



Review of FY 2014-2015 Legislative Appropriations Request (LAR) Policy Guidance and Exceptional Items

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FY 2014-2015 LAR Timeline

March 2012

- Strategic Planning Instructions Issued
- Base Reconciliation Instructions issued

May 2012

- Reviewed Proposed Exceptional Items at Stakeholder Forum

June 2012

- LAR Policy Guidance and Instructions issued June 5
- Refine Budget Structure & Performance Measures
- HHSC's FY 2012-2013 Base Reconciliation due June 21

July 2012

- HHS FY 2013-2017 Strategic Plan due July 6

August 2012

- HHSC's FY 2014-2015 LAR due August 23

September 2012

- Joint Budget Hearing

LAR Policy Guidance

FY 2014-2015 Base Request

- The LAR Base Request for general revenue-related funding may be equal to the general-revenue related funding for the 2012-13 biennium. HHSC may add additional state funding for the following policies:
 - **Maintain Benefits and Eligibility for Entitlement Medicaid and the Children's Health Insurance Program (CHIP).**
 - Caseload growth in both programs is allowed in the FY 2014-15 Base Request.
 - The FY 2013 average costs for both programs is allowed in the base request for FY 2014-15, and assumes continuation of FY 2012-13 rate reductions and cost containment initiatives.

Exceptional Items

- Funding requests for other purposes that exceed the baseline spending level may not be included in the baseline request but may be submitted as Exceptional Items.
- Exceptional items have been grouped into four broad categories:
 - Maintain Current Services/Programs (1 - 6)
 - System Improvements and Expansions (7 - 18)
 - Information Technology (IT) Projects (19 – 25)
 - Additional Impacts
- Items marked with an asterisk “*” represent an HHS system requests for funding in two or more HHS agencies.

HHSC LAR Exceptional Items

Maintain Current Services/Programs

\$ in millions

1. **Maintain Medicaid Current Services** **TBD GR / TBD AF**
Funding would maintain cost and utilization growth forecasted for FY 2014-15 in the Medicaid program that are not allowed in the base request. Caseload growth is allowed in base request.
2. **Maintain CHIP Current Services** **TBD GR / TBD AF**
Funding would maintain cost and utilization growth forecasted for FY 2014-15 in the CHIP program that are not allowed in the base request. Caseload growth is in the base request.
3. **Maintain Current Services Related to Caseload Growth and Other Programs** **\$12.0 GR / \$20.9 AF**
Funding would support increased costs in eligibility determination support services resulting from caseload growth. Funding would also maintain state funding in lieu of federal funding that financed the Family Violence program in FY 2012.
4. **Maintain the Office of Acquired Brain Injury (OABI)** **\$0.9 GR / \$0.9 AF**
Funding would allow the continuation of OABI operations after the expiration of federal funds in 2013 and would expand the work of the office to include stroke and cardiovascular awareness, prevention and rehabilitation referral/ coordination services; children and youth; military and veterans; elderly; rural; border and other programs in accordance with the OABI mission and strategic plan. The office ensures linkages internally and externally for the enterprise to identify common services and cost-saving programs as well as gaps in services.
5. **Replace Vehicles** **\$1.1 GR / \$1.1 AF**
Funding would allow the replacement of vehicles within Regional Administrative Services (RAS), Facilities Management, Office of Inspector General and the staff pool managed by the Enterprise Fleet Management Office. Many HHSC vehicles are currently meeting or exceeding established agency replacement criteria and if they are not replaced, certain services and jobs performed through the use of these vehicles may be adversely affected as they tend to breakdown or are in the shop for maintenance more often.

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6. **Maintain Frozen Food and Storage Costs*** **\$0.9 GR / \$1.3 AF**
Funding would ensure dietary and nutritional requirements for clients at the State Supported Living Centers and State Hospitals are met. Department of Justice' new focus on consumer safety and food texture has led to revised specifications and additional inventory purchases to meet safety and food texture requirements. Joint Commission's focus on patient satisfaction and choice has led to greater attention to quality and additional inventory choices which has lead to increased food cost.

