | 114.8 | 114.7 | 229.5 | 954 |
| Total | \$304.2 | \$305.4 | \$609.6 | 1047.0 |

B. 10% Biennial Base Reduction Schedule, continued

| 10 Percent Biennial Base Reduction Options Schedule | | | | | | | | | | | | |
|--|--|--|----------|-------------------|-------------------|--------------------|--------------|----------------|------------------------|-------------|---------------------------------|---------------|
| Agency Name: Department of Aging and Disability Services | | | | | | | | | | | | |
| Rank | Reduction Item | | % impact | Reduction Amount | | | | Biennial Total | Individuals not Served | | Cumulative GR-related reduction | FTE Reduction |
| | Strat | Name | | FY 2014 | FY 2015 | FY 2016 | FY 2017 | | FY 2014 | FY 2015 | | |
| | Approved Reduction Amount \$149,109,529 | | | | | | | | | | | |
| | Agency Code: 539 | | | | | | | | | | | |
| 1 | 1.4.4 | In-Home and Family Support | 100% | 4,989,908 | 4,989,908 | 9,979,816 | 5,799 | 5,799 | 0.67% | | | |
| 2 | 3.1.1 | Central Administration | 5% | 633,157 | 633,156 | 1,266,313 | - | - | 0.75% | | 18.5 | |
| 2 | 3.1.2 | Information Technology Program Support | 5% | 787,680 | 787,680 | 1,575,360 | - | - | 0.86% | | 4.9 | |
| 3 | 1.4.1 | Non-Medicatid Services | 11.4% | 1,685,058 | 1,685,058 | 3,370,116 | 631 | 631 | 1.09% | | | |
| 3 | 1.4.2 | Intellectual Disability Community Services | 11.4% | 3,921,819 | 3,921,819 | 7,843,638 | 476 | 476 | 1.61% | | | |
| 4 | 1.4.3 | Promoting Independence Plan | 11.4% | 309,362 | 309,361 | 618,723 | - | - | 1.65% | | | |
| 5 | 1.6.1 | Nursing Facility Payments | 1.173% | 12,926,871 | 12,939,888 | 25,866,759 | - | - | 3.39% | | | |
| 5 | 1.6.3 | Hospice | 1.173% | 925,567 | 950,268 | 1,875,835 | - | - | 3.51% | | | |
| 5 | 1.7.1 | Intermediate Care Facilities - Intellectual Disability | 1.173% | 1,378,362 | 1,377,061 | 2,755,423 | - | - | 3.70% | | | |
| 5 | 1.2.1 | Primary Home Care | 1.173% | 456,625 | 456,211 | 912,836 | - | - | 3.76% | | | |
| 5 | 1.2.2 | Community Attendant Services (Formerly Frail Elderly) | 1.173% | 2,499,858 | 2,545,732 | 5,045,590 | - | - | 4.10% | | | |
| 5 | 1.2.3 | Day Activity and Health Services (DAHS) | 1.173% | 54,925 | 55,815 | 110,740 | - | - | 4.11% | | | |
| 5 | 1.3.1 | Community Based Alternatives (CBA) | 1.173% | 766,123 | 765,361 | 1,531,484 | - | - | 4.21% | | | |
| 5 | 1.3.2 | Home and Community Based Services (HCS) | 1.173% | 4,006,773 | 4,002,790 | 8,009,563 | - | - | 4.75% | | | |
| 5 | 1.3.3 | Community Living Assistance & Support Services (CLASS) | 1.173% | 923,580 | 922,662 | 1,846,242 | - | - | 4.87% | | | |
| 5 | 1.3.4 | Deaf-Blind Multiple Disabilities (DBMD) | 1.173% | 37,505 | 37,468 | 74,973 | - | - | 4.87% | | | |
| 5 | 1.3.5 | Medically Dependent Children Program (MDCP) | 1.173% | 195,798 | 195,603 | 391,401 | - | - | 4.90% | | | |
| 5 | 1.3.7 | Texas Home Living Waiver | 1.173% | 259,995 | 259,737 | 519,732 | - | - | 4.94% | | | |
| 5 | 1.6.4 | Promoting Independence Services | 1.173% | 467,905 | 492,316 | 960,221 | - | - | 5.00% | | | |
| 6 | 1.6.1 | Nursing Facility Payments | 1.752% | 19,313,736 | 19,333,183 | 38,646,919 | - | - | 7.59% | | | |
| 6 | 1.6.3 | Hospice | 1.752% | 1,382,868 | 1,419,773 | 2,802,641 | - | - | 7.78% | | | |
| 6 | 1.7.1 | Intermediate Care Facilities - Intellectual Disability | 1.752% | 2,059,378 | 2,057,435 | 4,116,813 | - | - | 8.06% | | | |
| 6 | 1.2.1 | Primary Home Care | 1.752% | 682,233 | 681,615 | 1,363,848 | - | - | 8.15% | | | |
| 6 | 1.2.2 | Community Attendant Services (Formerly Frail Elderly) | 1.752% | 3,734,979 | 3,803,519 | 7,538,498 | - | - | 8.65% | | | |
| 6 | 1.2.3 | Day Activity and Health Services (DAHS) | 1.752% | 82,062 | 83,392 | 165,454 | - | - | 8.66% | | | |
| 6 | 1.3.1 | Community Based Alternatives (CBA) | 1.752% | 1,144,647 | 1,143,509 | 2,288,156 | - | - | 8.82% | | | |
| 6 | 1.3.2 | Home and Community Based Services (HCS) | 1.752% | 5,986,426 | 5,980,475 | 11,966,901 | - | - | 9.62% | | | |
| 6 | 1.3.3 | Community Living Assistance & Support Services (CLASS) | 1.752% | 1,379,899 | 1,378,528 | 2,758,427 | - | - | 9.81% | | | |
| 6 | 1.3.4 | Deaf-Blind Multiple Disabilities (DBMD) | 1.752% | 56,035 | 55,979 | 112,014 | - | - | 9.81% | | | |
| 6 | 1.3.5 | Medically Dependent Children Program (MDCP) | 1.752% | 292,537 | 292,246 | 584,783 | - | - | 9.85% | | | |
| 6 | 1.3.7 | Texas Home Living Waiver | 1.752% | 388,452 | 388,066 | 776,518 | - | - | 9.90% | | | |
| 6 | 1.6.4 | Promoting Independence Services | 1.752% | 699,087 | 734,705 | 1,433,792 | - | - | 10.00% | | | |
| | Total | | | | | | | | | | | 23.4 |
| | | | | 74,429,210 | 74,680,319 | 149,109,529 | 6,906 | 6,906 | 10.0% | 23.4 | | |

B. 10% Biennial Base Reduction Schedule, continued

| 6.1. 10 Percent Biennial Base Reduction Options Schedule | | | | | | | | | | | | | |
|--|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---|---|--|--|
| Approved Reduction Amount | | | | | | | | | | | | | |
| \$23,942,761 | | | | | | | | | | | | | |
| Agency Code: 538 | | | | | | | | | | | | | |
| Agency Name: Department of Assistive and Rehabilitative Services | | | | | | | | | | | | | |
| Rank | Reduction Item | Reduction Amount | | | | Revenue Loss | | | | Cumulative GR-related reduction as a % of Approved Base | FTE Reduction (From FY 2012 and FY 2013 Base Request) | | |
| | | FY 2014 | FY 2015 | Biennial Total | FY 2014 | FY 2015 | Biennial Total | FY 2014 | FY 2015 | | | | |
| 1 | 2.3.1 Reduce VR General | \$ 1,457,315 | \$ 1,457,315 | \$ 2,914,630 | \$ 5,384,539 | \$ 5,384,539 | \$ 10,769,078 | \$ 5,384,539 | \$ 5,384,539 | \$ 10,769,078 | 1.2% | | |
| 2 | 2.1.3 Reduce VR Blind | \$ 343,568 | \$ 343,568 | \$ 687,136 | \$ 1,269,427 | \$ 1,269,427 | \$ 2,538,853 | \$ 1,269,426 | \$ 1,269,426 | \$ 2,538,853 | 1.5% | | |
| 3 | 4.1.1 Reduce Administration | \$ 176,694 | \$ 176,693 | \$ 353,387 | \$ 652,854 | \$ 652,854 | \$ 1,305,708 | \$ 652,854 | \$ 652,854 | \$ 1,305,708 | 1.7% | | |
| 4 | 1.1.1 Reduce Early Childhood Intervention | \$ 1,258,114 | \$ 1,258,114 | \$ 2,516,228 | \$ 1,918,901 | \$ 1,918,901 | \$ 3,836,704 | \$ 1,917,803 | \$ 1,917,803 | \$ 3,836,704 | 2.7% | | |
| 5 | 2.3.4 Reduce Comprehensive Rehabilitation Services (CRS) | \$ 2,750,000 | \$ 2,750,000 | \$ 5,500,000 | | | \$ - | | | \$ - | 5.0% | | |
| 6 | 2.3.1 Reduce VR General | \$ 1,457,315 | \$ 1,457,315 | \$ 2,914,630 | \$ 5,384,539 | \$ 5,384,539 | \$ 10,769,078 | \$ 5,384,539 | \$ 5,384,539 | \$ 10,769,078 | 6.2% | | |
| 7 | 2.1.3 Reduce VR Blind | \$ 343,568 | \$ 343,568 | \$ 687,136 | \$ 1,269,427 | \$ 1,269,427 | \$ 2,538,853 | \$ 1,269,426 | \$ 1,269,426 | \$ 2,538,853 | 6.5% | | |
| 8 | 4.1.1 Reduce Administration | \$ 176,694 | \$ 176,693 | \$ 353,387 | \$ 652,854 | \$ 652,854 | \$ 1,305,708 | \$ 652,854 | \$ 652,854 | \$ 1,305,708 | 6.7% | | |
| 9 | 1.1.1 Reduce Early Childhood Intervention | \$ 1,258,114 | \$ 1,258,113 | \$ 2,516,227 | \$ 1,918,901 | \$ 1,918,901 | \$ 3,836,704 | \$ 1,917,803 | \$ 1,917,803 | \$ 3,836,704 | 7.7% | | |
| 10 | 2.3.4 Reduce Comprehensive Rehabilitation Services (CRS) | \$ 2,750,000 | \$ 2,750,000 | \$ 5,500,000 | | | \$ - | | | \$ - | 10.0% | | |
| Total | | \$ 11,971,382 | \$ 11,971,379 | \$ 23,942,761 | \$ 18,451,442 | \$ 18,449,244 | \$ 36,900,686 | \$ 18,449,244 | \$ 18,449,244 | \$ 36,900,686 | | | |

B. 10% Biennial Base Reduction Schedule, continued

| 10 Percent Biennial Base GR Reduction Options Schedule | | | | | | | | | | | | | | | |
|--|--------------|---|--|-------------------|-------------------|---------------------|----------------|----------------|----------------|---------|---------|--|-------------|---|--|
| Approved Reduction Amount | | Agency Name: Texas Department of Family and Protective Services | | | | | | | | | | | | | |
| \$74,589,146 | | | | | | | | | | | | | | | |
| Agency Code: 530 | | Reduction Item | | | | GR Reduction Amount | | | Revenue Loss | | | Cumulative GR-related reduction as a % of 2014-15 Base | | FTE Reduction (From FY 2014 and FY 2014 Base Request) | |
| Rank | | Strat | Name | FY 2014 | FY 2015 | Biennial Total | FY 2014 | FY 2015 | Biennial Total | FY 2014 | FY 2015 | Biennial Total | FY 2014 | FY 2015 | |
| 1st 5% Increment | | | | | | | | | | | | | | | |
| 1 | multi | | Program Support and Administrative Cost Savings | 759,053 | 761,941 | 1,520,994 | 111,601 | 108,713 | 220,314 | | | | | | |
| 2 | C.1.5, C.1.6 | | Eliminate Funding for Other At-Risk Prevention Programs and Related Program Support | 2,364,426 | 2,364,426 | 4,728,852 | - | - | - | | | | 1.0 | 1.0 | |
| 3 | C.1.3, C.1.6 | | Eliminate Funding for Texas Families Together and Safe Program and Related Program Support | 2,683,889 | 2,683,889 | 5,367,778 | - | - | - | | | | 1.0 | 1.0 | |
| 4 | C.1.2, C.1.6 | | Eliminate Funding for Community Youth Development Program and Related Program Support | 5,260,850 | 5,260,850 | 10,521,700 | - | - | - | | | | 3.0 | 3.0 | |
| 5 | C.1.1, C.1.6 | | Eliminate Funding for Services to At-Risk Youth Program and Related Program Support | 7,578,522 | 7,578,522 | 15,157,044 | - | - | - | | | | 3.2 | 3.2 | |
| 2nd 5% Increment | | | | | | | | | | | | | | | |
| 6 | C.1.1, C.1.6 | | Eliminate Funding for Services to At-Risk Youth Program and Related Program Support | 11,295,581 | 11,295,581 | 22,591,162 | - | - | - | | | | 4.8 | 4.8 | |
| 7 | B.1.1 | | Reduce the Number of Special Investigators through Attrition | 562,518 | 1,606,919 | 2,169,437 | 82,113 | 227,799 | 309,912 | | | | 24.0 | 48.0 | |
| 8 | multi | | Reduce APS and CPS Purchased Client Services | 6,266,089 | 6,266,090 | 12,532,179 | - | - | - | | | | 10.0% | 10.0% | |
| Total | | | | 36,770,928 | 37,818,218 | 74,589,146 | 193,714 | 336,512 | 530,226 | | | | 37.0 | 61.0 | |

