

April 27, 2016

Executive Commissioner Chris Traylor
Health and Human Services Commission
4900 N. Lamar Blvd
Austin, Texas 78751

Dear Commissioner Traylor:

Please accept this letter as the Transition Legislative Oversight Committee's (TLOC) official comment, as required by statute, on the Health and Human Services System Transition Plan and the Plan for the Transfer of Vocational Rehabilitation Services.

The Sunset Advisory Commission's review of the independent agencies that make up our health and human services enterprise identified several deficiencies, including blurred lines of authority, fragmented services, confusing access points for clients, and a lack of coordination among agencies. The Legislature carefully deliberated on the best way to address these structural barriers to system wide improvements and overwhelmingly approved SB 200, which included recommendations from the Sunset Advisory Commission, the State Auditor's Office and the Governor's Strike Force.

The over-arching goal of SB 200 is to structure the health and human services system along functional lines; reinforce state law requiring administrative consolidation; improve oversight of contracting; and, most importantly, make it easier for clients to navigate the system. SB 200 also established TLOC, and its oversight responsibility is to make sure those objectives are met.

With that in mind, TLOC met on January 25th to discuss the progress of re-organization and again on March 31st to discuss and take public testimony on the official transition plans. Under SB 200 and SB 208, TLOC is required to comment on the plans, and those comments follow:

Establish Medical & Social Services Division

On page 35, line 11, SB 200 states that the agency shall create a Medical and Social Services Division (MSSD), and we urge HHSC to follow statute. It should be noted that during the Sunset process and the legislative session, legislators discussed at great length the pros and cons of establishing this division. Ultimately, the Legislature decided that the need to ensure a single point of entry and continuity of care

for clients receiving services outweighed any concerns about managing such a large number of employees.

Establish Administrative Services Division

On page 36, line 9, SB 200 directs HHSC to create an Administrative Services Division. We urge HHSC to follow statute, as an Administrative Services Division was envisioned by the Legislature as a means to further the goal of administrative consolidation.

In 2003 the Legislature approved HB 2292 requiring that administrative functions be consolidated at HHSC in order to eliminate duplications and improve overall efficiency. That never materialized as envisioned by the Legislature. The Transition Plan mentions that additional information will be forthcoming about plans to achieve administrative consolidation, and we agree that more reporting is needed in this area.

SB 200 provides flexibility to make sure that agencies receive the administrative support necessary to carry out their missions. Further, SB 200 allows HHSC to determine which functions comprise administrative consolidation. For example, it was always our legislative intent for the Department of Family and Protective Services to retain the attorneys needed to carry out the prosecution of child abuse cases, as these attorneys represent a programmatic function rather than an administrative function. However, this flexibility should not be used to stand in the way of meaningful administrative consolidation. It is highly inefficient for like functions to be spread out across the enterprise, and we cannot afford to miss out on yet another opportunity to achieve efficiency.

Consider Reducing Number of Direct Reports

The proper role of the Executive Commissioner (EC) is to shepherd the health and human services system forward without getting bogged down in day-to-day management. In the organizational chart presented to TLOC in March, there were 11 direct reports to the EC. HHSC has critical work ahead, and the organizational chart needs to make sure the EC is able to steer the enterprise ahead with a strategic vision in mind.

Outside Expertise Needed

We strongly urge HHSC to seek out a consultant or consultants from the private sector to assist with the transformation. While we appreciate the efforts of the workgroups to develop the Transition Plan, we believe outside expertise is needed to help further guide this re-organization. We believe a consultant should provide input on all aspects of the transformation with a particular focus on assisting the enterprise with administrative consolidation.

For example, Sunset found that Information Technology (IT) planning was fragmented with nearly 1,400 employees spread across the system; that as of FY 13 there were 14 IT projects either off budget or behind schedule; and that the enterprise was missing opportunities to achieve savings by merging IT systems. The enterprise could benefit from an outside consultant on IT and other issues relating to consolidation.

Clarify Coordination with OIG

Our last hearing highlighted continued confusion about the relationship between the Office of Inspector General (OIG) and the EC. We recognize the need for independence at the OIG with respect to rooting out fraud and abuse across the system. However, under federal law Medicaid must be delivered within a single agency, which in Texas is HHSC. Further, under HB 2292 the OIG is considered a division of HHSC. We encourage HHSC to work with the OIG to clarify HHSC's oversight role, especially over administrative functions, in the weeks ahead.

Strengthen Policy & Performance Office

SB 200 establishes the Policy and Performance Office whose job it is to make sure programs are performing; policy initiatives are being achieved; and that cross-functional communication is occurring to meet the unique needs of our seniors, Texans with disabilities, individuals with behavioral health challenges and other specific populations.

This office will play a critical role in making sure the transformation is successful. Moving forward, we encourage HHSC to clarify its responsibilities versus responsibilities of other divisions that may be involved in encouraging cross-division communication. For example, it is important that strong links remain between the MSSD and the Facilities Division. The Policy and Performance Office can assist with fostering strong communication between the teams running State Supported Living Centers and those operating services for people with disabilities, as well as between State Hospitals and individuals with behavioral health needs.

Ensure Voc Rehab Services Transfer Seamless

Under SB 208 TLOC is required to comment on the Plan for the Transfer of Vocational Rehabilitation Services from the Department of Assistive and Rehabilitative Services to the Texas Workforce Commission (TWC). We recognize the TWC's diligent work in developing the Plan, which provides extensive detail about the complexity of this transfer, especially given limitations on federal funding. We encourage TWC to make every effort to ensure that the transfer of these services is seamless to the consumer and to address the concerns raised during our public hearing.

Continue to Consider Public Input

We commend HHSC and TWC's efforts to seek out and consider comments from stakeholders at public hearings around the state during the development of the Transition Plan. TLOC's March hearing represented the public's first opportunity to publicly comment on the transition plans, and we took testimony from 19 individuals, including 14 public witnesses. Given that this transition will occur over several years, we encourage HHSC and TWC to provide a mechanism for continued public input moving forward.

We appreciate your commitment to Texas' most vulnerable citizens. We look forward to working with you to establish an efficient health and human services system that meets the needs of those who rely on these important programs.

Sincerely,

Senator Jane Nelson, Co-chair
Representative Four Price, Co-Chair
Senator Brian Birdwell
Representative Cindy Burkett
Senator Juan "Chuy" Hinojosa
Representative Richard Peña Raymond
Senator Charles Schwertner
Representative Toni Rose
John Colyandro
Heather Griffith Peterson
Billy Hamilton

CC: Governor Greg Abbott
Lieutenant Governor Dan Patrick
Speaker of the House Joe Straus
House Appropriations Committee Chairman John Otto
Executive Director, Larry Temple, Texas Workforce Commission