System Improvements and Expansions

7. **Implement Fraud Integrity Initiative *** **TBD GR / TBD AF**
Funding would allow HHSC, DADS and DSHS to implement provider and supplier screening and enrollment requirements in Medicare, Medicaid, and CHIP and to enroll providers in accordance with a designated level of risk of waste, fraud and abuse: low, moderate or high.
8. **Implement Acquired Brain Injury Waiver *** **TBD GR / TBD AF**
Funding serves as a placeholder to develop and implement a new Medicaid waiver or expand services in existing waivers for individuals with an acquired brain injury. Given current discussions to overhaul the long term care system as a result of SB 7 and ACA, timing of submitting the waiver is yet to be determined. This initiative is supported by the Texas Traumatic Brain Injury Advisory Council.
9. **Implement STAR+PLUS in the Medicaid Rural Services Area (MRSA) *** **TBD GR / TBD AF**
This funding would replace existing STAR program for SSI adults in the MRSA and the Community Based Alternatives (CBA) waiver program operated by DADS with STAR+PLUS. This initiative would improve service coordination for Medicaid-eligible SSI adult, reduce HHSC/DADS administrative costs, and increase premium tax revenue.

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- 10. Improve Accountability in Medical Transportation Program **TBD GR / TBD AF****
Funding would transition transportation services into service delivery models that reduce HHSC administrative costs, and improve service coordination for Medicaid-eligible persons, and potentially increase premium tax revenue. Any savings generated from delivering transportation services in a more cost-effective model would offset the funding requested for the following system improvements to improve accountability:
- Streamline communications and processes to facilitate service delivery
 - Create a central repository of contract monitoring activity
 - Implement a paperless process and simultaneously log receipt of trip verifications
- 11. Implement initiatives to Address Disproportionality and Disparities Across HHS System **\$0.5 GR / \$0.6 AF****
Funding would support the implementation of regional health equity projects that focus on supporting and encouraging health prevention efforts that employ community-centered strategies to reduce and eliminate health disparities. Funding would also support the expansion of the Texas model to address the elimination of disproportionality and disparities across HHS agencies. These initiatives align with the responsibilities of the Center for Elimination of Disproportionalities and Disparities as amended in Senate Bill 501, 82nd Legislature, Regular Session.
- 12. Improve Security Infrastructure for Regional HHS Client Delivery Facilities **\$1.2 GR / \$1.7 AF****
Funding would be used to improve security infrastructure for regional HHS facilities for the improved safety of both clients and staff. Enhancements include installation of keyless access systems at 90 facilities, installation of video surveillance systems at 31 facilities, parking lot fencing and lighting at 5 facilities.
- 13. Inventory System Upgrade **\$1.3 GR / \$1.7 AF****
Funding would be used to upgrade a critical supply inventory system used daily by 1,000+ staff at the State Supported Living Centers and State Hospitals. This system has not been upgraded to stay current with technology advances nor with software upgrades. The current software version lost support in 2008. The upgrade would contain facility services, inventory, supply/stock/requisition, replenishments, medical supplies, foods, and basic needs with warehouse work flow and business processes.

HHSC LAR Exceptional Items

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- 14. Expand Healthy Marriage Program (HMP) Program Support **\$1.2 GR / \$1.2 AF****

Funding would provide expanded technical assistance to providers/clients, updated public advertising and outreach materials, and continuing development and deployment of website enhancements designed to increase access and ease of use for network providers and couples searching for services or resources. This request will provide enhanced coordination and growth of the existing volunteer network leveraging emerging technologies to reach new service providers and clients. These services were previously funded, but funding was paused in FY 2012-2013.
 - 15. Provide Additional Family Violence Prevention and Victim Services **\$2.5 GR / \$2.5 AF****