B. 10% Biennial Base Reduction Schedule, continued

| Approved Base Amount \$229,520,953 | | 6.I. 10 Percent Biennial Base Reduction Options Schedule | | | | | | | | | | | |
|---------------------------------------|-------|---|-----------------------|-----------------------|-----------------------|--------------|-------------|-------------|---|-------------|---|---------------|---------------|
| Agency Code: 537 | | Agency Name: Department of State Health Services | | | | | | | | | | | |
| Rank | Strat | Reduction Item | Reduction Amount | | | Revenue Loss | | | Cumulative GR-related reduction as a % of Approved Base | | FTE Reduction (From FY 2012 and FY 2013 Base Request) | | |
| | | | FY 2014 | FY 2015 | Biennial Total | FY 2014 | FY 2015 | Biennial | FY 2014 | FY 2015 | FY 2014 | FY 2015 | |
| 1 | 1.3.3 | Kidney Health Care | \$ 5,478,143 | \$ 5,478,143 | \$ 10,956,286 | | | | 0.48% | | | 12.80 | 12.80 |
| 2 | 2.1.2 | TxHealth Steps-Medicaid-HHSC IAC-Women & Children's Health Services | \$ 1,233,338 | \$ 1,233,337 | \$ 2,466,675 | | | | 0.58% | | | | |
| 3 | 2.1.4 | Primary Health Care (Title XX Swap) - Community Primary Care Services | \$ 3,512,967 | \$ 3,512,967 | \$ 7,025,934 | | | | 0.89% | | | 0.30 | 0.30 |
| 4 | 2.2.1 | Mental Health Services for Adults - Title XX Swap | \$ 4,875,981 | \$ 4,875,981 | \$ 9,751,962 | | | | 1.32% | | | | |
| 5 | 5.1.1 | Central Administration | \$ 659,732 | \$ 659,736 | \$ 1,319,468 | | | | 1.37% | | | 9.10 | 9.10 |
| 6 | 5.1.2 | IT Program Support | \$ 450,000 | \$ 450,000 | \$ 900,000 | | | | 1.41% | | | | |
| 7 | 5.1.3 | Other Support Services | \$ 353,925 | \$ 353,925 | \$ 707,850 | | | | 1.44% | | | 8.90 | 8.90 |
| 8 | 5.1.4 | Regional Administration | \$ 68,300 | \$ 68,300 | \$ 136,600 | | | | 1.45% | | | | |
| 9 | 2.3.3 | Indigent Health Care | \$ 5,750,000 | \$ 5,750,000 | \$ 11,500,000 | | | | 1.95% | | | | |
| 10 | 3.1.3 | Waco Center for Youth (State Hospitals) - MH State Hospitals | \$ 6,200,000 | \$ 6,200,000 | \$ 12,400,000 | | | | 2.49% | | | 223.00 | 223.00 |
| 11 | 3.1.2 | South Texas Health Care System | \$ 3,160,665 | \$ 3,160,664 | \$ 6,321,329 | | | | 2.77% | | | 63.00 | 63.00 |
| 12 | 2.3.4 | County Indigent Health Care Services | \$ 486,370 | \$ 486,371 | \$ 972,741 | | | | 2.81% | | | 0.90 | 0.90 |
| 13 | 1.3.3 | Kidney Transportation - Kidney Services | \$ 4,884,536 | \$ 4,768,586 | \$ 9,653,122 | | | | 3.23% | | | 2.60 | 2.60 |
| 14 | 1.3.5 | Epilepsy - Epilepsy Hemophilia Services | \$ 951,587 | \$ 951,586 | \$ 1,903,173 | | | | 3.31% | | | 0.10 | 0.10 |
| 15 | 1.2.2 | HIV/STD Prevention | \$ 2,359,025 | \$ 2,359,023 | \$ 4,718,048 | | | | 3.52% | | | 5.00 | 5.00 |
| 16 | 1.3.4 | Children with Special Needs | \$ 2,743,751 | \$ 2,743,751 | \$ 5,487,502 | | | | 3.76% | | | 4.80 | 4.80 |
| 17 | 1.4.1 | Laboratory Services | \$ 1,650,850 | \$ 1,650,850 | \$ 3,301,700 | | | | 3.90% | | | 24.70 | 24.70 |
| 18 | 2.2.1 | Mental Health Services for Adults | \$ 9,485,244 | \$ 9,485,244 | \$ 18,970,488 | | | | 4.73% | | | 5.50 | 5.50 |
| 19 | 7.1.1 | Office of Violent Sex Offender | \$ 440,210 | \$ 440,210 | \$ 880,420 | | | | 4.77% | | | | |
| 20 | 2.2.2 | Mental Health Services for | \$ 2,693,586 | \$ 2,693,586 | \$ 5,387,172 | | | | 5.00% | | | | |
| 21 | 2.2.2 | Mental Health Services for | \$ 1,379,209 | \$ 1,379,208 | \$ 2,758,417 | | | | 5.12% | | | | |
| 22 | 2.2.3 | Community Mental Health Crisis Services | \$ 8,249,420 | \$ 8,245,965 | \$ 16,495,385 | | | | 5.84% | | | | |
| 23 | 2.2.4 | NorthStar Behavioral Health Waiver | \$ 3,242,520 | \$ 3,242,519 | \$ 6,485,039 | | | | 6.12% | | | | |
| 24 | 2.3.1 | EMS & Trauma Care System | \$ 7,501,908 | \$ 7,501,907 | \$ 15,003,815 | | | | 6.78% | | | 0.10 | 0.10 |
| 25 | 3.1.1 | Texas Center for Infectious Diseases | \$ 80,244 | \$ 80,243 | \$ 160,487 | | | | 6.78% | | | 1.10 | 1.10 |
| 26 | 3.1.3 | State Hospitals (Not Waco) - MH State Hospitals | \$ 28,798,735 | \$ 28,798,736 | \$ 57,597,471 | | | | 9.29% | | | 556.00 | 556.00 |
| 27 | 3.2.1 | Mental Health Community Hospitals | \$ 5,198,472 | \$ 5,198,472 | \$ 10,396,944 | | | | 9.74% | | | | |
| 28 | 1.1.1 | Regions - Public Health Preparedness and Coordinated Services | \$ 144,603 | \$ 144,603 | \$ 289,206 | | | | 9.76% | | | 4.60 | 4.60 |
| 29 | 1.1.2 | Health Registries, Information, and Vital Records | \$ 750,829 | \$ 750,828 | \$ 1,501,657 | | | | 9.82% | | | 9.50 | 9.50 |
| 30 | 1.2.3 | Infectious Disease Prevention, Epidemiology & Surveillance | \$ 984,043 | \$ 984,043 | \$ 1,968,086 | | | | 9.91% | | | 6.60 | 6.60 |
| 31 | 1.3.1 | Health Promotion & Chronic Disease Prevention | \$ 474,791 | \$ 474,791 | \$ 949,582 | | | | 9.95% | | | | |
| 32 | 4.1.1 | Food (Meat) and Drug Safety | \$ 212,675 | \$ 212,675 | \$ 425,350 | | | | 9.97% | | | 5.90 | 5.90 |
| 33 | 4.1.2 | Environmental Health | \$ 105,599 | \$ 105,598 | \$ 211,197 | | | | 9.98% | | | 2.70 | 2.70 |
| 34 | 4.1.3 | Radiation Control | \$ 156,289 | \$ 156,289 | \$ 312,578 | | | | 9.99% | | | 3.30 | 3.30 |
| 35 | 4.1.4 | Health Care Professionals | \$ 99,368 | \$ 99,367 | \$ 198,735 | | | | 10.00% | | | 3.00 | 3.00 |
| 36 | 4.1.5 | Health Care Facilities | \$ 3,267 | \$ 3,267 | \$ 6,534 | | | | 10.00% | | | 0.10 | 0.10 |
| Total | | | \$ 114,820,182 | \$ 114,700,771 | \$ 229,520,953 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 953.60 | 953.60 |

B. 10% Biennial Base Reduction Schedule, continued

| 10 Percent Biennial Base Reduction Options Schedule | | | | | | | | | | | | | | |
|---|---|--|----------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------|---------|---------|---|--------------|---|-------------|
| Approved Reduction Amount \$ 132,349,556 | | | | | | | | | | | | | | |
| Agency Name: Health and Human Services Commission | | | | | | | | | | | | | | |
| Agency Code: 529 | | | | | | | | | | | | | | |
| Rank | Reduction Item | | Reduction Amount | | | | Revenue Loss | | | | Cumulative GR-related reduction as a % of Approved Base | | FTE Reduction (From FY 2012 and FY 2013 Base Request) | |
| | | | FY 2014 | FY 2015 | Biennial Total | FY 2014 | FY 2015 | Biennial Total | FY 2014 | FY 2015 | | | | |
| 1 | Provider Rate Reduction | | \$ 58,515,152 | \$ 58,515,152 | \$ 117,030,304 | \$ 89,498,878 | \$ 89,498,878 | \$ 178,997,756 | | | | | | |
| | 2.1.1 | | | | | | | | | | | | | |
| | 2.1.2 | | | | | | | | | | | | | |
| | 2.1.3 | | | | | | | | | | | | | |
| | 2.1.4 | | | | | | | | | | | | | |
| | 2.1.5 | | | | | | | | | | | | | |
| | 2.2.1 | | | | | | | | | | | | | |
| | 2.2.2 | | | | | | | | | | | | | |
| | 2.2.3 | | | | | | | | | | | | | |
| | 2.2.4 | | | | | | | | | | | | | |
| | 2.2.5 | | | | | | | | | | | | | |
| | 3.1.1 | | | | | | | | | | | | | |
| | 3.1.2 | | | | | | | | | | | | | |
| | 3.1.3 | | | | | | | | | | | | | |
| 2 | Adjust Target to Credit for One-Time Expenses | | \$ 436,464 | \$ 436,464 | \$ 872,928 | \$ 574,401 | \$ 574,401 | \$ 1,148,802 | | | | 8.9% | | |
| | 1.1.1 | | | | | | | | | | | | | |
| | 1.1.2 | | | | | | | | | | | | | |
| | 1.2.1 | | | | | | | | | | | | | |
| | 2.3.1 | | | | | | | | | | | | | |
| 3 | Reduction in Administrative Contracted Services | | \$ 52,305 | \$ 52,305 | \$ 104,610 | \$ 52,305 | \$ 52,305 | \$ 104,610 | | | | 8.9% | | |
| | 1.1.2 | | | | | | | | | | | | | |
| 4 | Reduction in Administrative Operating Expense | | \$ 354,296 | \$ 354,296 | \$ 708,592 | \$ 468,395 | \$ 468,395 | \$ 936,790 | | | | 9.0% | | |
| | 1.1.1 | | | | | | | | | | | | | |
| | 1.1.2 | | | | | | | | | | | | | |
| | 1.2.1 | | | | | | | | | | | | | |
| | 2.3.1 | | | | | | | | | | | | | |
| | 3.1.4 | | | | | | | | | | | | | |
| | 4.2.1 | | | | | | | | | | | | | |
| | 5.1.1 | | | | | | | | | | | | | |
| 5 | Reduction in Administrative Travel | | \$ 29,953 | \$ 29,953 | \$ 59,906 | \$ 62,698 | \$ 62,698 | \$ 125,396 | | | | 9.0% | | |
| | 1.1.1 | | | | | | | | | | | | | |
| | 2.3.1 | | | | | | | | | | | | | |
| | 3.1.4 | | | | | | | | | | | | | |
| | 5.1.1 | | | | | | | | | | | | | |
| 6 | Reduction in Eligibility Services Travel | | \$ 1,495,259 | \$ 1,495,259 | \$ 2,990,518 | \$ 1,590,686 | \$ 1,590,686 | \$ 3,181,372 | | | | 9.2% | | |
| | 1.1.2 | | | | | | | | | | | | | |
| 7 | Reduction in Vacant Administrative FTEs | | \$ 38,513 | \$ 38,513 | \$ 77,026 | \$ 145,626 | \$ 145,626 | \$ 291,252 | | | | 9.2% | 1.0 | 1.0 |
| | 1.2.1 | | | | | | | | | | | | | |
| | 5.1.3 | | | | | | | | | | | | | |
| 8 | Salary Savings in Administrative Areas | | \$ 105,335 | \$ 105,335 | \$ 210,670 | \$ 442,717 | \$ 442,717 | \$ 885,434 | | | | 9.2% | 3.0 | 3.0 |
| | 1.1.1 | | | | | | | | | | | | | |
| | 1.2.1 | | | | | | | | | | | | | |
| | 2.3.1 | | | | | | | | | | | | | |
| | 5.1.1 | | | | | | | | | | | | | |
| | 5.1.3 | | | | | | | | | | | | | |
| 9 | Salary Savings in Eligibility Services | | \$ 3,873,797 | \$ 3,873,797 | \$ 7,747,594 | \$ 4,145,798 | \$ 4,145,798 | \$ 8,291,596 | | | | 9.8% | | |
| | 1.1.2 | | | | | | | | | | | | | |
| 10 | Reduction in Filled Administrative FTEs | | \$ 22,631 | \$ 22,631 | \$ 45,262 | \$ 243,518 | \$ 243,518 | \$ 487,036 | | | | 8.8% | 6.0 | 6.0 |
| | 1.2.1 | | | | | | | | | | | | | |
| 11 | Reduction in Contracted Administrative Services | | \$ 523,797 | \$ 523,797 | \$ 1,047,594 | \$ 767,896 | \$ 767,896 | \$ 1,535,791 | | | | 9.9% | | |
| | 2.3.1 | | | | | | | | | | | | | |
| | 3.1.4 | | | | | | | | | | | | | |
| 12 | Partial Reduction in GR Funded Programs | | \$ 721,276 | \$ 721,276 | \$ 1,442,552 | \$ 3,300 | \$ 3,300 | \$ 6,600 | | | | 10.0% | | |
| | 1.1.1 | | | | | | | | | | | | | |
| | 1.2.1 | | | | | | | | | | | | | |
| | 4.1.1 | | | | | | | | | | | | | |
| | 4.2.2 | | | | | | | | | | | | | |
| Total | | | \$ 66,174,778 | \$ 66,174,778 | \$ 132,349,556 | \$ 97,996,218 | \$ 97,996,218 | \$ 196,077,892 | | | | 10.0% | 10.0 | 10.0 |

C1. Rate Schedule – Rate Change Based on Current Review of Costs

| KEY - A - Access based B - Based on rates from other Medicaid programs BR - Blue Ribbon file of claims data CD - Percent of claims data | | | | | | | | | | | | | |
|---|--------------------|---|---|---|-----------------------------------|---|-------------|--|-------|---|-------------|--|-----------|
| Estimated Cost of 1 Percent Change | | | | | | | | | | | | | |
| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Method of Determining Rate Change | Estimated 2012-2013 Biennial Program Cost | | Percentage Rate Change to Fully Fund Methodology | | Estimated Biennial Cost of Change to Fully Fund Methodology | | Estimated Biennial Cost of 1 Percent Rate Change | |
| | Date | Percent | Date | Percent | | AF | GR | 2014 | 2015 | AF | GR | AF | GR |
| DADS | | | | | | | | | | | | | |
| Service Coordination (ID) | 6/1/2010 | 5.00% | NA | NA | CR | 122,627,867 | 50,499,601 | 0.00% | 0.00% | 0 | 0 | 1,289,048 | 518,455 |
| PASSR Assessment Effective 2-1-2013 | NA | NA | NA | NA | T | 209,064 | 85,256 | 0.00% | 0.00% | 0 | 0 | 8,362 | 3,363 |
| PASSR Specialized Services Effective 2-1-2013 | NA | NA | NA | NA | T | 5,480,664 | 2,235,015 | 0.00% | 0.00% | 0 | 0 | 187,908 | 75,577 |
| Community Attendant Services | 8/1/2009 | \$0.80 per hour minimum wage rate increase* | NA | NA | CR | 1,023,347,141 | 421,328,709 | 4.19% | 4.19% | 45,084,100 | 181,327,739 | 10,767,586 | 4,330,702 |
| Community Based Alternatives | 8/1/2009 | \$0.80 per hour minimum wage rate increase* | 9/1/2011 | 3.95% for Personal Assistance and Financial Management Services | CR | 418,304,906 | 175,651,412 | 6.46% | 6.46% | 20,915,282 | 8,412,127 | 3,240,064 | 1,303,154 |
| Community Living Assistance and Support Services | 8/1/2009 | \$0.80 per hour minimum wage rate increase* | NA | NA | CR | 391,761,064 | 161,348,357 | 1.16% | 1.16% | 4,540,300 | 1,826,108 | 3,914,052 | 1,574,231 |
| Day Activity and Health Services - Title XIX | 8/1/2009 | \$0.80 per hour minimum wage rate increase* | NA | NA | CR | 71,794,467 | 29,775,248 | 3.30% | 3.30% | 775,695 | 311,983 | 234,766 | 94,423 |
| Deaf-Blind Multiple Disabilities | 6/15/2010 | 18% increase for Intervenor | NA | NA | B | 15,843,840 | 6,525,090 | 3.48% | 3.48% | 553,102 | 222,458 | 158,937 | 63,924 |

| Estimated Cost of 1 Percent Change 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 2012/2013 T - Trending from current rate to FY 2012/2013 M - Based on Medicare rates PA - Pro forma analysis | | | | | | | | | | | | | |
|--|--------------------|---|---|---------------------------------|-----------------------------------|---|---------------|--|--------|---|-------------|--|------------|
| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Method of Determining Rate Change | Estimated 2012-2013 Biennial Program Cost | | Percentage Rate Change to Fully Fund Methodology | | Estimated Biennial Cost of Change to Fully Fund Methodology | | Estimated Biennial Cost of 1 Percent Rate Change | |
| | Date | Percent | Date | Percent | | AF | GR | 2014 | 2015 | AF | GR | AF | GR |
| Home and Community-based Services | 10/1/2009 | 4.25% | 9/1/2011 | 3% to 4.4% depending on service | CR | 1,663,205,255 | 684,867,177 | -0.30% | -0.30% | (5,225,406) | (2,101,659) | 17,214,367 | 6,923,619 |
| Note 1 Hospice Payments (NF Related Only) | 9/1/2009 | 2.79% | 9/1/2011 | 3.00% | B | 460,360,150 | 189,547,261 | 16.82% | 16.82% | 83,891,849 | 33,741,072 | 4,986,469 | 2,005,544 |
| Intermediate Care Facilities - Intellectual Disabilities | 9/1/2009 | 1.50% | 9/1/2011 | 5.00% | CR | 586,450,373 | 241,526,626 | 3.46% | 3.46% | 22,056,538 | 8,871,139 | 6,373,276 | 2,563,331 |
| Medically Dependent Children Program | 8/1/2009 | \$0.80 per hour minimum wage rate increase | NA | NA | B | 83,129,592 | 34,237,620 | 5.44% | 5.44% | 4,512,404 | 1,814,889 | 829,486 | 333,620 |
| Non-Medicaid Services - Title XX | 8/1/2009 | 2.79% | NA | NA | CR | 176,086,158 | 25,055,838 | 7.00% | 7.00% | 12,327,438 | 12,327,438 | 1,761,074 | 1,761,074 |
| Nursing Facility | 9/1/2009 | \$0.80 per hour minimum wage rate increase* | 2/1/2011 | 3.00% | CR | 4,433,312,438 | 1,825,772,839 | 16.84% | 16.84% | 925,197,326 | 372,114,179 | 54,940,459 | 22,097,041 |
| Primary Home Care | 8/1/2009 | \$0.80 per hour minimum wage rate increase* | NA | NA | CR | 407,644,669 | 168,718,297 | 4.17% | 4.17% | 8,139,082 | 3,273,539 | 1,951,684 | 784,967 |

