



## **Health and Human Services Agencies Update on Activities Related to the American Recovery and Reinvestment Act (ARRA)**

# **Presentation to the House Select Committee on Federal Economic Stabilization Funding**

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*February 10, 2010*



# ARRA Funds Summary

	<b>Funds Expended Since Last Report</b>	<b>Funds Expended to Date</b>
<b>Health and Human Services Commission (HHSC)</b>	\$522,654,888	\$2,003,216,680
<b>Department of Aging and Disability Services (DADS)</b>	\$176,793,999	\$701,330,115
<b>Department of State Health Services (DSHS)</b>	\$3,841,169	\$16,184,282
<b>Department of Family and Protective Services (DFPS)</b>	\$21,507,798	\$42,917,163
<b>Department of Assistive and Rehabilitative Services (DARS)</b>	\$4,143,407	\$8,552,352
<b>TOTALS</b>	<b>\$758,941,261</b>	<b>\$2,772,200,592</b>

# ARRA Funding Sources

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## FMAP-Related ARRA Funds

- The American Recovery and Reinvestment Act (ARRA) provided for a temporary increase through December 2010 in the Federal Medical Assistance Percentage (FMAP), which is used in determining the amount of Federal matching funds for the Medicaid program.
  - Medicaid is a jointly funded (state-federal) program that provides health benefits to approximately 1 in 8 individuals in Texas.
- Prior to the passage of the Recovery and Reinvestment Act, for every dollar spent on Medicaid benefits, the federal government paid almost 60 cents (59.44% FMAP, FFY 2009).
- The federal formula used to calculate the increase in FMAP provides a hold harmless (FY 2008 rate); an across-the-board increase of 6.2 percentage points; and adjusts according to the percentage increase in unemployment in the state.



## ARRA Federal Funds Expended Since Beginning of ARRA

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- *FMAP-related ARRA Funds*
  - As of December 31, 2009, approximately \$2.7 billion has been expended.
- *Potential Federal Extension of ARRA FMAP Through June 2011*
  - A six month extension of ARRA FMAP is included in the House version of Health Reform, and a stand alone bill introduced by Senator Rockefeller and Senator Reid, and H.R. 2847 - Jobs for Main Street Act, 2010 as passed by the House.
  - The President's FY 2011 Budget also proposed extending the ARRA FMAP by six months at an estimated cost of \$25.5 billion.
  - A six month extension of ARRA FMAP at the TIER II unemployment adjustment would result in an estimated additional \$925 million for Texas.



# ARRA FMAP Unemployment Adjustment TIERS

Actual through June 30, 2010; current assumption is that Texas will qualify for the TIER II unemployment rate for the last two federal quarters of the ARRA adjustment.

QTR	Fed Fiscal Yr	Months	TIER	FMAP%
Q1	FFY 2009	Oct - Dec 2008	TIER I	68.76
Q2	FFY 2009	Jan - Mar 2009	TIER I	68.76
Q3	FFY 2009	Apr - Jun 2009	TIER I	68.76
Q4	FFY 2009	Jul - Sep 2009	TIER II	69.85
Q1	FFY 2010	Oct - Dec 2009	TIER III	70.94
Q2	FFY 2010	Jan - Mar 2010	TIER III	70.94
Q3	FFY 2010	Apr - Jun 2010	TIER III	70.94
Q4	FFY 2010	Jul - Sep 2010	TIER II	69.85
Q1	FFY 2011	Oct - Dec 2010	TIER II	69.85

## ARRA Federal Funds Expended

### Other ARRA Funds:

- Approximately \$57.6 million in non-FMAP ARRA funds were expended as of December 31, 2009. Examples are listed below.

	<b>Purpose/Grants</b>	<b>Amount</b>
<b>Health and Human Services Commission</b>	SNAP Administration	\$15.9 million
	Local Disproportionate Share Hospitals	\$23.5 million
	Health Information Technology	\$0
<b>Department of Aging and Disability Services</b>	Congregate and Home Delivered Meals	\$1.3 million
<b>Department of Family and Protective Services</b>	TANF Supplemental Funds	\$15.2 million
<b>Department of Assistive and Rehabilitative Services</b>	IDEA Part C	\$1.4 million
	Vocational Rehab	\$0.2 million



# ARRA Future Projects (HHSC)

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## State Health Information Exchange (HIE) Cooperative Agreement Program:

- This grant provides for a state office or state-designated entity to improve and expand HIE services over time to reach all health care providers in an effort to improve the quality and efficiency of health care.
- Federal funding availability is \$28.8 million over four years and HIE funding would be subject to Section 1512 reporting.
- HHSC applied for grant funds in October 2009 under a HITECH funding opportunity announcement to encourage appropriate and secure HIE across the health care system.
- The initial phase of the project, during fiscal year 2010 has no state matching requirement, with increasing non-federal matching requirements over Fiscal Years 2011-2013.
- The required state match over the stimulus period is estimated at \$3.5 million.
- Regulations regarding non-federal matching (whether state, local; cash or non-cash) are expected during the summer of 2010.



