



Health and Human Services System Critical Funding Needs and Drivers

Presentation to House Appropriations Committee

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March 8, 2010

- Snapshot of HHS Average Monthly Program Caseloads
 - Acute Care Medicaid
 - Medicaid Long-Term Services and Supports (LTSS) Entitlement
 - CHIP
 - Foster Care
 - Temporary Assistance for Needy Families (TANF) Cash Assistance
- Critical Funding Needs of the HHS System for the 2010-2011 Biennium
- Other Policy Issues Impacting the HHS Budget
- 5% Reduction Options Overview

Snapshot: Health and Human Services Average Monthly Program Caseloads, FY 2008 - 2011

Snapshot: Health and Human Services Program Caseloads, FY 2008 - 2011

Average Monthly Health and Human Service Program Clients

	Medicaid Clients		CHIP		Foster Care	TANF Cash- Assistance Recipients	SNAP (Food Stamps) Recipients ³
	Acute Care Total ¹	LTSS Entitlement ²	Regular	Perinatal			
FY 2008	2,877,203	189,964	389,062	58,589	17,180	125,309	2,555,999
FY 2009	3,004,353	191,248	466,242	67,952	15,646	113,961	3,089,105
FY 2010*	3,338,204	195,797	496,008	75,455	17,860	124,046	3,362,009
FY 2011*	3,585,656	198,678	498,508	79,578	19,767	129,151	3,523,145
SB1: 2010	3,105,445	189,997	460,484	70,017	14,586	105,273	na
SB1: 2011	3,168,320	190,498	464,343	73,399	14,590	105,273	na

Notes

¹ Medicaid Clients include all clients receiving full-benefit Acute Care services and Long-Term Services and Supports (LTSS) provided through DADS. LTSS clients are part of Total Acute Care Medicaid Clients, as all receive Acute Care Medicaid.

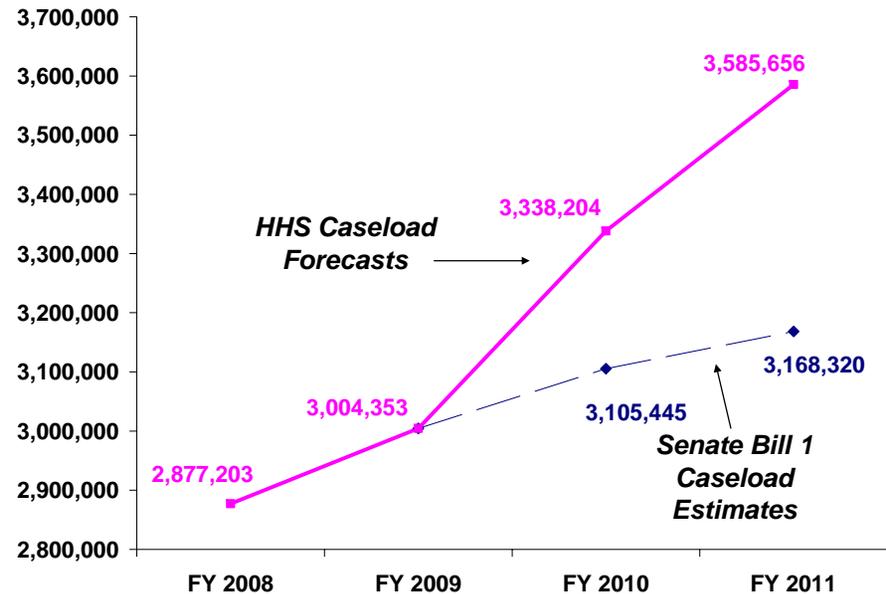
² Long-Term Services and Supports (LTSS) is the name given to programs formerly referred to as Long-Term Care. All programs, including Nursing Facilities, all Residential and Community programs, all Entitlement and Waiver programs are components of Long-Term Services and Supports.

³ SNAP costs totaled \$4.2 billion in FY 2009. Although SNAP costs are paid by the Federal Government, the state does have administrative costs related to the program. Furthermore, SNAP is a significant driver for eligibility determinations.