| Estimated Cost of 1 Percent Change 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 2012/2013 T - Trending from current rate to FY 2012/2013 M - Based on Medicare rates PA - Pro forma analysis | | | | | | | | | | | | | |
|---|--------------------|--|---|---------|-----------------------------------|---|--------------------|--|--------|---|-------------------|--|----------------|
| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Method of Determining Rate Change | Estimated 2012-2013 Biennial Program Cost | | Percentage Rate Change to Fully Fund Methodology | | Estimated Biennial Cost of Change to Fully Fund Methodology | | Estimated Biennial Cost of 1 Percent Rate Change | |
| | Date | Percent | Date | Percent | | AF | GR | 2014 | 2015 | AF | GR | AF | GR |
| Program of All-inclusive Care for the Elderly | 9/1/2012 | OVERALL -0.5% \$0.80 per hour minimum wage rate increase 39.49% | NA | NA | PA | 73,641,317 | 30,320,547 | 1.00% | 1.00% | 758,260 | 304,972 | 758,260 | 304,972 |
| Promoting Independence Services | 8/1/2009 | | NA | NA | B | 200,583,314 | 82,640,070 | 5.73% | 5.73% | 11,664,759 | 4,691,505 | 2,035,735 | 818,762 |
| Texas Home Living Waiver | 10/1/2009 | | 2/1/2011 | 2.00% | B | 94,302,737 | 38,775,908 | 1.33% | 1.33% | 1,465,256 | 589,326 | 1,101,696 | 443,102 |
| Total DADS (with totals only included) | | | | | | 1,136,655,985 | 464,531,815 | | | 111,753,228 | 45,999,861 | | |
| Note 1: Tied by federal law to 95% of NF rates - any changes to NF rates will impact Hospice Payments * Effective 9/1/09, there was a \$19.2 million GR funding increase for certain DADS Community Care programs for rate enhancement. | | | | | | | | | | | | | |
| DARS | | | | | | | | | | | | | |
| Note 2 | | | | | | | | | | | | | |
| ECI - Case Management | 3/15/2010 | 24.00% | NA | NA | CR | 39,866,258 | 16,414,019 | 0.00% | 0.00% | 0 | 0 | 425,626 | 171,186 |
| ECI - Development Rehabilitative Services | 3/15/2010 | 5.71% | NA | NA | CR | 72,533,848 | 29,868,646 | 0.00% | 0.00% | 0 | 0 | 774,513 | 311,506 |
| Total DARS | | | | | | 1,200,139 | 0 | | | 0 | 0 | 482,692 | 482,692 |
| Note 2: Rate change effective 10-1-2011 to reflect change in reimbursement methodology eliminating monthly unit of services as directed by CMS. | | | | | | | | | | | | | |
| DFPS | | | | | | | | | | | | | |
| Note 2 | | | | | | | | | | | | | |
| 24-Hr. Residential Child Care (Foster Care) - Foster Family | 9/1/2009 | 3.33% | NA | NA | CR | 17,465,807 | 9,536,500 | 50.16% | 50.16% | 17,289,192 | 9,220,551 | 344,681 | 185,834 |
| CPA - Foster Family Pass Through | 9/1/2009 | 3.33% | NA | NA | PA | 129,225,792 | 77,633,694 | 16.29% | 16.29% | 33,685,628 | 18,542,510 | 2,067,872 | 1,216,321 |
| CPA - Retainage | 9/1/2009 | 1.33% | NA | NA | CR | 101,338,690 | 60,880,236 | 22.79% | 22.79% | 61,748,129 | 35,028,315 | 2,709,440 | 1,393,692 |

| KEY - A - Access based B - Based on rates from other Medicaid programs CR - Based on rates from current rate to FY 2012/2013 M - Based on Medicare rates PA - Pro forma analysis BR - Blue Ribbon file of claims data CD - Percent of claims data | | | | | | | | | | | | | |
|---|--------------------|---------|---|---------|-----------------------------------|---|-------------|--|------------------|--|--------------------|--|-------------------|
| CR - Cost Reports used for prospective rate - trend to FY 2012/2013 T - Trending from current rate to FY 2012/2013 | | | | | | | | | | | | | |
| Estimated Cost of 1 Percent Change | | | | | | | | | | | | | |
| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Method of Determining Rate Change | Estimated 2012-2013 Biennial Program Cost | | Percentage Rate Change to Fully Fund Methodology | | Estimated Biennial Cost of Rate Change to Fully Fund Methodology | | Estimated Biennial Cost of 1 Percent Rate Change | |
| | Date | Percent | Date | Percent | | AF | GR | 2014 | 2015 | AF | GR | AF | GR |
| 24-Hr. Residential Child Care (Foster Care) - Child Placing Agency (CPA) | 9/1/2009 | 2.41% | NA | NA | CR | 230,564,482 | 138,513,930 | Note 3 19.97% | Note 3 19.97% | 95,433,757 | 53,570,825 | 4,778,856 | 2,810,761 |
| 24-Hr. Residential Child Care (Foster Care) - Residential Treatment Facility | 9/1/2009 | 9.30% | NA | NA | CR | 96,231,264 | 66,436,120 | 37.70% | 37.70% | 66,806,796 | 44,172,515 | 1,772,064 | 1,210,231 |
| 24-Hr. Residential Child Care (Foster Care) - Emergency Shelter | 9/1/2009 | 8.68% | NA | NA | CR | 22,584,368 | 15,050,453 | 46.88% | 46.88% | 20,790,257 | 13,536,409 | 443,478 | 288,749 |
| 24-Hr. Residential Child Care (Foster Care) - Total All Provider Types | NA | NA | NA | NA | CR | 366,845,921 | 229,537,003 | 27.28% | 27.28% | 200,320,002 | 60,275,200 | 7,344,302 | 4,494,828 |
| Psychiatric Transition (Intensive Psychiatric Step Down) | NA | NA | NA | NA | PA | 2,178,995 | | 3.15% | 3.15% | 183,325 | 70,942 | 58,198 | 44,638 |
| Total DFPS (with totals only included) | | | | | | | | | | 496,257,086 | 234,417,267 | 19,518,890 | 11,845,056 |
| Note 3: The percentage rate change for 24-Hr. Residential Child Care (Foster Care) - Child Placing Agency is the weighted average of a 16.29 percent increase for the foster family pass-through component of the rate, and a 22.79 percent increase for the Child Placing Agency component. Note 4: Supervised Independent Living (SIL) is a new 24-hour residential child care (foster care) living arrangement. SIL is scheduled to begin in FY 2013. Future costs are unknown; however, DFPS believes any costs associated with SIL are being captured through the 24-hour residential child care costs (foster care). Note 5: If TANF funding is available, up to \$24,642,441 of this amount is eligible for TANF funding the remaining \$35,582,659 must be GR Note 6: If TANF funding is available, up to \$24,828,957 of this amount is eligible for TANF funding the remaining \$35,446,243 must be GR Note 7: If TANF funding is available, up to \$728,042 of this amount is eligible for TANF funding the remaining \$1,519,694 must be GR Note 8: If TANF funding is available, up to \$727,833 of this amount is eligible for TANF funding the remaining \$1,519,259 must be GR Note 9: If TANF funding is available, up to \$38,541 of this amount is eligible for TANF funding the remaining \$31,124 must be GR Note 10: If TANF funding is available, up to \$39,247 of this amount is eligible for TANF funding the remaining \$31,695 must be GR Note 11: If TANF funding is available, up to \$12,235 of this amount is eligible for TANF funding the remaining \$9,881 must be GR Note 12: If TANF funding is available, up to \$12,459 of this amount is eligible for TANF funding the remaining \$10,063 must be GR | | | | | | | | | | | | | |

| Estimated Cost of 1 Percent Change | | | | | | | | | | | | | |
|---|--------------------|---------|---|---------|-----------------------------------|---|-----------|--|-------|--|--------|--|--------|
| KEY - A - Access based B - Based on rates from other Medicaid programs BR - Blue Ribbon file of claims data CD - Percent of claims data | | | | | | | | | | | | | |
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| | Date | Percent | Date | Percent | | AF | GR | 2014 | 2015 | AF | GR | AF | GR |
| DSHS | | | | | | | | | | | | | |
| Note 13 & 14 Children with Special Health Care Needs (CSHCN) - Outpatient Hospital | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | B | 8,169,786 | 4,329,987 | 1.00% | 1.00% | 81,698 | 43,300 | 81,698 | 43,300 |
| Note 13 & 14 CSHCN - Ambulance Services | 9/1/2009 | 2.50% | 2/1/2011 | 2.00% | B | 452,124 | 239,626 | 1.00% | 1.00% | 4,522 | 2,396 | 4,522 | 2,396 |
| Note 13 & 14 CSHCN - Durable Medical Equipment, Prosthetics, Orthotics, Supplies | Various 2008 | 2.50% | 2/1/2011 | 2.00% | B | 2,585,434 | 1,370,280 | 1.00% | 1.00% | 25,854 | 13,702 | 25,854 | 13,702 |
| Note 13 & 14 CSHCN - Drugs/Biologicals | 10/1/2008 | 2.50% | 2/1/2011 | 2.00% | B | 16,176,265 | 8,573,421 | 1.00% | 1.00% | 161,762 | 85,734 | 161,762 | 85,734 |
| Note 13 & 14 TEFRA Based Inpatient Hospital (Cost-Based) | NA | NA | NA | NA | CR | 6,875,092 | 3,644,011 | 1.00% | 1.00% | 68,754 | 36,440 | 68,754 | 36,440 |
| Note 13 & 14 CSHCN - Nursing | 11/1/2002 | 2.50% | 2/1/2011 | 2.00% | B | 133,226 | 70,610 | 1.00% | 1.00% | 1,332 | 706 | 1,332 | 706 |
| Note 13 & 14 CSHCN - Physician & Professional Services - Total | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | B | 6,021,820 | 3,191,564 | 1.00% | 1.00% | 60,218 | 31,916 | 60,218 | 31,916 |
| Note 13 & 14 Family Planning - Durable Medical Equipment, Prosthetics, Orthotics, | Various 2008 | 2.50% | 2/1/2011 | 2.00% | B | 1,317,085 | 0 | 1.00% | 1.00% | 13,170 | 0 | 13,170 | 0 |

| Estimated Cost of 1 Percent Change 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 2012/2013 T - Trending from current rate to FY 2012/2013 M - Based on Medicare rates PA - Pro forma analysis | | | | | | | | | | | | | |
|--|--------------------|-------------|---|---------|-----------------------------------|---|------------|--|-------|--|--------|--|---------|
| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Method of Determining Rate Change | Estimated 2012-2013 Biennial Program Cost | | Percentage Rate Change to Fully Fund Methodology | | Estimated Biennial Cost of Rate Change to Fully Fund Methodology | | Estimated Biennial Cost of 1 Percent Rate Change | |
| | Date | Percent | Date | Percent | | AF | GR | 2014 | 2015 | AF | GR | AF | GR |
| Note 13 & 14 Family Planning - Drugs/Biologicals | 10/1/2008 | 2.50% | 2/1/2011 | 2.00% | B | 9,576,172 | 0 | 1.00% | 1.00% | 95,762 | 0 | 95,762 | 0 |
| Note 13 & 14 Family Planning - Clinical Laboratory | 4/1/2008 | 2.50% | 2/1/2011 | 2.00% | B | 6,849,668 | 0 | 1.00% | 1.00% | 68,496 | 0 | 68,496 | 0 |
| Note 13 & 14 Family Planning - Physician & Professional Services (Includes Women's Health Program) - Adults - Total | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | B | 8,066,725 | 0 | 1.00% | 1.00% | 80,668 | 0 | 80,668 | 0 |
| Note 13 & 14 Maternal and Child Health - Dental | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | B | 8,383,144 | 0 | 1.00% | 1.00% | 83,832 | 0 | 83,832 | 0 |
| Note 13 & 14 Maternal and Child Health - Physician & Professional Services - Children - Total | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | B | 3,988,446 | 0 | 1.00% | 1.00% | 39,884 | 0 | 39,884 | 0 |
| Note 13 & 14 Maternal and Child Health - Physician & Professional Services - Adults - Total | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | B | 5,536,992 | 5,536,992 | 1.00% | 1.00% | 55,370 | 55,370 | 55,370 | 55,370 |
| Note 15 Mental Health (MH) Targeted Case Management - Adult | 9/1/2004 | New Service | 2/1/2011 | 2.00% | CR | 16,765,960 | 6,904,415 | 0.00% | 0.00% | 0 | 0 | 182,363 | 73,345 |
| Note 15 Mental Health (MH) Targeted Case Management - Children | 9/1/2004 | New Service | 2/1/2011 | 2.00% | CR | 26,850,475 | 11,057,334 | 0.00% | 0.00% | 0 | 0 | 295,751 | 118,949 |

| <p style="text-align: center;">Estimated Cost of 1 Percent Change</p> | | | | | | | | | | | | | |
|--|---|-------------|---|---------|-----------------------------------|---|------------|--|-------|--|---------|--|---------|
| Program by Budget Agency | Last Rate Increase | | Rate Reduction Since Last Rate Increase | | Method of Determining Rate Change | Estimated 2012-2013 Biennial Program Cost | | Percentage Rate Change to Fully Fund Methodology | | Estimated Biennial Cost of Rate Change to Fully Fund Methodology | | Estimated Biennial Cost of 1 Percent Rate Change | |
| | Date | Percent | Date | Percent | | AF | GR | 2014 | 2015 | AF | GR | AF | GR |
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| Note 15 MH Rehabilitative Services - Adult | 9/1/2004 | New Service | 2/1/2011 | 2.00% | CR | 185,267,057 | 76,295,099 | 0.00% | 0.00% | 0 | 0 | 2,015,143 | 810,481 |
| Note 15 MH Rehabilitative Services - Children | 9/1/2004 | New Service | 2/1/2011 | 2.00% | CR | 78,862,339 | 32,476,416 | 0.00% | 0.00% | 0 | 0 | 868,648 | 349,365 |
| Note 13 & 14 Substance Use Disorder | 9/1/2007 | 7% | NA | NA | NA | 149,261,546 | 21,604,748 | 1.00% | 1.00% | 1,515,080 | 219,232 | 1,515,080 | 219,232 |
| NorthSTAR -- Medicaid Inpatient Hospital | NA | NA | NA | NA | B | 14,956,163 | 6,158,558 | 1.00% | 1.00% | 165,524 | 66,573 | 165,525 | 66,573 |
| NorthSTAR -- MH Rehabilitative Services - Children | NA | NA | NA | NA | T | 5,269,047 | 2,171,223 | 1.00% | 1.00% | 53,886 | 21,673 | 53,886 | 21,673 |
| NorthSTAR -- MH Rehabilitative Services - Adults | NA | NA | NA | NA | T | 8,010,986 | 3,296,835 | 1.00% | 1.00% | 93,974 | 37,796 | 93,973 | 37,795 |
| NorthSTAR -- MH Targeted Case Management - Children | NA | NA | NA | NA | T | 1,346,057 | 554,672 | 1.00% | 1.00% | 13,766 | 5,537 | 13,766 | 5,537 |
| NorthSTAR -- MH Targeted Case Management - Adults | NA | NA | NA | NA | T | 3,014,170 | 1,240,449 | 1.00% | 1.00% | 35,358 | 14,221 | 35,358 | 14,221 |
| NorthSTAR - Physician & Professional Services - Total | NA | NA | NA | NA | T | 21,630,945 | 8,907,060 | 1.00% | 1.00% | 239,396 | 96,284 | 239,396 | 96,284 |
| NorthSTAR -- Medicaid Institutions for Mental Disease (State Hospitals) | NA | NA | NA | NA | B | 22,568,822 | 9,274,709 | 1.00% | 1.00% | 300,754 | 120,962 | 300,754 | 120,962 |

