

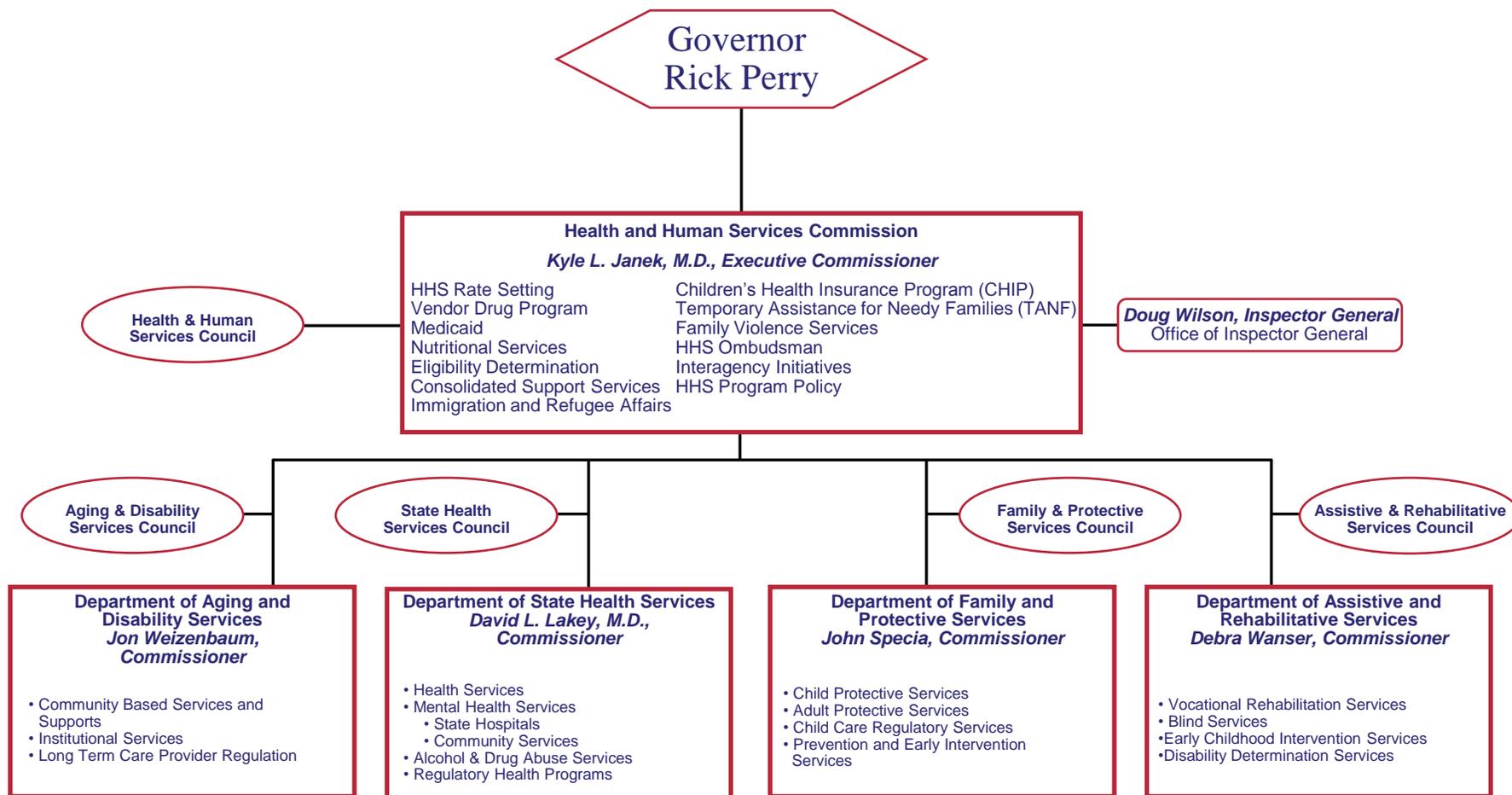


Presentation to the House Committee on Human Services: HHSC Overview

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Key Programs Overview

Key Programs Overview

- **Medicaid** - Provides guaranteed medical coverage to eligible needy persons
- **Children's Health Insurance Program (CHIP)** - Provides medical coverage to eligible children up to age 19, who are not already insured
- **Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps)** - An entitlement program that provides a monthly food benefit to qualified applicants
- **Temporary Assistance for Needy Families (TANF)** - Provides time-limited cash assistance to needy dependent children and the parents or relatives with whom they are living

Medicaid is a jointly funded state-federal program that provides health coverage to low income and disabled people.

- At the federal level, Medicaid is administered by the Centers for Medicare and Medicaid Services (CMS) within the U. S. Department of Health and Human Services.
- At the state level, Medicaid is administered by the Health and Human Services Commission (HHSC).
- Federal laws and regulations
 - Require coverage of certain populations and services
 - Allows states to cover additional populations and services
- Medicaid is an entitlement program, meaning:
 - Guaranteed coverage for eligible services to eligible persons
 - Open-ended federal funding based on the actual costs to provide eligible services to eligible persons

Medicaid Overview: Who Does Medicaid Serve?