## ARRA Future Projects (HHSC)

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### Health Information Technology (HIT) for Economic and Clinical Health Act

- The HIT project funding requires States to create a plan to incentivize health providers for adopting meaningful use of electronic health records (eHR), with the goal of improving patient care.
- Texas project approved by the Centers for Medicare and Medicaid Services (CMS) on November 30, 2009.
  - Approximately \$3.9 million is allocated to Texas.
  - Initial phase of the project develops the plan over 8 months.
  - Project provides for a federal match rate of 90%, with 10% general revenue (estimated at \$0.4 million general revenue).
  - At the end of the planning phase, HHSC will submit an application for the subsequent implementation phase, which will provide the incentive payments for adoption of meaningful use of eHR, at the same match rate.
- HHSC is developing a plan to expend these funds pursuant to S.B. 1 Article XII, Section 5, in the next few weeks.
- Funding availability for the initial phase is through October 2010 and is exempted from Section 1512 reporting.



## ARRA Future Projects (DSHS)

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### ***Communities Putting Prevention to Work State Supplemental Grant:***

- On February 5<sup>th</sup>, the U.S. Department of Health and Human Services/Centers for Disease Control (HHS/CDC) announced more than \$119 million in funding to states and territories.
- This funding focuses on efforts to help communities and schools support healthy choices.
- This includes a variety of methods including using media to support healthy food and beverage choices and increased physical activity, and increasing access to healthy choices and safe places to be active.
- The DSHS Official Notice of Grant Award is pending from the CDC.
- Awards to states are in three major categories, as noted on the following page.



## ARRA Future Projects (DSHS)

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### ***Communities Putting Prevention to Work State Supplemental Grant, continued:***

- ***Component I Statewide Policy and Environmental Change***
  - Texas was awarded \$2.2 million. Through joint use agreements between schools and local government agencies, school locations would be shared with the general public after school hours to offer safe places for physical activities and fresh locally grown fruits and vegetables.
  - Strategies will be implemented, through local communities, to prevent and control the chronic health effects of tobacco use through policy changes related to alcohol and tobacco use.
- ***Component II Competitive Special Policy and Environmental Change Initiative***
  - Texas was awarded \$2.8 million. A DSHS obesity prevention project, Texas Mother-Friendly Worksite Policy Initiative, was selected.
  - This initiative targets state agency worksites to develop and implement worksite policies that support breastfeeding.
- ***Component III Tobacco Cessation Through Quitlines and Media***
  - Texas was awarded \$2.2 million. DSHS proposed to use the funds to expand existing Quitline service capacity to support targeted tobacco cessation for smokers and community coalitions working on tobacco-free local ordinances.
  - This Component includes a partnership with the Employees Retirement System (S.B. 1, Art. XII, Section 1, DSHS Item 4) to provide telephone cessation counseling and nicotine replacement therapy to state employees and retirees, and their dependents.

# Future Issues - TANF

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## Temporary Assistance to Needy Families (TANF) Emergency Contingency Funding

- The amount of TANF-ECF received in FY 2010 was less than what was projected in S.B. 1 Article XII, Rider 26, \$5.3 million compared to projected \$9.0 million.
  - Because the amount was less, HHSC is unlikely to achieve the anticipated result of maximizing the State's TANF federal reserves.
- If HHSC increases the one-time August subsidy again in 2010 (which was also paid in August 2009 to generate the majority of the TANF-ECF received this year), HHSC projects to draw on the State's reserve as opposed to increase it.
- HHSC is currently monitoring TANF-related one time expenditures at HHSC, DFPS, and TWC as well as TANF cash assistance caseloads to determine the financial feasibility of achieving the rider's target with FY 2010 qualifying expenditures.
- Funding availability is October 2008 through September 2010 and is exempted from Section 1512 reporting.