Funding would enable family violence service providers and other community-based organizations to provide economic stability, legal, primary prevention and domestic violence fatality review services over and above the core services. These additional services assist victims with leaving the shelter, help reduce the incidence of repeat family violence, and strengthen families. Provision of these services supports clients in attaining ongoing economic stability and legal security, which can reduce their need to seek family violence services in the future.
 - 16. Improve Community Resources Coordination Group (CRCG) Program Support **\$0.3 GR / \$0.5 AF****

Appropriation would resume funding that was paused in FY 2012-2013, to restore funds for two staff, and allow the development and deployment of an enhanced web based data collection/reporting tool to improve accessibility, data consistency and reliability of the CRCG statewide network. This would ensure compliance with legislative requirements including the streamlined collection, analysis, and preparation of program data for submission in required reports.
 - 17. Support the Texas Office for the Prevention of Developmental Disabilities (TOPDD) **\$0.4 GR / \$0.4 AF****

Funding would allow TOPDD to expand work in critical areas such as injury prevention, prenatal care, etc. that are fundamental to the mission of preventing developmental disabilities. TOPDD also would be able to involve other state agencies, private organizations, businesses, and individuals (volunteers, staff). Historically, TOPDD has only been able to obtain outside funding to address fetal alcohol syndrome disorder.
 - 18. Increase HHS Recruitment and Retention * **\$28.4 GR / \$47.5 AF****

Funding would allow DADS and DSHS to provide a 10 percent salary increase for critical direct health care positions to improve retention and recruitment of these staff.

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Information Technology Projects

- 19. Maintain Data Center Services (HHS Agencies) * \$16.5 GR / \$20.2 AF**
HHS agencies are participants in the State's consolidated data center services contract, which has recently been transferred to another group of vendors. Funding would be used to:
- Pay the increase bill for DCS resulting from the re-structuring of contract.
 - Prepare all current applications and environments at DADS, DSHS and HHSC for data center services transformation by upgrading applications and refreshing technology platforms.
 - Provide a test environment for testing software upgrades.
 - Acquire assistance with project management, transformation oversight, system administration, and other activities related to DCS transformation.
- 20. Provide Information Security Improvements & Application Provisioning Enhancements * \$4.5 GR / \$5.8 AF**
HHS agencies face increasing and evolving threats from cyber-related attacks. Funding 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.
- 21. HHSAS Financials – Hardware Remediation \$1.2 GR / \$1.6 AF**
Funding would 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 6 years or older) residing on the legacy side of the San Angelo data center, with production, test, and development on the same platforms causing contention 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.

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- 22. Secure Mobile Infrastructure & Enterprise Communications * **TBD GR / TBD AF****
HHS is currently exploring and planning business initiatives designed to increase efficiencies, promote improvement in service delivery in order to meet projected increases in caseloads without expanding the HHS workforce. These initiatives include expansion of telework and video conferencing, enabling mobile workers where appropriate, office consolidation and increased 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 would provide for a secure, integrated HHS network, and enhanced telecom systems in the various offices, eligibility call centers and other service delivery areas.
- 23. Upgrade Winters Data Center Facilities **\$2.2 GR / \$4.0 AF****
Funding would allow 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.
- 24. Enterprise Data Warehouse Initiative **\$8.1 GR / \$35.6 AF****
Funding would allow continuation of 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. The current project phase is supported with general revenue and federal funds from CMS.
- 25. Implement Coding for International Classification of Diseases (ICD-10) * **TBD GR / TBD AF****
ICD is a code set designed to promote international comparability in the collection, processing, classification, and presentation of statistics. The ICD code set has been revised from ICD-9 to allow for an expansion in the number of conditions that can be captured (almost twice as many) and support more comprehensive analysis. ICD codes are included in certain transactions sent between providers and HHS agencies and are used in many of the HHS systems for medical claims processing, tracking, and reporting. Funding would update these systems to handle the new code set.

HHSC LAR Exceptional Items

Additional Impacts

- Primary Care Physician Rate Increase for Primary Care Services
- Medicaid Expansion & Medicaid/CHIP Eligibility Changes
- Medicaid Benchmark Benefit
- Annual Fee on Health Insurance Providers