Texas Medicaid serves:

- Low-income families
- Children
- Pregnant women
- Elders
- People with disabilities
- Effective January 1, 2014, the ACA expands Medicaid to individuals under age 26, who aged out of foster care in the state and who were enrolled in Medicaid while in foster care.

Texas Medicaid does not serve:

- Non-disabled, childless adults under the age of 65

Eligibility criteria includes:

- Residency in Texas
- U.S. citizenship or certain qualified aliens
- Income and resource limits
- Applicants for long-term services and supports may be required to meet certain functional or medical criteria
- Most child applicants must be under age 19

Medicaid Overview: Who Does Medicaid Serve?

Medicaid eligibility is financial and categorical

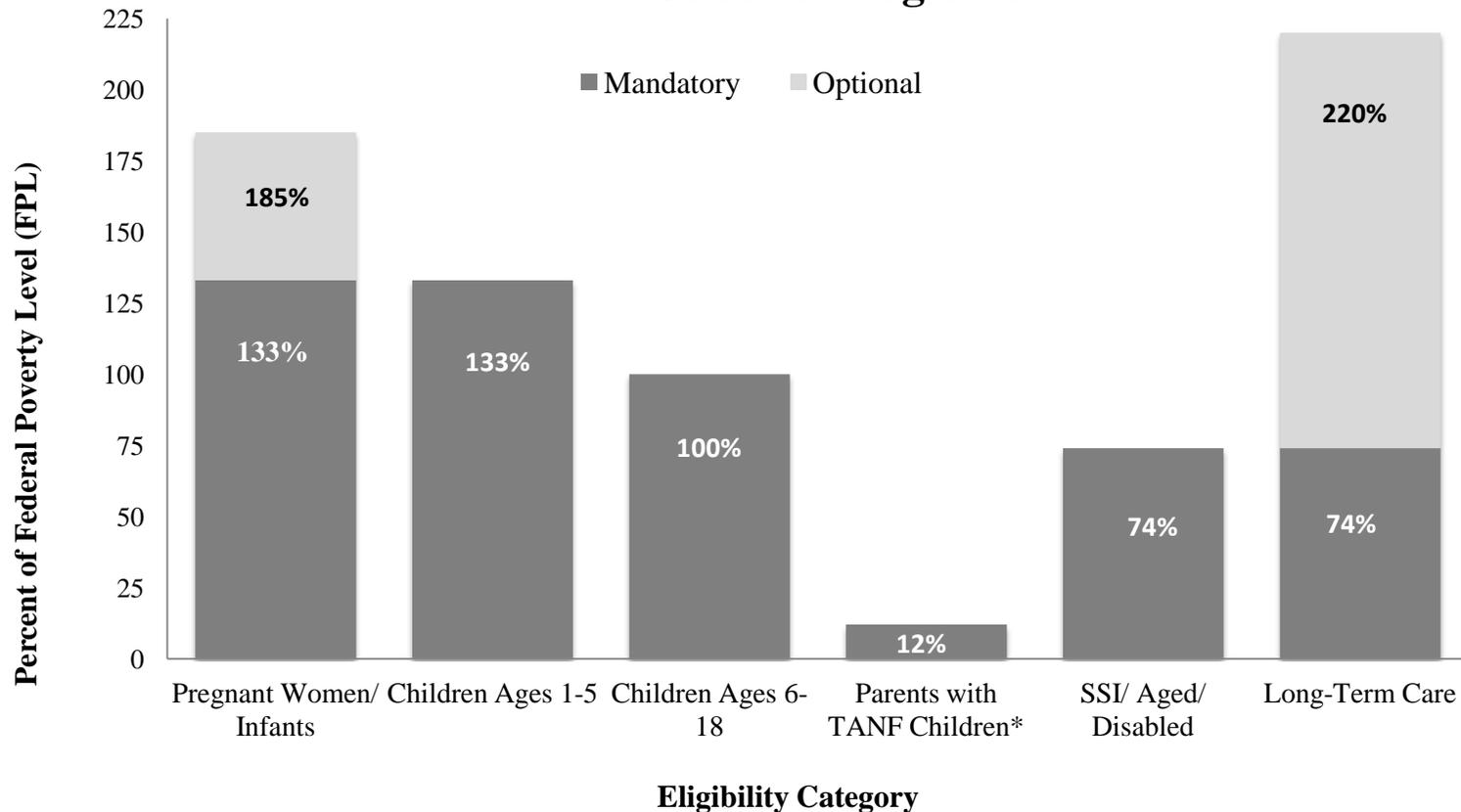
- Low income alone does not constitute eligibility for Medicaid.

- Eligibility factors include:
 - Family income;
 - Age; and
 - Other factors such as being pregnant or disabled or receiving TANF

- Individuals receiving SSI cash assistance are automatically eligible for Medicaid.

Medicaid Overview: Who Does Medicaid Currently Serve?

**Texas Medicaid Income Eligibility Levels
for Selected Programs**



Source: Health and Human Services Commission, Strategic Decision

Medicaid Overview: How are Services Provided?