| Estimated Cost of 1 Percent Change | | | | | | | | | | | | | |
|---|--------------------|--|---|---------|-----------------------------------|---|-------------|--|--------|--|----------------|--|------------------|
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| | Date | Percent | Date | Percent | | AF | GR | 2014 | 2015 | AF | GR | AF | GR |
| Youth Empowerment Services (YES) Waiver | 4/1/2012 | 34% for Family Supports; 17% for Community Living Supports | NA | NA | B | 4,450,000 | 1,826,610 | 1.00% | 1.00% | 60,000 | 24,420 | 60,000 | 24,420 |
| Total DSHS (with totals only included) | | | | | | | | | | 3,319,061 | 876,260 | 6,680,965 | 2,228,400 |
| Note 13: 1% Fiscal impact display ed for CSHCN, Maternal and Child Health Services, and Substance Use Disorder Services reflects 1% decrease only, a 1% increase to these programs would be 100% GR funded at the All Funds amount. Note 14: "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. Note 15: 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. | | | | | | | | | | | | | |
| HHSC | | | | | | | | | | | | | |
| Anesthesia - Children | 9/1/2007 | 21.58% | 2/1/2011 | 2.00% | M | 95,358,027 | 39,275,992 | 2.51% | 2.51% | 2,591,563 | 1,042,312 | 1,032,496 | 415,264 |
| Anesthesia - Adults | 1/1/2010 | 9.23% | 2/1/2011 | 2.00% | M | 79,905,652 | 32,906,064 | 9.96% | 9.96% | 8,656,545 | 3,481,622 | 869,131 | 349,560 |
| Registered Nurse Anesthetist - Children | 9/1/2007 | 21.58% | 2/1/2011 | 2.00% | M | 17,096,548 | 7,041,713 | 2.51% | 2.51% | 464,657 | 186,875 | 185,114 | 74,452 |
| Registered Nurse Anesthetist - Adults | 1/1/2010 | 9.23% | 2/1/2011 | 2.00% | M | 19,852,781 | 8,175,603 | 9.96% | 9.96% | 2,150,743 | 865,019 | 215,938 | 86,850 |
| Ambulance Services | 9/1/2009 | 29.97% | 2/1/2011 | 2.00% | M | 271,015,127 | 111,607,138 | 17.08% | 17.08% | 50,348,805 | 20,250,055 | 2,947,822 | 1,185,601 |
| Ambulatory Surgical Center/Hospital Ambulatory Surgical Centers | 9/1/2007 | 2.50% | 9/1/2011 | 5.00% | M | 139,065,136 | 57,288,616 | 76.23% | 76.23% | 115,303,855 | 46,374,675 | 1,512,666 | 608,387 |
| Birthing Centers | 7/1/2012 | 250.00% | 9/1/2011 | 5.00% | A, CD | 345,785 | 142,398 | 0.00% | 0.00% | 0 | 0 | 0 | 3,761 |

| Estimated Cost of 1 Percent Change | | | | | | | | | | | | | |
|--|--------------------|---|---|---------|-----------------------------------|---|-------------|--|--------|---|------------|--|------------|
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| | Date | Percent | Date | Percent | | AF | GR | 2014 | 2015 | AF | GR | AF | GR |
| Children & Pregnant Women - Case Management - Children | 9/1/2007 | 55.50% | 2/1/2011 | 2.00% | B | 2,139,198 | 878,994 | 0.00% | 0.00% | 0 | 0 | 17,840 | 7,175 |
| Children & Pregnant Women - Case Management - Adults | 9/1/2007 | 55.50% | 2/1/2011 | 2.00% | B | 421,054 | 173,308 | 0.00% | 0.00% | 0 | 0 | 4,246 | 1,708 |
| Children's Health Insurance Program (CHIP) (including perinatal, excluding pharmacy costs) | 9/1/2013 | -0.3% (3/1/12), -1.1% (9/1/12) | NA | NA | T | 1,944,948,452 | 560,409,789 | 1.00% | 1.00% | 21,159,655 | 5,957,471 | 21,159,655 | 5,957,471 |
| CHIP Dental | 9/1/2013 | Overall, since 9/1/2012 | NA | NA | T | 298,942,464 | 86,165,354 | 1.00% | 1.00% | 3,147,851 | 886,273 | 3,147,851 | 886,273 |
| CHIP Vendor Drug Dispensing Fee | 3/1/2012 | M C rollout for VD decreased Disp Fee from \$6.5/RX to +1.96% | NA | NA | PA | 14,872,446 | 4,310,350 | 1.00% | 1.00% | 69,878 | 19,674 | 69,878 | 19,674 |
| Clinical Laboratory Fees (non-state owned) | 4/1/2008 | 2.60% | 9/1/2011 | 10.50% | M | 445,057,753 | 183,559,607 | 26.50% | 26.50% | 127,709,209 | 51,363,932 | 4,818,961 | 1,938,159 |
| Orthodontics - Children | 9/1/2007 | 52.50% | 2/1/2011 | 2.00% | A,CD | 489,973,474 | 201,809,906 | 0.00% | 0.00% | 0 | 0 | 5,305,220 | 2,133,730 |
| Orthodontics - Adults | 9/1/2007 | 52.50% | 2/1/2011 | 2.00% | A,CD | 2,408,007 | 991,645 | 0.00% | 0.00% | 0 | 0 | 26,192 | 10,535 |
| Dental Services - Children's | 9/1/2007 | 52.50% | 2/1/2011 | 2.00% | A,CD | 2,359,193,116 | 971,702,685 | 0.00% | 0.00% | 0 | 0 | 25,544,316 | 10,273,782 |
| Dental Services - Adults | 9/1/2007 | 52.50% | 2/1/2011 | 2.00% | A,CD | 12,560,139 | 5,048,866 | 0.00% | 0.00% | 0 | 0 | 133,353 | 53,654 |

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|---|--------------------|---------|---|---------|-----------------------------------|---|-------------|--|--------|--|------------|--|-----------|
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| | Date | Percent | Date | Percent | | AF | GR | 2014 | 2015 | AF | GR | AF | GR |
| Durable Medical Equipment, Prosthetics, Orthotics, Supplies (DMEPS) | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 49,158,448 | 20,244,013 | 31.01% | 31.01% | 16,580,884 | 6,668,754 | 534,695 | 215,052 |
| Hearing | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 144,980,026 | 59,704,438 | 0.00% | 0.00% | 0 | 0 | 1,576,943 | 634,239 |
| Hospital Beds and Accessories | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 15,861,779 | 6,532,063 | 8.46% | 8.46% | 1,459,587 | 587,039 | 172,528 | 69,390 |
| Incontinence Supplies | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 363,140,881 | 149,545,581 | 14.19% | 14.19% | 56,048,668 | 22,542,514 | 3,945,871 | 1,588,619 |
| Kidney Machines and Access | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD | 315,261 | 129,828 | 0.00% | 0.00% | 0 | 0 | 3,429 | 1,379 |
| Miscellaneous DME Equipment and Supplies | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 52,603,900 | 21,662,889 | 36.94% | 36.94% | 21,135,991 | 8,500,798 | 572,171 | 230,124 |
| Mobility Aids | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 11,821,995 | 4,868,433 | 14.45% | 14.45% | 1,838,088 | 747,314 | 128,587 | 51,718 |
| Neurostimulators | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 2,599,290 | 1,070,417 | 8.59% | 8.59% | 242,860 | 97,677 | 28,272 | 11,371 |
| Nutrition | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 233,249,482 | 96,054,813 | 0.59% | 0.59% | 1,496,858 | 602,029 | 2,537,048 | 1,020,389 |
| Orthotics | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 36,469,202 | 15,018,436 | 28.66% | 28.66% | 11,368,684 | 4,572,432 | 396,674 | 159,540 |
| Oxygen and Related Respiratory Equipment | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 110,102,356 | 45,341,413 | 13.76% | 13.76% | 16,478,695 | 6,627,655 | 1,197,579 | 481,661 |
| Prosthetics | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 11,480,944 | 4,727,984 | 18.66% | 18.66% | 2,330,221 | 937,204 | 124,877 | 50,225 |
| Speech Generating Devices/Augmentive Communication Devices | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 539,634 | 222,227 | 11.02% | 11.02% | 64,683 | 26,015 | 5,870 | 2,361 |
| Wheel Chairs | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 92,205,999 | 37,971,488 | 27.48% | 27.48% | 27,560,283 | 11,084,617 | 1,002,921 | 403,370 |
| Wound Therapy | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 19,170,809 | 7,894,759 | 10.95% | 10.95% | 2,283,296 | 918,331 | 208,520 | 83,866 |
| Vision | Various 2008 | 10.00% | 9/1/2011 | 10.00% | A,CD,M | 61,824,806 | 25,460,164 | 39.13% | 39.13% | 26,313,607 | 10,583,211 | 672,466 | 270,462 |
| Family Planning - Children | 9/1/2007 | 10.66% | 2/1/2011 | 2.00% | A,M | 36,091,197 | 3,609,120 | 7.93% | 7.93% | 3,098,883 | 309,888 | 390,780 | 59,078 |
| Family Planning - Adults | 9/1/2007 | 4.00% | 2/1/2011 | 2.00% | A,M | 85,300,284 | 8,530,025 | 9.93% | 9.93% | 9,213,133 | 921,313 | 927,808 | 97,781 |

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| Federally Qualified Health Centers | 1/1/2012 | MEI+0.5% | 1/1/2011 | 1.00% | T | 232,890,621 | 95,901,992 | MEI (0.6%) | MEI (0.6%) | 1,164,453 | 468,343 | 1,058,594 | 425,766 |
| Freesiding Psychiatric Hospitals (non-state owned) | 1/1/2008 | 18.18% | 9/1/2011 | 8.00% | T,M | 60,157,470 | 24,763,609 | MEI+5% (1.1%) | MEI+5% (1.1%) | 14,133,646 | 5,684,492 | 681,646 | 274,155 |
| TEFRA Based Inpatient Hospital (Cost-Based) | NA | NA | NA | NA | CB | 1,924,162,220 | 792,392,027 | 9.52% | 8.72% | 190,704,251 | 76,702,037 | 20,929,871 | 8,417,897 |
| Inpatient Hospital - SDA Releasing | 9/1/2001 | 13.87% | 9/1/2012 | Funding reduced by \$20 million GR as hold harmless for SDA transition ends | BR | 4,900,519,157 | 2,018,089,883 | 78.86% | 78.86% | 4,203,563,073 | 1,690,653,562 | 53,304,879 | 21,438,975 |
| Outpatient Hospital | 9/1/2007 | 2.50% | 9/1/2011 | 10.00% | CD | 2,643,647,136 | 1,088,684,152 | 33.53% | 33.53% | 964,265,463 | 387,823,095 | 28,755,992 | 11,565,527 |
| Outpatient Imaging | NA | NA | NA | NA | M | 162,599,598 | 66,960,376 | 9.52% | 8.72% | 16,115,291 | 6,481,637 | 1,768,660 | 711,347 |
| HHA - Home Health Aide Services | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | A,CD,M | 265,774 | 109,449 | 0.00% | 0.00% | 0 | 0 | 2,891 | 1,163 |
| HHA - Other Services (Supplies) | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | A,CD,M | 736,788 | 303,418 | 0.00% | 0.00% | 0 | 0 | 8,014 | 3,223 |
| HHA - Skilled Nursing | 9/1/2007 | 2.50% | 2/1/2011 | 2.00% | A,CD,M | 32,629,080 | 13,437,029 | 0.00% | 0.00% | 0 | 0 | 354,905 | 142,741 |
| Laboratory Services - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A,M | 12,734,296 | 5,244,992 | 7.93% | 7.93% | 1,093,399 | 439,759 | 137,881 | 55,455 |
| Laboratory Services - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A,M | 25,773,523 | 10,613,832 | 9.93% | 9.93% | 2,783,754 | 1,119,613 | 280,338 | 112,750 |
| Maternity Service Clinic | NA | NA | 9/1/2011 | 7.00% | A,M | 347,289 | 145,018 | 9.93% | 9.93% | 37,510 | 15,086 | 3,778 | 1,519 |

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| | Date | Percent | Date | Percent | | AF | GR | 2014 | 2015 | AF | GR | AF | GR |
| Note 16 Medical Transportation Practitioners - Children | NA | NA | 9/1/2010 | 3.68% 1.0% | 3.68% reduction was due to change in PPLI 1% reduction was legislatively mandated | 8,144,052 | 3,904,907 | 0.00% | 0.00% | 0 | 0 | 88,586 | 36,055 |
| ACA Physicians Primary Care - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A, B, M, CD | 1,757,594,631 | 723,916,754 | 7.93% | 7.93% | 150,911,627 | 60,695,815 | 19,030,470 | 7,653,949 |
| ACA Physicians Primary Care - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A, B, M, CD | 1,069,192,134 | 440,305,587 | 9.93% | 9.93% | 115,481,592 | 46,446,160 | 11,629,566 | 4,677,357 |
| Note 17 ACA Physicians Primary Care - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | M | 214,949,756 | 73,936,848 | 0.00% | 15.86% | 10,455,779 | 4,203,223 | 623,468 | 250,654 |
| Note 17 ACA Physicians Primary Care - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | M | 49,637,349 | 16,637,421 | 0.00% | 19.87% | 2,943,295 | 1,183,205 | 141,411 | 56,847 |
| Note 17 ACA THSteps Providers Primary Care - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | M | 458,623,400 | 180,120,415 | 0.00% | 15.86% | 25,666,988 | 10,318,129 | 1,530,497 | 615,260 |
| Note 17 ACA Physicians Vaccine Administration - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | M | 32,880,481 | 7,515,820 | 0.00% | 163.38% | 10,607,611 | 4,264,260 | 61,402 | 24,684 |
| Note 17 ACA Physicians Vaccine Administration - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | M | 213,100 | 51,291 | 0.00% | 163.38% | 72,751 | 29,246 | 425 | 171 |

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| | Note 17 ACA THSteps Providers Vaccine Administration- Children | 9/1/2007 | 27.50% | 2/1/2011 | | 2.00% | M | 66,731,286 | 18,935,354 | 0.00% | 163.38% | 27,223,088 | 10,943,681 |
| Physicians Vaccine Administration - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A | 18,946,905 | 7,803,837 | 81.69% | 81.69% | 16,758,610 | 6,740,219 | 205,149 | 82,510 |
| Physicians Vaccine Administration - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A | 446,979 | 184,071 | 81.69% | 81.69% | 397,158 | 159,735 | 4,861 | 1,955 |
| Physician- Administered Drugs/Biological Fees - Children | 10/1/2008 | 3.59% | 2/1/2011 | 2.00% | A,M | 7,848,757 | 3,232,740 | 7.66% | 7.66% | 650,969 | 261,816 | 84,983 | 34,180 |
| Physician- Administered Drugs/Biological Fees - Adults | 10/1/2008 | 3.59% | 2/1/2011 | 2.00% | A,M | 29,646,873 | 12,208,922 | 7.66% | 7.66% | 2,470,106 | 993,465 | 322,469 | 129,696 |
| Physician-Administered Oncology Drugs - Children | 10/1/2008 | 3.59% | 2/1/2011 | 2.00% | A,M | 2,315,267 | 953,610 | 0.00% | 0.00% | 0 | 0 | 25,069 | 10,082 |
| Physician-Administered Oncology Drugs - Adults | 10/1/2008 | 3.59% | 2/1/2011 | 2.00% | A,M | 76,742,058 | 31,603,260 | 0.00% | 0.00% | 0 | 0 | 834,721 | 335,721 |
| Certified Nurse Midwife - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A,M | 570,933 | 235,155 | 7.93% | 7.93% | 49,022 | 19,716 | 6,182 | 2,486 |
| Certified Nurse Midwife - Adults | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A,M | 1,202,543 | 495,221 | 9.93% | 9.93% | 129,885 | 52,239 | 13,080 | 5,261 |
| Chiropractors - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A,M | 405,376 | 166,966 | 7.93% | 7.93% | 34,807 | 13,999 | 4,389 | 1,765 |
| Chiropractors - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A,M | 762,063 | 313,826 | 9.93% | 9.93% | 82,309 | 33,104 | 8,289 | 3,334 |