Total Acute Care Medicaid Client Highlights

	Total Acute Care Medicaid Clients	% Increase
FY 2008	2,877,203	
FY 2009	3,004,353	4.4%
FY 2010	3,338,204	11.1%
FY 2011	3,585,656	7.4%
SB1 Estimates		
	SB1 Estimates	% Increase *
FY 2010	3,105,445	3.4%
FY 2011	3,168,320	2.0%
FY 2010 Monthly Data		
	FY 2010 Monthly Data	
Sep-09	3,194,621	
Oct-09	3,220,123	
Nov-09	3,232,338	
Dec-09	3,260,766	
Jan-10	3,279,491	
Feb-10	3,311,641	
YTD Average	3,249,830	

* SB1 FY 2010 Estimated % Increase is based on FY 2009 Actual



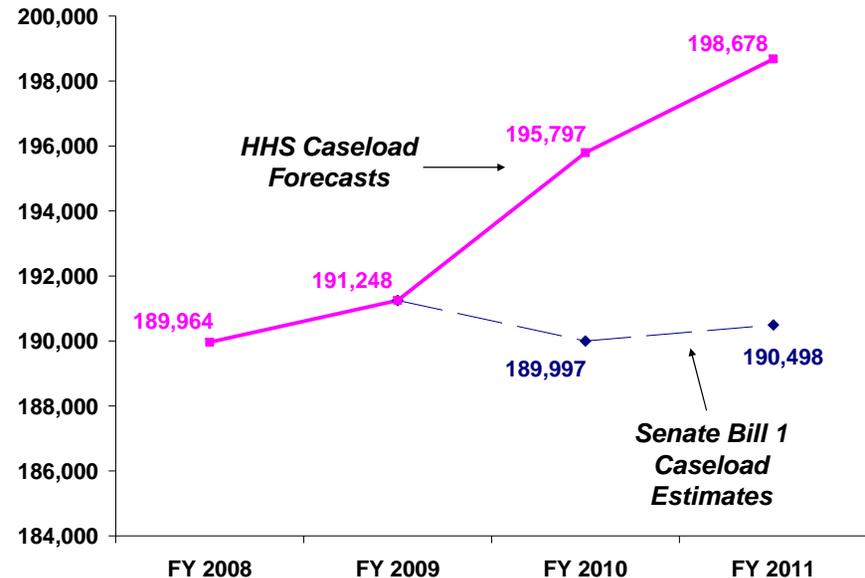
Acute Care Medicaid Caseloads are forecast to increase to 3.34 million, on average, in fiscal year 2010, an increase of 11 percent.

- Caseload has already grown just over 8 percent in only the first six months of fiscal year 2010, with currently monthly trends averaging around 10-11 percent
- FY 2009 showed a 4.4 percent growth trend, following three years of growth below 2 percent

Medicaid Long-Term Services and Supports (LTSS) Entitlement Client Highlights

	LTSS Entitlement Clients	% Increase
FY 2008	189,964	
FY 2009	191,248	0.7%
FY 2010	195,797	2.4%
FY 2011	198,678	1.5%
SB1 Estimates		
FY 2010	189,997	-0.7%
FY 2011	190,498	0.3%
FY 2010 Monthly Data		
Sep-09	194,129	
Oct-09	195,865	
Nov-09	196,348	
Dec-09	196,033	
Jan-10	196,432	
YTD Average	195,761	

* SB1 FY 2010 Estimated % Increase is based on FY 2009 Actual



LTSS Entitlement caseload is projected to grow to almost 195,800 in fiscal year 2010, an increase of 2.4 percent.

- The growth in entitlement caseload is primarily driven by the Primary Home Care, Community Attendant Services, and Promoting Independence (aka “money follows the person”)
- Nursing Home growth is flat, and ICF-MR growth declining as clients are moving to Home and Community-Based Services (HCS), a waiver program, with ICF-MR movement considered entitlement.