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| | Date | Percent | Date | Percent | | AF | GR | 2014 | 2015 | AF | GR | AF | GR |
| | | | | | | | | | | | | | |
| Comprehensive Care Program Social Worker - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A.M | 3,711,343 | 1,528,625 | 7.93% | 7.93% | 318,665 | 128,166 | 40,185 | 16,163 |
| Comprehensive Care Program Social Worker - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A.M | 268,664 | 110,639 | 9.93% | 9.93% | 29,017 | 11,671 | 2,922 | 1,175 |
| Genetecist - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A.M | 2,866,229 | 1,180,540 | 7.93% | 7.93% | 246,102 | 98,981 | 31,034 | 12,482 |
| Genetecist - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A.M | 870,875 | 358,636 | 9.93% | 9.93% | 94,062 | 37,831 | 9,472 | 3,810 |
| Licensed Clinical Social Worker - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A.M | 7,880,666 | 3,245,883 | 7.93% | 7.93% | 676,654 | 272,147 | 85,328 | 34,318 |
| Licensed Clinical Social Worker - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A.M | 2,156,026 | 887,876 | 9.93% | 9.93% | 232,868 | 93,658 | 23,450 | 9,432 |
| Licensed Marriage and Family Therapist - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A.M | 1,385,576 | 570,690 | 7.93% | 7.93% | 118,969 | 47,849 | 15,002 | 6,033 |
| Licensed Marriage and Family Therapist - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A.M | 219,634 | 90,448 | 9.93% | 9.93% | 23,722 | 9,541 | 2,389 | 961 |
| Licensed Professional Counselors - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A.M | 86,069,779 | 35,450,356 | 7.93% | 7.93% | 7,390,174 | 2,972,287 | 931,926 | 374,815 |
| Licensed Professional Counselors - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A.M | 18,416,549 | 7,584,146 | 9.93% | 9.93% | 1,989,140 | 800,022 | 200,317 | 80,567 |
| Optometrist/Optician - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A.M | 50,539,645 | 20,816,231 | 7.93% | 7.93% | 4,339,464 | 1,745,308 | 547,221 | 220,089 |
| Optometrist/Optician - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A.M | 15,443,814 | 6,539,940 | 9.93% | 9.93% | 1,668,060 | 670,886 | 167,981 | 67,561 |
| Pathologist - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A.M | 6,432,938 | 2,649,594 | 7.93% | 7.93% | 552,348 | 222,151 | 69,653 | 28,014 |
| Pathologist - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A.M | 12,424,350 | 5,116,490 | 9.93% | 9.93% | 1,341,932 | 539,719 | 135,139 | 54,352 |

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| Physician Assistants and Nurse Practitioners - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A,M | 31,169,895 | 12,838,233 | 7.93% | 7.93% | 2,676,328 | 1,076,404 | 337,494 | 135,738 |
| Physician Assistants and Nurse Practitioners - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A,M | 6,269,995 | 2,582,056 | 9.93% | 9.93% | 677,211 | 272,371 | 68,198 | 27,429 |
| Podiatrist - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A,M | 5,251,572 | 2,163,014 | 7.93% | 7.93% | 450,914 | 181,355 | 56,862 | 22,870 |
| Podiatrist - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A,M | 6,685,794 | 2,753,287 | 9.93% | 9.93% | 722,121 | 290,434 | 72,721 | 29,248 |
| Psychologists - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A,M | 34,927,600 | 14,385,954 | 7.93% | 7.93% | 2,998,975 | 1,206,171 | 378,181 | 152,102 |
| Psychologists - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A,M | 3,652,661 | 1,504,208 | 9.93% | 9.93% | 394,518 | 158,674 | 39,730 | 15,979 |
| Radiologist - Children | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A,M | 35,270,971 | 14,527,381 | 7.93% | 7.93% | 3,028,457 | 1,218,029 | 381,899 | 153,597 |
| Radiologist - Adults | 9/1/2007 | 12.50% | 2/1/2011 | 2.00% | A,M | 99,524,017 | 40,985,132 | 9.93% | 9.93% | 10,749,416 | 4,323,365 | 1,082,519 | 435,384 |
| Renal Dialysis Facilities | 9/1/2007 | 2.50% | 9/1/2011 | 5.00% | CD | 52,496,736 | 21,618,757 | 8.89% | 9.54% | 5,265,970 | 2,117,911 | 571,028 | 229,665 |
| Rural Health Clinics | 1/1/2012 | Medicare Economic Index (MEI) (0.6%) | NA | NA | T | 132,453,941 | 54,544,485 | MEI (0.6%) | MEI (0.6%) | | | | |
| STAR+PLUS Long Term Care - Community Based Alternatives (S+P expansions occurred 9/1/2011 and 3/1/2012. DADS paid LTSS services for those members prior to those dates.) | NA | NA | NA | NA | PA | 1,473,311,020 | 605,500,890 | 1.00% | 1.00% | 17,506,371 | 7,041,015 | 17,506,371 | 7,041,015 |

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| STAR+PLUS Long Term Care - Day Activity and Health Services (S+P expansions occurred 9/1/2011 and 3/1/2012. DADS paid LTSS services for those members prior to those dates.) | NA | NA | NA | NA | PA | 216,909,785 | 89,079,734 | 1.00% | 1.00% | 2,682,200 | 1,078,773 | 2,682,200 | 1,078,773 |
| STAR+PLUS Long Term Care - Primary Home Care (S+P expansions occurred 9/1/2011 and 3/1/2012. DADS paid LTSS services for those members prior to those dates.) | NA | NA | NA | NA | PA | 1,698,937,547 | 698,468,151 | 1.00% | 1.00% | 20,089,914 | 8,080,103 | 20,089,914 | 8,080,103 |
| Substance Use Disorder Dependency Treatment Facility) | NA | NA | 9/1/2011 | 5.00% | A, B, CD | 13,520,397 | 5,567,855 | 3.00% | 3.00% | 441,183 | 177,442 | 147,061 | 59,147 |
| Therapy Services - Comprehensive Outpatient Rehabilitation Facility (CORF) / Outpatient Rehabilitation Facility (ORP) (PT 65, PS25) - Children ONLY | 1/1/2006 | NA | 9/1/2011 | 7.00% | A, M | 592,523,666 | 244,048,202 | 0.00% | 0.00% | 0 | 0 | 6,415,588 | 2,580,314 |
| Therapy Services - Home Health Agency - Children | 1/1/2006 | NA | 2/1/2011 | 2.00% | A, M | 316,919,107 | 130,532,403 | 0.00% | 0.00% | 0 | 0 | 3,431,462 | 1,380,115 |
| Therapy Services - Home Health Agency - Adults | 1/1/2006 | NA | 2/1/2011 | 2.00% | A, M | 6,900,887 | 2,841,864 | 0.00% | 0.00% | 0 | 0 | 75,061 | 30,189 |

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| | Date | Percent | Date | Percent | | AF | GR | 2014 | 2015 | AF | GR | AF | GR |
| Therapy Services - Independent Therapists (PT 34, 35, 50) - Children | 1/1/2006 | N/A | 2/1/2011 | 2% and 7% | A,M | 305,902,145 | 125,994,745 | 0.00% | 0.00% | 0 | 0 | 3,312,175 | 1,332,138 |
| Therapy Services - Independent Therapists (PT 34, 35, 50) - Adults | 1/1/2006 | N/A | 2/1/2011 | 2% and 7% | A,M | 14,121,717 | 5,815,485 | 0.00% | 0.00% | 0 | 0 | 153,601 | 61,778 |
| THSOPs Medical Checkups | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A,M | 30,901,929 | 12,727,863 | 7.93% | 7.93% | 2,653,320 | 1,067,151 | 334,593 | 134,572 |
| THSOPs Newborn | 9/1/2007 | 27.50% | 2/1/2011 | 2.00% | A,M | 22,064,575 | 9,087,941 | 7.93% | 7.93% | 1,894,522 | 761,966 | 238,905 | 96,087 |
| THSOPs Personal Care Services and Attendant Care | 8/1/2009 | 7.00% | 9/1/2010 | 1.00% | B | 267,154,452 | 110,035,375 | 0.00% | 0.00% | 0 | 0 | 2,892,632 | 1,163,400 |
| THSOPs Private Duty Nursing | 7/1/2008 | 15.00% | 2/1/2011 | 2.00% | B | 808,035,657 | 332,813,118 | 0.00% | 0.00% | 0 | 0 | 8,749,059 | 3,518,823 |
| Tuberculosis Clinics | N/A | N/A | 2/1/2011 | 2.00% | A,M | 294,470 | 121,266 | 9.93% | 9.93% | 31,805 | 12,792 | 3,203 | 1,288 |
| Vendor Drug Dispensing Fee | 9/1/2007 | 44.80% | 2/1/2011 | 2.00% | A,M | 296,900,298 | 122,636,372 | 1.00% | 1.00% | 2,209,018 | 888,457 | 2,209,019 | 888,457 |
| Woman's Health Program | 9/1/2007 | 22.50% | 2/1/2011 | 2.00% | A,C,D,M | 67,130,096 | 47,712,657 | 0.00% | 0.00% | 0 | 0 | 730,172 | 730,172 |
| Total HHS C (with totals only included) | | | | | | 6,380,427,019 | 2,559,502,964 | | | 297,707,191 | 116,833,358 | 436,860,413 | 177,389,367 |
| Note 16: The costs were calculated for the Transportation Service Area Providers (TSAPs) operating with 50/50 matching and for American Medical Response (AMR), the only waiver approved hybrid TSAP, at that time, operating with 8 months of SFY 2015 after the enhancement period ends. Note 17: ACA Physicians and Vaccine Administration increases are effective January 1, 2013-December 31, 2014; per federal direction, no rate reductions may occur during the enhancement period. Estimated rate change amount reflects | | | | | | | | | | | | | |
| Total HHS | | | | | | 8,016,659,151 | 3,259,328,306 | | | 436,860,413 | 177,389,367 | | |

C2. Rate Schedule – Attendant Wages per Hour and Cost of Increasing Attendant Wages by \$1.00 per Hour

ATTENDANT WAGES PER HOUR ASSUMED IN FY 2013 DADS AND HHSC PAYMENT RATE

| Program | Minimum Attendant Wages per Hour Assumed in FY 2013 Rates | Percent Payroll Taxes and Benefits Assumed in FY 2013 Rates | Total Attendant Compensation Assumed in FY 2013 Rates | Attendant hours per Unit of Service | Maximum Attendant Wages per hour Assumed in FY 2013 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 2014 | | FY 2015 | |
| | | | | | | | AF | GR | AF | GR |
| Nursing Facility | \$9.08 | 13.68% | \$10.32 | 2.18 | \$13.22 | \$2.48 | \$20,731,340 | \$51,519,235 | \$51,622,425 | \$20,752,215 |
| Hospice (NF-related only) | \$8.63 | 13.68% | \$9.81 | 2.18 | \$12.77 | \$2.48 | \$4,869,691 | \$1,959,564 | \$5,004,623 | \$2,011,858 |
| Community Based Alternatives (CBA) | \$7.74 | 10.25% | \$8.53 | 1.00 | \$8.78 | \$1.00 | \$12,515,861 | \$5,088,382 | \$12,626,187 | \$5,075,727 |
| Medically Dependent Children Program | \$7.74 | 10.25% | \$8.53 | 1.00 | \$7.74 | \$1.00 | \$7,011,041 | \$2,821,243 | \$7,250,095 | \$2,914,538 |
| CBA Assisted Living / Residential Care | \$8.11 | 10.25% | \$8.94 | 1.37 | \$8.87 | \$1.51 | \$49,754 | \$183,005 | \$463,807 | \$186,450 |
| Residential Care | \$7.25 | 10.25% | \$7.99 | 1.02 | \$8.27 | \$1.12 | \$211,398 | \$83,067 | \$211,398 | \$84,982 |
| Primary Home Care (PHC) Nonpriority | \$7.25 | 10.25% | \$7.99 | 1.00 | \$8.29 | \$1.10 | \$9,161,277 | \$3,686,498 | \$9,162,509 | \$3,683,329 |
| PHC Priority | \$8.02 | 10.25% | \$8.94 | 1.00 | \$9.06 | \$1.10 | \$164,127 | \$60,045 | \$164,130 | \$65,988 |
| Community Attendant Services | \$7.27 | 10.25% | \$8.02 | 1.00 | \$8.31 | \$1.10 | \$5,163,360 | \$2,588,136 | \$52,154,368 | \$20,960,056 |
| Family Care | \$7.27 | 10.25% | \$8.02 | 1.00 | \$8.31 | \$1.10 | \$3,719,904 | \$3,719,904 | \$3,719,904 | \$3,719,904 |
| Client Managed Personal Attendant Services | \$7.25 | 10.25% | \$7.99 | 1.00 | \$7.25 | \$1.10 | \$526,562 | \$526,562 | \$526,562 | \$526,562 |
| Day Activity and Health Services (DAHS) - Title XIX Medicaid | \$7.25 | 10.25% | \$7.99 | 0.38 | \$10.03 | \$0.41 | \$321,789 | \$129,488 | \$327,262 | \$131,559 |
| DAHS - Title XX | \$7.25 | 10.25% | \$7.99 | 0.38 | \$10.03 | \$0.41 | \$437,830 | \$437,830 | \$437,830 | \$437,830 |
| Community Living Assistance and Support Services | \$9.25 | 10.25% | \$10.20 | 1.00 | \$10.29 | \$1.10 | \$10,852,310 | \$4,366,970 | \$10,852,310 | \$4,362,629 |
| Deaf/Blind Multiple Disabilities Waiver | \$9.25 | 10.25% | \$10.20 | 1.00 | \$10.29 | \$1.10 | \$263,077 | \$108,862 | \$263,077 | \$108,757 |
| Home and Community-based Services Residential Direct Service Worker | \$8.76 | 16.29% | \$10.19 | 7.01 | \$8.91 | \$8.15 | \$21,923,834 | \$8,821,151 | \$21,923,834 | \$8,813,381 |
| Home and Community-based Services Supported Home Living | \$10.11 | 16.29% | \$11.76 | 1.00 | \$11.18 | \$1.16 | \$2,648,618 | \$1,065,804 | \$2,648,618 | \$1,064,744 |
| Texas Home Living Community Support Services | | | | 1.00 | \$11.18 | \$1.16 | \$410,547 | \$165,204 | \$410,547 | \$165,040 |
| Intermediate Care Facilities for Persons with Mental Retardation - (ICF/MR) Direct Service Workers | \$8.98 | 16.37% | \$10.45 | 5.08 | \$9.19 | \$5.91 | \$12,134,997 | \$4,883,123 | \$12,134,997 | \$4,878,269 |
| Texas Health Steps (TnSteps) - Personal Care Services | \$7.66 | 10.25% | \$8.45 | 0.25 | \$7.66 | \$0.28 | \$3,019,958 | \$1,215,231 | \$3,193,304 | \$1,283,708 |
| TnSteps - Behavioral Personal Care Services | \$9.16 | 10.25% | \$10.10 | 0.25 | \$9.16 | \$0.28 | \$3,244,424 | \$1,305,556 | \$3,430,654 | \$1,379,123 |