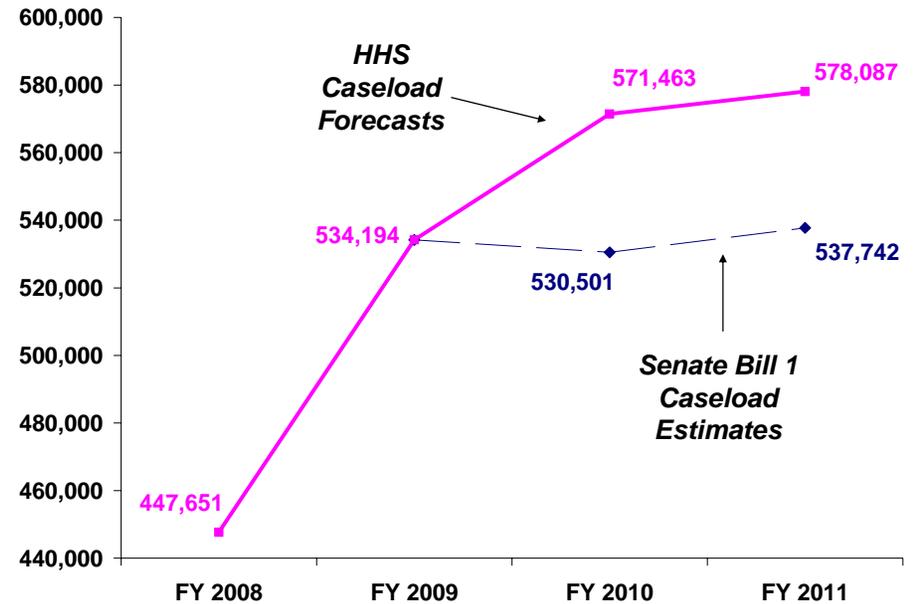
CHIP (Regular + Perinatal) Client Highlights

	CHIP			
	Regular	% Increase	Perinatal	% Increase
FY 2008	389,062		58,589	
FY 2009	466,242	19.8%	67,952	16.0%
FY 2010	496,008	6.4%	75,455	11.0%
FY 2011	498,508	0.5%	79,578	5.5%

	SB1 Estimates			
	Regular	% Increase *	Perinatal	% Increase *
FY 2010	460,484	-1.2%	70,017	-1.2%
FY 2011	464,343	0.8%	73,399	0.8%

	FY 2010 Monthly Data	
	Regular	Perinatal
Sep-09	491,069	70,525
Oct-09	490,343	69,869
Nov-09	491,220	68,165
Dec-09	493,580	68,282
Jan-10	500,027	66,451
YTD Average	493,248	68,658

* SB1 FY 2010 Estimated % Increase is based on FY 2009 Actual



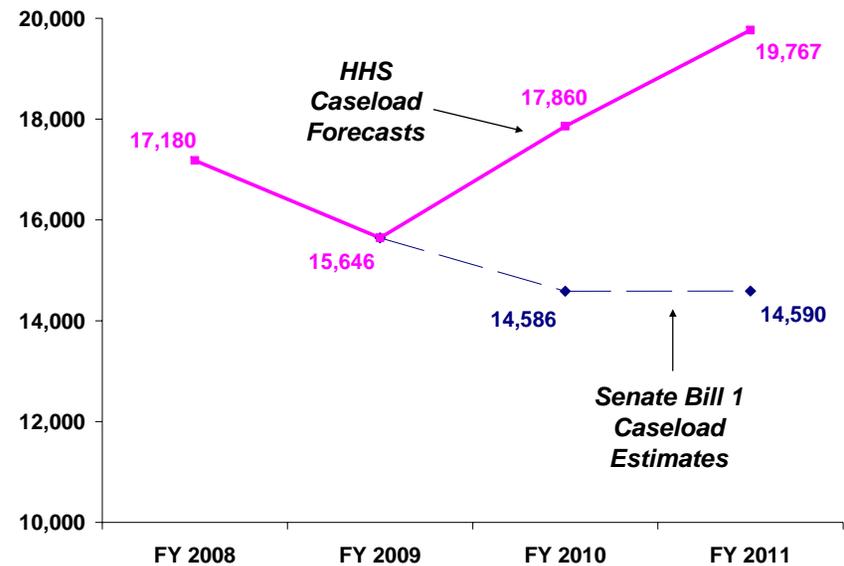
CHIP caseload, including Perinatal clients, rose above 530,000 in FY 2009.

- Regular CHIP caseload is currently averaging just under 500,000, with Perinates averaging just under 70,000 per month.
- SB1 estimates include movement of CHIP Qualified Aliens below 185% poverty level to Medicaid beginning September 2009.
 - There were approximately 20,000 Legal Permanent Residents in the CHIP program in FY 2009, with only slightly more projected for FY 2010.