C3. Rate Schedule – Comparison of Select Physician/Professional Fees

| Rank | Procedure Code | Description | Current Medicaid Fee | Current Medicare Fee | Medicaid as Percentage of Medicare |
|------|----------------|--|----------------------|----------------------|------------------------------------|
| 1 | T1000 | Private Duty / Independent Nursing - Registered Nurse - up to 15 minutes (Child) | \$11.05 | N/A | N/A |
| 1 | T1000 | Private Duty / Independent Nursing - Registered Nurse - Client with Tracheostomy or Ventilator - up to 15 minutes (Child) | \$12.71 | N/A | N/A |
| 1 | T1000 | Private Duty / Independent Nursing - Licensed Vocational Nurse - up to 15 minutes - (Child) | \$8.09 | N/A | N/A |
| 1 | T1000 | Private Duty / Independent Nursing - Licensed Vocational Nurse - Client with Tracheostomy or Ventilator - up to 15 minutes (Child) | \$8.87 | N/A | N/A |
| 2 | 92507 | Speech/Hearing Therapy - 15 minutes (Independent Therapist - Child) | \$32.55 | \$68.42 | 47.57% |
| 2 | 92507 | Speech/Hearing Therapy - 15 minutes (Comprehensive Outpatient Rehabilitation Facility or Outpatient Rehabilitation Facility - Child) | \$40.80 | \$68.42 | 59.63% |
| 2 | 92507 | Speech/Hearing Therapy - per visit (Home Health Agency - Child) | \$137.20 | \$68.42 | 200.53% |
| 3 | 99213 | Established Patient Office Visit - 15 minutes (Child) | \$36.89 | \$71.82 | 52.41% |
| 3 | 99213 | Established Patient Office Visit - 15 minutes (Adult) | \$33.27 | \$71.82 | 47.27% |
| 4 | 97530 | Therapeutic Activities - 15 minutes (Independent Therapist - Child) | \$32.55 | \$34.38 | 94.68% |
| 4 | 97530 | Therapeutic Activities - 15 minutes (Comprehensive Outpatient Rehabilitation Facility or Outpatient Rehabilitation Facility - Child) | \$40.80 | \$34.38 | 118.67% |
| 4 | 97530 | Therapeutic Activities - per visit (Home Health Agency - Child) | \$137.20 | \$34.38 | 399.07% |
| 5 | 99214 | Established Patient Office Visit - 25 minutes (Child) | \$51.80 | \$105.52 | 50.09% |
| 5 | 99214 | Established Patient Office Visit - 25 minutes (Adult) | \$46.73 | \$105.52 | 45.19% |
| 6 | 97110 | Therapeutic Exercises - 15 minutes (Independent Therapist - Child) | \$32.55 | \$31.31 | 103.96% |
| 6 | 97110 | Therapeutic Exercises - 15 minutes (Comprehensive Outpatient Rehabilitation Facility or Outpatient Rehabilitation Facility - Child) | \$40.80 | \$31.31 | 130.31% |
| 6 | 97110 | Therapeutic Exercises - per visit (Home Health Agency - Child) | \$137.20 | \$31.31 | 438.20% |
| 7 | 99392 | Established Patient Preventative Visit - ages 1-4 | \$83.37 | \$103.47 | 82.22% |
| 8 | T1019 | Personal Care Services - 15 minutes - (Child) | \$2.89 | N/A | N/A |
| 8 | T1019 | Personal Care Services Consumer Directed Services - 15 minutes - (Child) | \$2.69 | N/A | N/A |
| 8 | T1019 | Personal Care Services Behavioral Health Condition - 15 minutes - (Child) | \$3.43 | N/A | N/A |
| 8 | T1019 | Personal Care Services Consumer Directed Services Behavioral Health Condition - 15 minutes - (Child) | \$3.23 | N/A | N/A |
| 9 | 99391 | Established Patient Preventative Visit - Infant | \$76.20 | \$97.01 | 80.15% |
| 10 | 59410 | Obstetrical Care (Child) | \$682.03 | \$1,074.91 | 64.74% |
| 10 | 59410 | Obstetrical Care (Adult) | \$649.55 | \$1,074.91 | 61.66% |
| 10 | 59410 | Obstetrical Care (in birthing center) | \$731.11 | \$1,074.91 | 69.40% |
| 11 | 99283 | Emergency Department Visit - Moderate Severity (Child) | \$60.33 | \$60.25 | 102.17% |
| 11 | 99283 | Emergency Department Visit - Moderate Severity (Adult) | \$54.41 | \$60.25 | 92.15% |
| 12 | 99393 | Established Patient Preventative Visit - ages 5-11 | \$83.03 | \$103.13 | 82.15% |
| 13 | 99284 | Emergency Department Visit - High Severity (Child) | \$88.27 | \$114.71 | 78.52% |
| 13 | 99284 | Emergency Department Visit - High Severity (Adult) | \$79.62 | \$114.71 | 70.82% |
| 14 | 90806 | Outpatient Psychotherapy - 45 to 50 minutes (Child) | \$68.48 | \$79.65 | 87.73% |
| 14 | 90806 | Outpatient Psychotherapy - 45 to 50 minutes (Adult) | \$65.22 | \$79.65 | 83.55% |
| 15 | H2017 | Psychosocial Rehabilitation Services - 15 minutes (individual) | \$26.93 | N/A | N/A |
| 15 | H2017 | Psychosocial Rehabilitation Services - 15 minutes - (group) | \$5.39 | N/A | N/A |
| 16 | 59515 | Caesarian Delivery - including obstetrical care (Child) | \$824.90 | \$1,302.28 | 64.64% |
| 16 | 59515 | Caesarian Delivery - including obstetrical care (Adult) | \$785.61 | \$1,302.28 | 61.56% |
| 17 | 99469 | Subsequent Neonate Critical Care - 28 days of age or less | \$370.13 | \$413.22 | 91.40% |
| 18 | 99232 | Subsequent Hospital Care (Child) | \$49.42 | \$70.46 | 71.57% |
| 18 | 99232 | Subsequent Hospital Care (Adult) | \$44.57 | \$70.46 | 64.55% |
| 19 | 99285 | Emergency Department Visit - High Severity - Threat to Life (Child) | \$109.74 | \$168.15 | 66.60% |
| 19 | 99285 | Emergency Department Visit - High Severity - Threat to Life (Adult) | \$98.98 | \$168.15 | 60.07% |
| 20 | 99472 | Subsequent Pediatric Critical Care - 29 days to 24 months | \$368.08 | \$394.16 | 95.29% |
| 21 | 99394 | Established Patient Preventative Visit - ages 12-17 | \$90.55 | \$112.66 | 82.02% |
| 22 | 90862 | Medication Management (Child) | \$43.79 | \$58.89 | 75.87% |
| 22 | 90862 | Medication Management (Adult) | \$41.70 | \$58.89 | 72.25% |
| 23 | 99233 | Subsequent Hospital Care - 35 minutes (Child) | \$66.46 | \$101.09 | 67.09% |
| 23 | 99233 | Subsequent Hospital Care - 35 minutes (Adult) | \$59.95 | \$101.09 | 60.51% |
| 24 | 99212 | Established Patient Office Visit - 10 minutes (Child) | \$24.54 | \$42.89 | 58.38% |
| 24 | 99212 | Established Patient Office Visit - 10 minutes (Adult) | \$22.14 | \$42.89 | 52.67% |
| 25 | 99479 | Subsequent Intensive Care - Low Birth Weight Infant | \$124.95 | \$125.26 | 101.79% |

Note: Rank is based upon order of highest expenditures paid for a specific procedure code.

C4. Rate Schedule – Comparison of Select Dental Fees

| Rank | Procedure Code | Description | Current Medicaid Rate | ADA 50th Percentile Rate* | Medicaid as Percentage of 50th Percentile of ADA Fee Survey |
|------|----------------|--|-----------------------|---------------------------|---|
| 1 | D2391 | Resin-based Composite - One Surface, Posterior | \$82.40 | \$145.00 | 56.8% |
| 2 | D1351 | Dental Sealant Per Tooth | \$28.24 | \$43.00 | 65.7% |
| 3 | D2930 | Prefabricated Stainless Steel Crown - Primary Tooth | \$152.94 | \$220.00 | 69.5% |
| 4 | D8670 | Periodic Orthodontic Treatment Visit (As Part of a Contract) | \$66.74 | Not Listed on Schedule | N/A |
| 5 | D2392 | Resin-Based Composite - Two Surfaces, Posterior | \$108.00 | \$185.00 | 58.4% |
| 6 | D0145 | Oral Evaluation for a Patient under Three Years of Age and Counseling with Primary Caregiver (Dental Home) | \$142.07 | Not Listed on Schedule | N/A |
| 7 | D8080 | Comprehensive Treatment of the Adolescent Dentition | Manually Priced | Not Listed on Schedule | N/A |
| 8 | D1120 | Dental Prophylaxis - Child | \$36.75 | \$55.00 | 66.8% |
| 9 | D0120 | Periodic Oral Evaluation - Established Patient | \$28.85 | \$40.00 | 72.1% |
| 10 | D7240 | Removal of Impacted Tooth - Completely Bony | \$294.00 | \$400.00 | 73.5% |
| 11 | D8220 | Fixed Appliance Therapy | Manually Priced | Not Listed on Schedule | N/A |
| 12 | D7140 | Extraction, Erupted Tooth or Exposed Root | \$65.70 | \$135.00 | 48.7% |
| 13 | D3220 | Therapeutic Pulpotomy | \$86.20 | \$160.00 | 53.9% |
| 14 | D0150 | Comprehensive Oral Evaluation - New or Established Patient | \$35.32 | \$70.00 | 50.5% |
| 15 | D9248 | Non-intravenous Conscious Sedation | \$183.75 | Not Listed on Schedule | N/A |
| 16 | D1110 | Dental Prophylaxis - Adult | \$54.88 | \$74.00 | 74.2% |
| 17 | D0272 | Dental Bitewings - Two Films | \$23.38 | \$36.00 | 64.9% |
| 18 | D1203 | Topical Application of Fluoride - Child | \$14.70 | \$24.00 | 61.3% |
| 19 | D0274 | Dental Bitewings - Four Films | \$34.61 | \$53.00 | 65.3% |
| 20 | D8210 | Removable Appliance Therapy | Manually Priced | Not Listed on Schedule | N/A |
| 21 | D0210 | Intraoral - Complete Series (Including Bitewings) | \$70.64 | \$105.00 | 67.3% |
| 22 | D0330 | Panoramic Film | \$63.78 | \$90.00 | 70.9% |
| 23 | D9230 | Analgesia | \$27.81 | \$48.00 | 57.9% |
| 24 | D0220 | Intraoral Periapical - First Film | \$12.56 | \$23.00 | 54.6% |
| 25 | D0230 | Intraoral Periapical - Each Additional Film | \$11.51 | \$19.00 | 60.6% |

*Obtained from the American Dental Association (ADA) 2011 Survey of Dental Fees (West South Central Region)

Note: Rank is based on the highest expenditure paid for a specific procedure code

D. 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 the Health and Human Services Commission 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, 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” policy.
 - S.B. 367 codified many of the aspects of the Plan that impacted the entire health and human services systems, 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 health and human services 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, workforce, and permanency planning efforts.

The Initiative has been very successful in shaping long term services and supports public policy since 2001 by providing increased community opportunities for individuals residing in NF, state

supported living centers, and large community ICFs/IID and decreasing the number of repeat admissions to state hospitals. Two of the most successful initiatives are:

- “Money Follows the Person” (MFP) which has helped over 30,000 NF residents to move into community Medicaid waiver programs as of July 30, 2012. MFP was recognized by the Council of State Governments with its *2006 Innovation Award*. In addition, the Texas program was the impetus for Congress to include MFP in the Deficit Reduction Act (DRA) of 2005, Section 6071, and providing \$1.75 billion in Demonstration awards for states to begin similar programs. The recent Affordable Care Act (2010) extended the MFP Demonstration through calendar year 2016 and added more than \$2 billion to the nationwide project.
- Promoting Independence provides individuals residing in state supported living centers and large community ICFs/IID expedited access to the Home and Community-based Services (HCS) Medicaid waiver program. Individuals in state schools may be provided a community option within six months of referral and those in large community ICFs/MR within twelve months. Since 1999, and as of July 31, 2012 over 3,567 individuals have chosen a community program.

As stated, Texas’ MFP program was codified into federal law by the DRA 2005. Texas’ Demonstration award will ultimately be worth \$185.6 million in enhanced federal funding by the end of the Demonstration in Calendar Year 2016; all funds are contingent upon the number of individuals who relocate from institutional settings. By July 2012, the project had already helped 6,187 individuals with complex medical/functional needs residing in NFs, state schools, and nine or more bed community ICFs/IID by providing them a choice of service settings. The Demonstration includes:

- Two new specialized supports services (Cognitive Adaptation Training and Substance Abuse Services) for individuals with co-occurring behavioral health needs who live in the San Antonio service delivery area.
- An “overnight support service” which will allow an individual with complex medical/functional needs to hire an attendant during normal sleeping hours; this service will be limited to Cameron, Hidalgo, Willacy and the counties surrounding Tyler.
- Assistance to providers of nine or more bed community ICF/IID who chose to voluntarily close their facilities and take those beds off-line.
- Post-relocation services, which are ongoing contacts with individuals once they have left a NF to help ensure a successful transition to the community.
- Housing initiatives to develop linkages between the long-term services and supports system with the housing system to result in increased dedicated housing voucher for the *Olmstead* population and the development of more integrated, accessible, and affordable housing.

HHSC oversees the Initiative and delegates the daily management to the Department of Aging and Disability Services. DADS has included the following two exceptional items:

- **Exceptional Item #3 Promoting Independence** - Funding under this exceptional item would service approximately 400 slots at Large Intermediate Care Facilities for Individuals

with Intellectual Disabilities and State Supported Living Centers, 192 slots for Department of Family and Protective Services children aging out of foster care, 400 (300 Home and Community-based Services and 100 Community Based Alternatives) crisis slots for persons at imminent risk of institutionalization and 360 slots for the diversion of individuals with intellectual and developmental disabilities from nursing facilities.

| (\$ in Millions) | FY 2014 | FY 2015 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$7.9 | \$24.2 | \$32.1 |
| All Funds | \$19.7 | \$60.2 | \$79.9 |

- Exceptional Item #4 Community Expansion** - This item continues DADS' efforts to increase services for community programs that maintain interest lists. For HCS and Community Living assistance and Support Services (CLASS), funding would serve 20 percent of the estimated number of eligible individuals on the interest lists who would likely accept services. For Community Based Alternatives (CBA), Medically dependent Children's Program (MDCP), Texas Home Living, STAR+PLUS CBA individuals above the SSI level, In Home and Family Support, Title XX services, and IDD Community services, this item requests funding to increase services levels by 10 percent over FY 2012-13 levels. The request includes funding for acute care, drug and administrative costs at HHSC, as well as long term care and administrative costs at DADS. In addition to the increase above, this item requests funding for a new Community First Choice program. Federal law now gives states the option to provide Medicaid State Plan home and community-based attendant services, habilitation and personal emergency response services in exchange for a 6 percent enhanced FMAP. Under federal statute, individuals eligible for CFC must already be eligible for Medicaid under the state plan and meet an institutional level of care. Implementation is anticipated in 2015.

Currently, Texas provides up to 50 hours per week of attendant care to adults with physical disabilities under its Medicaid state plan through the Primary Home Care (PHC) and Community Attendant Services (CAS) programs. No analogous state plan program exists for individuals with intellectual and developmental disabilities (IDD). With CFC, adults with a primary diagnosis of IDD, who are currently eligible for Medicaid but are not receiving attendant care services, would have access to attendant care, habilitation and personal emergency response services through the state plan. This option may reduce the need for waiver type services and may also result in diversion from costlier institutional settings by providing these basic services in the individual's home.

| (\$ in Millions) | FY 2014 | FY 2015 | Biennium |
|------------------|---------|---------|----------|
| General Revenue | \$56.0 | \$203.5 | \$259.5 |
| All Funds | \$130.9 | \$765.5 | \$896.4 |

Health and Human Services Commission Exceptional Items that impact Promoting Independence.