Foster Care Client Highlights

	Foster Care	% Increase
FY 2008	17,180	
FY 2009	15,646	-8.9%
FY 2010	17,860	14.2%
FY 2011	19,767	10.7%
SB1 Estimates		
FY 2010	14,586	-6.8%
FY 2011	14,590	0.0%
FY 2010 Monthly Data		
Sep-09	15,338	
Oct-09	15,633	
Nov-09	15,701	
Dec-09	15,698	
YTD Average	15,593	

* SB1 FY 2010 Estimated % Increase is based on FY 2009 Actual



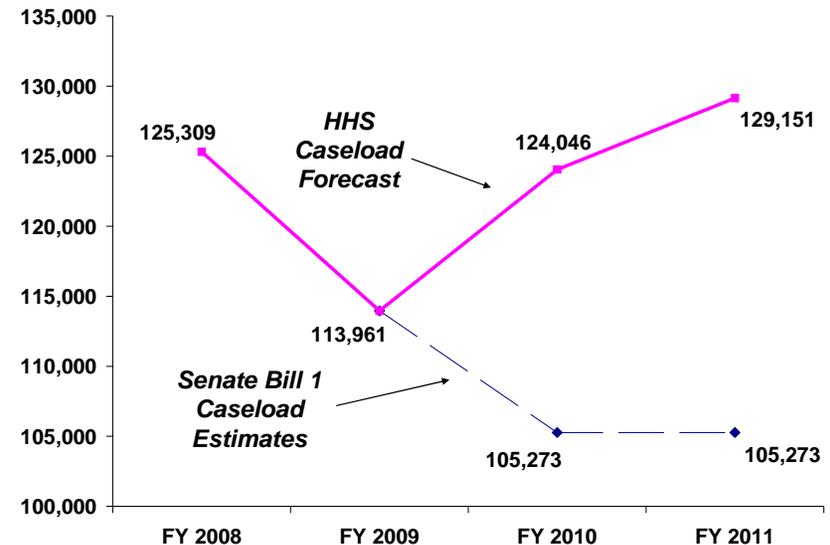
Foster Care caseload is currently projected to reach 17,860 in fiscal year 2010.

- Foster Care caseload has shown significant volatility in the past two years.
 - In September 2008, a court ruling (“Gates”) impacting removals resulted in a dramatic slowdown in clients removed from their homes, averaging just under 800 removals per month for the first 4 months of fiscal year 2009.
 - The first 4 months of fiscal year 2010 have shown an average of just under 1,400 removals per month, as the system adjusted to the requirements of the Gates ruling, plus a series of high-profile events, increased Family-Based Services cases, and increased complexity of cases which together created a need to review and re-define removal procedures.

TANF Cash-Assistance Highlights

	TANF Cash-Assistance Recipients	% Increase
FY 2008	125,309	
FY 2009	113,961	-9.1%
FY 2010	124,046	8.8%
FY 2011	129,151	4.1%
SB1 Estimates		
FY 2010	105,273	-7.6%
FY 2011	105,273	0.0%
FY 2010 Monthly Data		
Sep-09	119,381	
Oct-09	125,686	
Nov-09	125,661	
Dec-09	126,612	
YTD Average	124,335	

* SB1 FY 2010 Estimated % Increase is based on FY 2009 Actual



TANF Cash Assistance caseload is currently growing at a rate of 9 percent in just the first four months of fiscal year 2010.

- This marks the first time since 2003 that this caseload has grown.
- The TANF Cash-Assistance caseload had, until August 2009, stabilized at a low of about 110,000 recipients. August 2009 saw a slight increase, but a positive trend wasn't seen until September 2009.

HHS Critical Funding Needs FY 2010-2011 General Revenue (\$ in millions)

	Projected Need Above SB1 Appropriations	Available Funds from ARRA and FMAP ²	Net Projected GR Need
<u>HHSC Medicaid¹</u>			
HHSC-Acute	\$2,511.0	(\$1,236.3)	\$1,274.7
DADS-LTC	138.3	(138.3)	-
Subtotal Medicaid	2,649.3	(1,374.6)	1,274.7
HHSC CHIP ¹	86.1	(14.4)	71.7
HHSC TANF	30.3		30.3
HHSC Maintain Eligibility Staffing/Operations ³	81.1		81.1
DFPS Foster Care/Adoption Subsidies	107.2	(1.5)	105.7
Total	\$2,954.0	(\$1,390.5)	\$1,563.5

1. Entitlement Needs for HHSC are updated with year to date actuals. Estimates assume CHIP Perinate Program continues with no changes.
2. Available ARRA Funds include amounts above SB1, Article XII that are anticipated to be generated due to changes in federal participation rates and for increased caseloads and cost above SB1.
3. Maintaining eligibility staff/operations includes costs for continuing 250 eligibility workers, and adding 100 new workers, as well as rolling out TIERS to the remainder of the eligibility offices.

Department of Family and Protective Services (DFPS)

- Foster Day Care
 - Protective day care services are the primary driver of an expected increase of 158,002 Foster Day Care Days.

All Agencies

- Data Center Services
 - Agencies anticipate costs associated with moving applications to the Data Center Services environment, as well as contribution amounts that are unknown at this time.

CHIP Perinatal Program

- CMS has indicated that HHSC must serve newborns of emergency Medicaid recipients in Medicaid, not in the CHIP Perinatal program.
- HHSC has requested that CMS allow us to continue the CHIP Perinatal program through FY 2011, however early indications are that this is not likely. If this request is denied, there are two options to bring the program into compliance with CMS guidance.
- Option 1: End CHIP Perinatal program and provide Medicaid to newborns of emergency Medicaid recipients.
 - Estimated net cost of \$28.5 million GR in FY 2011 (savings of \$67.4M to CHIP, cost of \$96M to Medicaid)
- Option 2: Continue CHIP Perinatal program and comply with CMS guidance.
 - Estimated net cost of \$53.6 million GR in FY 2011 (savings of \$28.8M in CHIP, cost of \$82.5M to Medicaid)

5 Percent Reduction Options Overview

5% Reduction Options - Principles

- Maintain the highest level of services and minimize the direct effect on clients.
- Achieve as much administrative savings as possible without jeopardizing oversight and accountability.
- Preserve effective prevention programs that help reduce the state's costs in the long run.
- Preserve vital community programs, such as crisis mental health services.
- Implement new programs later than originally assumed.

5% Reduction Options by Category

Revised February 26, 2010

HHS System - All Agencies				
Budget Options – General Revenue				
Categories	FY 2010	FY2011	Biennial	Biennial %
Salaries	\$8,944,136	\$10,607,082	\$19,551,219	7.0%
Other Administrative Support	\$18,863,722	\$13,543,707	\$32,407,430	11.7%
Revenue Management	\$32,478,217	\$12,825,441	\$45,303,658	16.3%
Provider Rates	\$0	\$99,331,752	\$99,331,752	35.8%
Client Services	\$4,000,000	\$26,500,000	\$30,500,000	11.0%
Other Program Reductions	\$7,998,035	\$28,619,748	\$36,617,783	13.2%
Implement Programs Later than Originally Assumed	\$1,406,537	\$12,700,254	\$14,106,791	5.1%
Total	\$73,690,648	\$204,127,984	\$277,818,632	100.0%

FY 2010-11 HHS 5% Reduction Options

Revised February 26, 2010

HHS Agency	FY10-11 GR Budget as Adjusted	FY10-11 HHS 5% GR Targets*	Totals Excluding Rate Reductions	Totals Including Rate Reductions	Percent of Adjusted Agency GR Budget
Department of Assistive and Rehabilitative Services	\$ 187,403,531	\$ 9,370,177	\$ 7,123,157	\$ 7,348,123	3.9%
Department of Family and Protective Services	\$ 802,931,677	\$ 40,146,584	\$ 14,693,125	\$ 14,693,125	1.8%
Department of State Health Services	\$2,469,889,608	\$123,494,480	\$ 99,800,212	\$100,945,672	4.1%
Department of Aging and Disability Services	\$1,697,456,283	\$ 84,872,814	\$ 17,001,506	\$ 39,857,716	2.3%
Health and Human Services Commission	\$ 398,691,540	\$ 19,934,577	\$ 39,868,880	\$114,973,996	28.8%
Totals	\$5,556,372,639	\$277,818,632	\$178,486,880	\$277,818,632	5.0%

* Targets exclude eligibility, Medicaid entitlement, CHIP, Foster Care and debt service

Effective September 1, 2010 -

- 1 percent rate reduction for all programs except Medicaid community care, foster care, adoption subsidies - \$49,748,546
- Additional 1 percent provider rate reduction for Medicaid long-term care residential and acute care adults (cumulative 2 percent reduction) - \$35,007,712
- Additional managed care rate reduction - \$14,575,494

Total GR Rate Reduction Options - \$99,331,752