- Exceptional Item #30 Balancing Incentive Payments** - The estimated fiscal impact of Balancing Incentive Payments (BIP) has not been determined. BIP provides an increase in

FMAP for a balancing incentive payment state for eligible Medicaid expenditures. Balancing incentive payments are available to states in which less than 50 percent of total Medicaid expenditures for a fiscal year for long-term services and supports (LTSS) are for non-institutional LTSS. Texas has applied for BIP funding and CMS has confirmed that Texas could qualify for a time-limited 2 percent increase in FMAP for community-based services. Funding is available to states through October 2015 and must be invested in infrastructure improvements and efforts designed to improve access to community-based LTSS.

E. Long Term Care Plan

Section 533.062 of the Texas Health and Safety Code requires the Long-Term Care Plan for Individuals with Intellectual Disabilities and Related Conditions to be developed prior to each legislative session and adjusted following legislative action on appropriations for long-term care services specific to this population.

The Health and Human Services Commission publishes the plan solely to reflect the legislative appropriations for the 1) state supported living centers and licensed/certified community-based intermediate care facilities serving individuals with an intellectual disability or related conditions (ICF/IID), and 2) the various waiver programs serving individuals with intellectual disabilities and related conditions. Data in this plan represent the average monthly number of persons expected to participate in each service. They do not necessarily represent the number of institutional beds or waiver slots available.

DADS legislative appropriations request contains two exceptional items, Promoting Independence and Community Expansion, totaling approximately \$291.6 million in general revenue and \$976.3 million in all funds. The items focus on providing community-based services for aging individuals and those with intellectual disabilities and related conditions.

- Promoting Independence – DADS is requesting funds to:
 - Expand waiver services for transition of 400 persons from ICF/IID (including state supported living centers);
 - Expand waiver services to support 192 children aging out of foster care;
 - Expand waiver services to support 300 persons at imminent risk of entering an ICF/IID;
 - Expand waiver services to support 100 individuals at imminent risk of entering a nursing facility; and
 - Expand waiver services to support 360 individuals with intellectual and developmental disabilities moving from nursing facilities during the biennium.
- Community Expansion – DADS is requesting an increase in funding to support 11,266 new individuals in DADS community-based services currently on interest lists. Of those, 9,210 will be in services covered by this plan.

Community First Choice

The Community First Choice program has potential to change the service system capacity. Currently, Texas provides up to 50 hours per week of attendant care for adults with physical disabilities under its Medicaid state plan through the Primary Home Care and Community Attendant Services programs. No analogous state plan program exists for individuals with an intellectual disability or related conditions.

Federal law now gives states the option under the CFC to provide Medicaid state plan home and community-based attendant services, habilitation and personal emergency response services to individuals with an intellectual disability or related conditions at a 6 percent enhanced federal

medical assistance percentage (FMAP). Under federal statute, individuals eligible for CFC must already be eligible for Medicaid under the state plan and meet an institutional level of care.

CFC may reduce the need for waiver services and may also result in diversion from institutional settings by providing these basic services in an individual's home. The design and development of this program is under discussion and may provide the opportunity for further increases in service capacity. Potential growth in service capacity through the CFC program is not reflected in this plan.

Intermediate Care Facilities for Individuals with an Intellectual Disability or Related Conditions (ICF/IID)

The ICF/IID program is a Medicaid-funded program that provides 24-hour residential services and supports for individuals with an intellectual disability or related conditions in settings of four or more persons. ICF/IID services are provided in two settings: state supported living centers and community-based facilities.

The primary purpose of the Medicaid ICF/IID program is the provision of health and habilitation services. Provision of active treatment is the core requirement for certification as an ICF/IID. Each facility must comply with federal and state standards, applicable laws, and regulations.

While the number of individuals served by the ICF/IID programs has been declining for the past decade, there has been a slight increase in enrollment since the beginning of Fiscal Year 2012. Estimates for 2013 through 2015 reflect this increase. The increase may result from the lack of additional Home and Community-based (HCS) waiver slots. Individuals on the interest list may be choosing ICF/IID services because they are unable to wait for HCS services.

Waiver Programs

Section 1915(c) of the Social Security Act provides that upon federal approval states may "waive" various federal Medicaid requirements to provide an array of support services in the community as an alternative to institutional care. Medicaid expenses for individuals in waiver programs cannot exceed, in the aggregate, Medicaid expenses for institutional services for individuals with similar needs.

- The 2006-07 General Appropriations Act (Article II, Department of Aging and Disability Services, S.B. 1, 79th Legislature, Regular Session, 2005) authorized appropriations for a significant expansion of all waiver programs administered by the Department of Aging and Disability Services.
- The 2008-09 General Appropriations Act (Article II, Department of Aging and Disability Services, H.B. 1, 80th Legislature, Regular Session, 2007) allocated additional funds in Strategy D.1.1.: Waiting/Interest List Reduction in the amounts of \$42,605,333 for fiscal year 2008 and \$130,632,915 for fiscal year 2009.
- The 2010-11 General Appropriations Act (Article II, Department of Aging and Disability Services, S.B. 1, 81st Legislature, Regular Session, 2009) authorized appropriations of

\$92.5 million for fiscal year 2010 and \$270.8 million for fiscal year 2011 for expanding community-based services.

Home and Community-based Services (HCS) Program

The HCS program serves individuals with a primary diagnosis of an intellectual disability or a related condition who qualify for a Level of Care I. The HCS program provides individualized services and supports for persons living in their family home, their own home, in a foster/companion care setting, or in a residence with no more than four individuals who receive similar services.

HCS Exceptional Items

| Initiative | 2014 | 2015 |
|-------------------------|-------------|-------------|
| Maintain August 2013 | 284 | 284 |
| Promoting Independence | 306 | 937 |
| Interest List Reduction | 1,391 | 4,174 |

Texas Home Living (TxHmL) Program

The TxHmL program provides individualized community-based services and supports for individuals with a primary diagnosis of an intellectual disability or a related condition who qualify for a Level of Care I. Selected essential services and supports are provided for individuals so they can continue to live with their families or in their own homes.

The sharp increase in the number of individuals served by TxHmL beginning in 2012 reflects legislative direction to refinance services formerly provided by local authorities using only general revenue (GR) funds. Individuals who received GR funded services in the past are now enrolled in the TxHmL waiver, which allows federal matching funds to support the cost of these services.

TxHmL Exceptional Items

| Initiative | 2014 | 2015 |
|-------------------------|-------------|-------------|
| Promoting Independence | - | - |
| Interest List Reduction | 143 | 430 |

Community Living Assistance and Support Services (CLASS) Program

The CLASS program provides home and community-based services for adults and children with related conditions so they can live with their families or in their own homes as an alternative to ICF/IID services. Individuals with related conditions have a diagnosis listed on the DADS Approved Diagnostic Codes for Persons with Related Conditions. The disability must originate before age 22 and limit the individual’s ability to perform activities of daily living.

CLASS Exceptional Items

| Initiative | 2014 | 2015 |
|-------------------------|------|-------|
| Promoting Independence | - | - |
| Interest List Reduction | 764 | 2,292 |

Deaf-Blind with Multiple Disabilities (DBMD) Program

The DBMD program provides home and community-based services for individuals who have deaf blindness with one or more other disabilities. Individuals live with their families, in their own homes, or in residences with no more than six individuals. The program focuses on increasing opportunities for individuals to communicate and interact with their environment.

DBMD Exceptional Items

| Initiative | 2014 | 2015 |
|-------------------------|------|------|
| Promoting Independence | - | - |
| Interest List Reduction | 4 | 12 |

Consolidated Waiver Program (CWP)

The Consolidated Waiver Program was a pilot 1915(c) Medicaid waiver limited to Bexar County. The 2010-11 General Appropriations Act (Article II, Department of Aging and Disability Services, S.B. 1, 81st Legislature, Regular Session, 2009) did not re-authorize funding for this program, in effect directing DADS to discontinue the CWP waiver. Individuals receiving services in this program transferred to other waiver programs.

F1. Federal Funds

FY 2012 Top 30 HHS Enterprise Federal Funding Sources

(\$ in millions)

| Rank | CFDA | Federal Agency | Federal Grant Title | GR Match Y/N | TOTALS HHS System Est FY2012 | HHSC | DADS | DSHS | DFPS | DARS |
|------|--------|----------------|---|--------------|------------------------------|------------|-----------|---------|---------|---------|
| 1 | 93.778 | HHS-CMS | Title XIX - Medicaid/Medical Assistance Program (multiple grants) - medical assistance for children, pregnant women and elderly providing inpatient/outpatient hospital, physician services, nursing facility care, home health care, family planning, rural health clinic, lab/x-ray, FQHC, and EPSDT under age 21. | Y | \$15,277.8 | \$11,588.5 | \$3,551.0 | \$92.0 | \$7.3 | \$39.1 |
| 2 | 93.767 | HHS-CMS | State Children's Health Insurance Program/CHIP - preventive care; inpatient/outpatient hospital services for children from low-income families not eligible for Medicaid up to age 19. | Y | \$934.1 | \$934.1 | | | | |
| 3 | 10.557 | USDA | Special Supplemental Nutrition Program for Women, Infants, and Children/WIC (2 grants) - supplemental nutritious foods, nutrition education, infant formula, purchase of breast pumps, referral services to social/medical providers, tests for anemia, and vendor management. Healthcare services are not allowable. | N | \$574.0 | | | \$574.0 | | |
| 4 | 93.558 | HHS-ACF | Title IV Part A-Temporary Assistance for Needy Families/TANF & TANF to Title XX (Block Grant) - broad flexibility for cash assistance, employment services, adult education to children under age 18 (or 18 and attending school) and parents or relative caretakers of children, cannot be used for medical assistance, except pre-pregnancy family planning. | N | \$346.7 | \$76.5 | | \$22.3 | \$231.9 | \$16.1 |
| 5 | 84.126 | DOE | Vocational Rehabilitation Grants to States (2 grants) - for vocational rehabilitation services including assessment, counseling, vocational or other training, job placement, reader services for blind, interpreter services for deaf, medical and related services, prosthetic and orthotic devices, transportation to secure vocational services. | Y | \$225.2 | | | | | \$225.2 |
| 6 | 93.658 | HHS-ACF | Title IV E-Foster Care (multiple grants) - provides safe, 24-hour substitute care for children under jurisdiction of state-payments to foster family homes, child-care institutions, public/nonprofit child placement agencies; food, clothing, shelter, daily supervision, school supplies; funds cannot be used for counseling or treatment services. | Y | \$207.0 | | | | \$207.0 | |
| 7 | 10.561 | USDA | State Administration for Supplemental Nutrition Assistance Program SNAP aka Food Stamps - for administrative costs to screen/certify applicants; issue benefits; conduct fraud investigations; provide fair hearings; conduct nutrition education activities. | Y | \$205.2 | \$205.2 | | | | |
| 8 | 93.667 | HHS-ACF | Title XX-Social Services Block Grant (SSBG) - to prevent, reduce or eliminate dependency; achieve or maintain self-sufficiency; prevent neglect, abuse or exploitation of children and adults; prevent or reduce inappropriate institutional care; or secure admission or referral for institutional care when other forms not appropriate. Funds family planning and rehabilitation services. <u>DADS</u> -home-based services, home delivered meals, adult foster care, residential care, adult day care, personal assistant services, attendant care, emergency response services; <u>DSHS</u> -family planning services, children's mental health services; <u>DFPS</u> -protective services for adults and children, mental health and mental retardation investigations. | N | \$140.7 | \$7.6 | \$88.8 | \$11.0 | \$33.3 | |

F1. Federal Funds, continued

| Rank | CFDA | Federal Agency | Federal Grant Title | GR Match Y/N | TOTALS HHS System Est FY2012 | HHSC | DADS | DSHS | DFPS | DARS |
|------|--------|---------------------------|--|--------------|------------------------------|--------|--------|---------|--------|---------|
| 9 | 96.001 | SSA | Disability Determinations - to conduct disability determination and evaluate disability status for identifying clients eligible for Supplemental Security Income/SSI and Social Security Disability Insurance/SSDI. | N | \$137.8 | | | | | \$137.8 |
| 10 | 93.959 | HHS-SAMHSA | Substance Abuse Prevention and Treatment Block Grant - to develop and implement prevention, treatment, and rehabilitation activities to address alcohol and drug abuse. | N | \$133.3 | | | \$133.3 | | |
| 11 | 93.659 | HHS-ACF | Title IV E-Adoption Assistance (multiple grants) - for subsidy payments, administrative expenses for placing children in adoption and training of professional staff and parents. | Y | \$94.2 | | | | \$94.2 | |
| 12 | 93.917 | HHS-HRSA | HIV Care Formula Grants - for healthcare and support services for individuals and families with HIV. State must use 75% on core medical services such as outpatient and ambulatory health care, AIDS Drug Assistance Program, oral health care, medical case management, and health insurance premiums; and 25% for support services such as respite care, outreach services and medical transportation. | Y | \$88.2 | | | \$88.2 | | |
| 13 | 93.566 | HHS-ACF | Refugee and Entrant Assistance (multiple grants, includes 93.576/93.584) - for assistance provided to refugees, asylees, Cuban and Haitian entrants, victims of severe forms of trafficking, and certain Amerasians from Vietnam and Iraqi and Afghan Special Immigrant Visa holders for resettlement in the US, includes cash and medical assistance and social services. | N | \$53.7 | \$38.9 | | \$9.7 | \$5.1 | |
| 14 | 93.777 | HHS-CMS | Survey and Certification of Health Care Providers and Suppliers/Medicare (multiple grants) - for inspecting providers and suppliers of health care services, to ensure mandatory adherence to Medicare/Medicaid health and safety standards and conditions; and includes activities such as performing survey activities and administration of the program. | N | \$49.2 | | \$44.1 | \$5.1 | | |
| 15 | 93.994 | HHS-HRSA | Title V-Maternal and Child Health Services Block Grant - for developing systems of care for the provision of health services and related activities including planning, administration, education and evaluation; and maintain a toll-free information line for parents and Medicaid providers. States must use 30% of funds for preventive and primary care services for children and at least 30% for children with special healthcare needs. | Y | \$44.3 | | | \$44.3 | | |
| 16 | 84.181 | DOE | Special Education Grants - for implementing and maintaining a comprehensive, coordinated, multidisciplinary, interagency system to make available early intervention services to infants and toddlers, birth thru 2, with disabilities and their families. | N | \$43.7 | | | | | \$43.7 |
| 17 | 93.069 | HHS-CDC | Public Health Emergency Preparedness - for developing emergency-ready public health departments that are flexible and adaptable; supporting the National Response Framework, which guides how the nation responds to all types of hazards including infectious disease outbreaks; natural disasters; biological, chemical, and radiological incidents; and explosions. | Y | \$40.8 | | | \$40.8 | | |
| 18 | 93.045 | HHS-Admin for Comm Living | Title III Part C-Special Programs for the Aging-Nutrition Services - for meals, nutrition education and other nutrition services to reduce hunger and food insecurity, promote socialization and promote health and well-being of older individuals. | Y | \$37.3 | | \$37.3 | | | |

F1. Federal Funds, continued

| Rank | CFDA | Federal Agency | Federal Grant Title | GR Match Y/N | TOTALS HHS System Est FY2012 | HHSC | DADS | DSHS | DFPS | DARS |
|------|--------|---------------------------|---|--------------|------------------------------|------|--------|--------|--------|------|
| 19 | 93.958 | HHS-SAMHSA | Community Mental Health Services Block Grant - for providing comprehensive community mental health services to adults with a serious mental illness and to children with a serious emotional disturbance; monitoring progress in implementing a comprehensive community-based mental health system; and providing technical assistance. | N | \$36.0 | | | \$36.0 | | |
| 20 | 93.556 | HHS-ACF | Title IV Part B-Promoting Safe and Stable Families - for family preservation, family support services such as respite or parenting skills training, family reunification services and adoption promotion. | Y | \$30.4 | | | | \$30.4 | |
| 21 | 93.575 | HHS-ACF | Child Care and Development Block Grant - for child care assistance for low-income families; including quality expansion; infant and toddler quality improvement; and child care resource and referral, including a national toll-free hotline; and school-age child care. | N | \$30.0 | | | | \$30.0 | |
| 22 | 93.044 | HHS-Admin for Comm Living | Title III Part B-Special Programs for the Aging for Supportive Services and Senior Centers - for community-based systems of service for older individuals via state and area planning and provision of supportive services, including multipurpose senior centers. Funds to maximize the informal support provided to older Americans to enable them to remain independent in their homes and communities, including transportation services, in-home services, and other support services. | Y | \$26.2 | | \$26.2 | | | |
| 23 | 93.268 | HHS-CDC | Immunization Grants - for costs associated with planning, organizing and conducting preventive health service programs to immunize individuals against vaccine preventable diseases including assessment costs, surveillance and outbreak control, public education and information, school compliance, and vaccine storage and supply management. | N | \$24.3 | | | \$24.3 | | |
| 24 | 93.779 | HHS-CMS | CMS Research, Demonstrations and Evaluations - for expanding efforts to improve the efficiency of payment, delivery, access and quality of our health care programs for the beneficiaries. | N | \$23.8 | | \$22.2 | \$1.6 | | |
| 25 | 93.940 | HHS-CDC | HIV Prevention Programs (multiple grants) - for establishing and maintaining primary and secondary Human Immunodeficiency Virus (HIV) prevention programs. | N | \$21.5 | | | \$21.5 | | |
| 26 | 93.645 | HHS-ACF | Child Welfare Services Program - for development and expansion of a coordinated child and family services program that utilizes community-based agencies and ensures all children are raised in safe, loving families, including protecting and promoting the welfare of all children; preventing abuse, neglect, or exploitation; supporting at-risk families through services that allow children to remain with their families or return to their families in a timely manner; promoting the safety, permanence, and well-being of children in foster care and adoptive families; and providing training, professional development, and support to ensure a well-qualified workforce. | Y | \$18.7 | | | | \$18.7 | |

F1. Federal Funds, continued

| Rank | CFDA | Federal Agency | Federal Grant Title | GR Match Y/N | TOTALS HHS System Est FY2012 | HHSC | DADS | DSHS | DFPS | DARS |
|--|--------|---------------------------|---|--------------|------------------------------|------------|-----------|-----------|---------|---------|
| 27 | 93.283 | HHS-CDC | Centers for Disease Control and Prevention- Investigations and Technical Assistance Grants (multiple grant programs) - for controlling communicable diseases, chronic diseases and disorders, and other preventable health conditions such as obesity, heart disease and stroke, diabetes, tobacco control, tuberculosis, cancer, and foodborne illnesses; investigations and evaluation of all methods for controlling or preventing disease and disability thru surveillance, technical assistance, consultation, and program support. | Y | \$17.0 | | | \$17.0 | | |
| 28 | 93.217 | HHS-Ofc of Pop Affairs | Title X-Family Planning Services - for educational, counseling, comprehensive medical (including contraceptive services, infertility services), referrals, and social services; reduce maternal and infant mortality; promote maternal and child health; and increase services to males. Funds may not be used in programs where abortion is a method of family planning. | Y | \$16.1 | | | \$16.1 | | |
| 29 | 93.053 | HHS-Admin for Comm Living | Nutrition Services Incentive Program - for purchase of foods or to access commodities from USDA for preparation and efficient delivery of nutritious meals to older adults. | Y | \$12.5 | | \$12.5 | | | |
| 30 | 93.791 | HHS-CMS | Money Follows the Person Rebalancing Demonstration - for assisting states to balance their long-term care systems and help Medicaid enrollees transition from institutions to the community. | Y | \$6.7 | \$4.0 | \$2.8 | | | |
| Top 30 Totals: | | | | | \$18,896.4 | \$12,854.6 | \$3,784.9 | \$1,137.2 | \$657.8 | \$461.9 |
| All Other Federal Funds | | | | | \$495.3 | \$104.7 | \$112.4 | \$126.4 | \$88.4 | \$63.5 |
| TOTAL All Federal Funds Est FY2012: | | | | | \$19,391.8 | \$12,959.4 | \$3,897.3 | \$1,263.6 | \$746.2 | \$525.4 |
| Top 30 % of All Federal Funds: | | | | | 97.4% | 99.2% | 97.1% | 90.0% | 88.2% | 87.9% |

F2. Federal Funds - Sequestration

Potential HHS System Impact of the Sequester Based on OMB Analysis

(\$ in thousands)

| CFDA # | Grant Name | AY12 | AY13 | Difference AY13 vs AY12 | Change |
|---|--|------------------|----------------|-------------------------------|------------------|
| | | Fed Funds | Fed Funds | Fed Funds | Clients |
| Department of State Health Services (DSHS) | | | | | |
| 10.557 | Special Supplemental Nutrition Program (WIC) | 588,326 | 541,260 | (47,066) | (82,534) |
| 93.959 | Block Grants for Prevention & Treatment of Substance Abuse | 134,956 | 124,160 | (10,796) | (12,697) |
| 93.917 | HIV Care Formula Grants | 80,777 | 74,315 | (6,462) | (2,727) |
| 93.069 | Public Health Emergency Preparedness | 37,503 | 34,503 | (3,000) | |
| 93.994 | Maternal and Child Health Services Block Grants to the States | 32,948 | 30,312 | (2,636) | (3,993) |
| 93.958 | Block Grants for Community Mental Health | 32,443 | 29,848 | (2,595) | (4,999) |
| 93.889 | National Bioterrorism Hospital Preparedness Program | 26,329 | 24,223 | (2,106) | |
| 93.268 | Immunization Grants | 20,079 | 18,473 | (1,606) | - |
| 93.217 | Family Planning Services | 15,696 | 14,440 | (1,256) | (12,055) |
| 93.940 | Comprehensive HIV Prevention Programs | 14,566 | 13,401 | (1,282) | (25,909) |
| 93.566 | Refugee and Entrant Assistance - State | 10,802 | 9,938 | (864) | - |
| 93.531 | HCR - Transforming Texas: Healthy People in Healthy Communities | 10,000 | 9,200 | (800) | |
| 93.116 | Project & Cooperative Agreements for Tuberculosis Control | 8,952 | 8,236 | (716) | - |
| 10.557.013 | WIC Breastfeeding Peer Counseling | 8,614 | 7,925 | (689) | |
| 93.283.022 | National Breast and Cervical Cancer Program | 6,538 | 6,015 | (523) | (2,727) |
| 93.977 | Preventive Health Services-STD Control Grants | 6,671 | 6,137 | (534) | (18,297) |
| 10.475 | Coop Agreements w/States Intrastate Meat & Poultry Inspection | 4,739 | 4,360 | (379) | |
| 93.235 | HCR - Abstinence Education | 5,437 | 5,002 | (435) | (21,818) |
| 93.150 | Projects for Assistance in Transition from Homelessness | 4,472 | 4,114 | (358) | (514) |
| 93.777.005 | Health Insurance Benefits | 3,721 | 3,423 | (298) | |
| 10.578 | WIC EBT Project - TX - Breastfeeding Peer Counseling - Bonus Award | 3,134 | 2,883 | (251) | |
| 93.991 | Preventive Health and Health Services Block Grant | 2,955 | 2,719 | (236) | |
| 14.241 | Housing Opportunities for Persons with AIDS | 2,807 | 2,582 | (225) | (80) |
| 93.944 | HIV/AIDS Surveillance | 2,358 | 2,169 | (189) | |
| 93.136 | Rape Prevention Education | 1,968 | 1,811 | (157) | |
| 93.283.007 | Tobacco Use Prevention | 1,874 | 1,724 | (150) | (91,168) |
| 93.283.014 | National Program of Cancer Registries | 1,829 | 1,683 | (146) | |
| 93.940.700 | HIV Prevention Activities - Health Department Based | 1,569 | 1,443 | (126) | |
| 93.544 | HCR - Collaborative Chronic Disease, Health Promotion and Surveillance - Healthy Community | 1,509 | 1,388 | (121) | |
| 93.523 | HCR - Enhanced HIV Prevention Planning in Dallas County | 1,490 | 1,371 | (119) | - |
| 93.777.003 | Clinical Laboratory Improvement Amendments Program | 1,357 | 1,248 | (109) | |
| 93.521 | Epi & Lab Capacity- Affordable Care Act (ELC-ACA) | 1,255 | 1,154 | (100) | |
| 93.000 | State Tobacco Inspection Service | 1,024 | 942 | (82) | |
| Subtotal, DSHS | | 1,078,698 | 992,402 | (86,413) | (279,519) |

F2. Federal Funds - Sequestration, continued

| CFDA # | Grant Name | AY12 | AY13 | Difference AY13 vs AY12 | Change |
|---|---|------------------|------------------|-------------------------------|------------------|
| | | Fed Funds | Fed Funds | Fed Funds | Clients |
| Department of Aging and Disability Services (DADS) | | | | | |
| 93.043 | Spc Svcs Aging - IIID | 1,248 | 1,149 | (100) | (377) |
| 93.044 | Spc Svcs Aging - IIIB | 22,390 | 20,599 | (1,791) | (7,374) |
| 93.045 | Spc Svcs Aging - IIIC | 40,467 | 37,230 | (3,237) | (11,412) |
| 93.052 | National Family Caregiver Support, Title III, Part E | 9,141 | 8,409 | (731) | (2,543) |
| 93.053 | Nutrition Svcs Incentive | 12,539 | 11,536 | (1,003) | (2,905) |
| 93.667 | Title XX - Social Services Block Grant | 91,583 | 84,257 | (7,327) | (2,746) |
| 93.777 | Title XVIII - State Survey & Certification | 28,139 | 25,888 | (2,251) | |
| 93.779 | CMS Res, Demonstrations & Evaluations | 2,619 | 2,409 | (209) | (747) |
| 94.011 | Foster Grandparent Program | 1,998 | 1,838 | (160) | |
| Subtotal, DADS | | 210,124 | 193,314 | (16,810) | (28,104) |
| Department of Assistive and Rehabilitative Services (DARS) | | | | | |
| 84.126 | Rehabilitation Services-Vocational Rehab Grants to States | 236,026 | 217,144 | (18,882) | (1,923) |
| 84.169 | Independent Living-State Grants (Combined) | 1,404 | 1,291 | (112) | (50) |
| 84.177 | Rehabilitation Services-Independent Living Services for Older Individuals who are Blind | 2,132 | 1,962 | (171) | (490) |
| 84.181 | Special Education-Grants for Infants and Families | 40,319 | 37,093 | (3,226) | |
| Subtotal, DARS | | 279,881 | 257,491 | (22,391) | (2,464) |
| Department of Family and Protective Services (DFPS) | | | | | |
| 93.556.001 | Title IV-B, Part 2, Promoting Safe and Stable Families (PSSF) | 32,938 | 30,303 | (2,635) | |
| 93.556.002 | Title IV-B, Part 2, Promoting Safe and Stable Families (PSSF)-Monthly Caseworker Visits | 2,081 | 1,915 | (166) | |
| 93.566 | Refugee and Entrant Assistance – State Administered Programs | 6,278 | 5,776 | (502) | |
| 93.575 | Child Care and Development Block Grant (CCDBG) | 33,915 | 31,202 | (2,713) | (10,832) |
| 93.590 | Community-Based Grants for the Prevention of Child Abuse (CBCAP) | 2,285 | 2,102 | (183) | |
| 93.599 | Title IV-E Chafee Education and Training Vouchers (ETV) Program | 3,156 | 2,904 | (252) | |
| 93.645 | Title IV-B, Part 1, Child Welfare Services | 25,571 | 23,525 | (2,046) | |
| 93.667 | Title XX, Social Services Block Grant | 39,744 | 36,564 | (3,180) | (513) |
| 93.669 | Child Abuse and Neglect, Basic State Grant (CAPTA) | 2,207 | 2,030 | (177) | |
| 93.674 | Chafee Foster Care Independent Living Program | 9,466 | 8,709 | (757) | (120) |
| Subtotal, DFPS | | 157,641 | 145,030 | (12,611) | (11,465) |
| Health and Human Services Commission (HHSC) | | | | | |
| 93.566 | Refugee and Entrant Assistance - State | 35,573 | 32,728 | -2,846 | |
| 93.584 | Refugee and Entrant Assistance - Targeted Assistance | 2,735 | 2,516 | -219 | |
| 93.671 | Family Violence Prevention & Services | 5,217 | 4,800 | -417 | (6,364) |
| Subtotal, HHSC | | 43,525 | 40,043 | (3,482) | (6,364) |
| GRAND TOTAL | | 1,769,869 | 1,628,280 | (141,706) | (327,915) |

G. Major HHS Agencies Savings Initiatives

| FY 2002 - 2003 | | GR | FTEs |
|---|--|------------------|--------------|
| 78 th Legislature, HB 7 – FY 2003 Reduction Plan | | \$133.9 | 39 |
| 77 th Legislature, Business Process Study – Rider Reduction | | \$10.0 | 19 |
| 77 th Legislature, Medicaid Cost Containment – Rider Reduction | | \$205.0 | - |
| | Subtotal | \$348.9 | 58 |
| FY 2004 - 2005 | | GR | FTEs |
| 78 th Legislature – Initial GR Reduction | | \$320.4 | 664 |
| 78 th Legislature – Program Savings Included in General Appropriations Act | | | |
| | <i>Maintain 6 months continuous eligibility in Medicaid</i> | \$282.4 | - |
| | <i>CHIP Policy Changes</i> | \$144.5 | - |
| | <i>Preferred Drug List</i> | \$140.0 | - |
| | <i>Client Transportation Transfer</i> | \$104.3 | - |
| | <i>Medicaid Benefit Changes</i> | \$43.1 | - |
| | <i>TANF Pay for Performance</i> | \$29.1 | - |
| | <i>Other Initiatives</i> | \$89.0 | - |
| | Subtotal – Program Savings | \$832.4 | - |
| 78 th Legislature – HB 2292 Reductions | | | |
| | <i>Consolidation of Agencies / Administrative Reductions</i> | \$50.4 | 671 |
| | <i>Programmatic Savings Reduced in Agency Budgets</i> | \$27.6 | 1,115 |
| | Subtotal – HB 2292 Reductions | \$78.0 | 1,786 |
| 78 th Legislature – Additional Savings Identified by HHS Agencies | | \$83.8 | - |
| | Subtotal | \$1,314.6 | 2,450 |
| FY 2006 - 2007 | | GR | FTEs |
| 79 th Legislature – Rider Reduction for Services to Medicaid Aged / Blind / Disabled populations | | \$73.0 | - |
| 79 th Legislature – Rider Reduction for Multi-State Drug Purchasing Pool | | \$17.6 | - |
| 79 th Legislature – DSHS Reductions | | \$6.7 | 52 |
| 79 th Legislature – 2% FTE Reductions | | - | 720 |
| | Subtotal | \$97.3 | 772 |
| FY 2010 - 2011 | | GR | FTEs |
| 81 st Legislature – Rider 59 Medicaid Cost Savings | | \$76.5 | |
| Governor, Lieutenant Governor, and Speaker 5% Directive FY10-11 | | \$205.0 | |
| Governor, Lieutenant Governor, and Speaker 2.5% Directive FY11 | | \$85.0 | |
| | Subtotal | \$366.5 | |
| FY 2012 - 2013 | | GR | FTEs |
| 82 nd Legislature – Medicaid Funding Reductions- Rider 61 | | \$355.0 | |
| 82 nd Legislature – Managed Care Expansion- Rider 51 | | \$263.3 | 187 |
| 82 nd Legislature – Provider Rates- Section 16 | | \$486.6 | |
| 82 nd Legislature – Additional Cost Containment- Section 17 | | \$576.0 | |
| 82 nd Legislature – Other Cost Containment Measures in HB1 | | \$80.6 | |
| 82 nd Legislature – Premium Tax (state revenue) | | \$200.0 | |
| 82 nd Legislature – FY2012-2013 Budget Reductions | | \$207.0 | |
| | Subtotal | \$2,168.5 | 187 |
| | Total GR Savings: FY 2002 - 2013 | \$4,295.8 | 3,467 |

H. Health and Human Services Agencies Executive Contact List

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