The Texas Medicaid program provides services to Medicaid eligibles through different “delivery methods”

- **Fee for Service (Traditional Medicaid)**
- **Managed Care:**
 - **Managed Care Models in Texas:**
 - Health Maintenance Organizations (HMO) - capitated
 - **Managed Care Programs in Texas:**
 - STAR (State of Texas Access Reform) – Acute Care HMO
 - STAR+PLUS – Acute & Long-Term Services and Supports HMO
 - NorthSTAR – Behavioral Health Care HMO
 - STAR Health – Comprehensive managed care program for children in Foster Care

In March 2012, Texas successfully completed the expansion of Medicaid managed care statewide

- Currently, the STAR program serves members across the entire state
- The STAR+ Plus program serves members in urban and contiguous areas

As a result of the rollout, most Texas Medicaid clients are receiving medical, dental, and prescription drug benefits through managed care.

- As of January 1, there are 2,558,107 clients enrolled in STAR and 406,895 in STAR+PLUS statewide.

CHIP is a joint state-federal program that provides health coverage to eligible children up to age 19, who are not already insured

Federal law and regulations:

- Requires each state to set eligibility guidelines, service levels, and delivery systems
- Requires each state to operate a state plan listing these elements

CHIP is not an entitlement program

CHIP serves:

- Uninsured children under age 19
- Net income up to 200 percent FPL
- U.S. citizens or legal permanent residents
- Not eligible for Medicaid

Families with income above 150 percent FPL must meet assets criteria:

- Assets below \$10,000
- One vehicle is exempt up to \$18,000; additional vehicles are exempt up to \$7,550

Eligibility is determined for a 12-month period; income verification at six months for families at 185 percent FPL and above

There were 563,740 children in CHIP in FY 2012

Supplemental Nutrition Assistance Program Overview

The Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, is an entitlement program that provides a monthly benefit to qualified applicants

- **Benefits can be used to purchase eligible food items from participating retailers**
 - The United States Department of Agriculture (USDA) defines eligible items as food items intended to be eaten at home, and seeds and plants that can be grown to provide food for the family – hot, prepared foods are not eligible
- **SNAP benefits are provided through the Lone Star Card, an electronic benefit transfer card that is similar to a debit card**

SNAP Administration

- **USDA Food and Nutrition Service (FNS) oversees SNAP**
- **SNAP in Texas is administered by the Health and Human Services Commission**
 - HHSC is responsible for eligibility policy and determination, and benefit administration
 - Texas Workforce Commission (TWC) is responsible for work-related policy and employment services

SNAP benefits are:

- 100 percent federally funded
 - The value of benefits in FY 2011 was \$5.78 billion
 - The estimated value of benefits for FY 2012 is \$5.74 billion
- Allotment amounts to households are established at the federal level
 - For example, the maximum monthly SNAP allotment for a family of three is \$526

The administrative costs are:

- 50 percent federally funded
- 50 percent state funded

Eligibility for SNAP

- Eligibility criteria is federally defined
- Households must meet gross and net monthly income tests
 - For example, the maximum gross monthly income for a family of three is \$2,625
- Most households may have up to \$5,000 in countable resources (e.g., checking/savings account, cash)
- Legal immigrants who have been legal residents of the U.S. for more than five years, and legal immigrants who are children, elderly, or disabled may receive SNAP, if eligible
- All undocumented immigrants are ineligible for SNAP benefits
- Able-bodied, childless, and unemployed adults under age 50 are limited to three months of SNAP benefits
- In FY 2012, the SNAP population included:
 - Children: 2.31 million
 - Adults: 1.65 million
 - Elderly: 251,000

Both the Federal and State governments have a role in the design and funding of the TANF program:

- At the federal level, the U.S. Department of Health and Human Services, Administration for Children and Families (ACF) regulates the program
- In Texas, administration of the program is shared between HHSC and TWC
 - HHSC is responsible for TANF eligibility determination, eligibility-related policies and making cash assistance payments
 - TWC is responsible for work-related policies and for delivering employment services through local workforce development boards

TANF is funded by both state and federal funds:

- Federal funds are given to the State in the form of a TANF block grant
- The block grant has an annual cost-sharing requirement for States, referred to as maintenance of effort or MOE
- The Texas Legislature determines the amount of state and federal TANF block grant funds appropriated to the TANF cash assistance program and how much is allocated to other TANF funded programs

TANF cash assistance program assists needy dependent children and the parents or caretakers with whom they are living

- The most common form of TANF assistance is a monthly grant based on family size and income
- TANF benefits are provided through the Lone Star Card
- TANF households are also eligible to receive Medicaid benefits and SNAP benefits
- TANF benefits are time limited

TANF Eligibility:

- Family resources cannot exceed \$1,000
- Net income cannot exceed specified levels (currently \$188 a month for a family of three)
- Children must meet age, citizenship, relationship, and residence requirements
- To receive and maintain benefits, adult TANF applicants must sign a Personal Responsibility Agreement (PRA)
 - Failure to comply with PRA requirements may result in sanctions

The maximum monthly TANF grant amount for a household of three is \$271

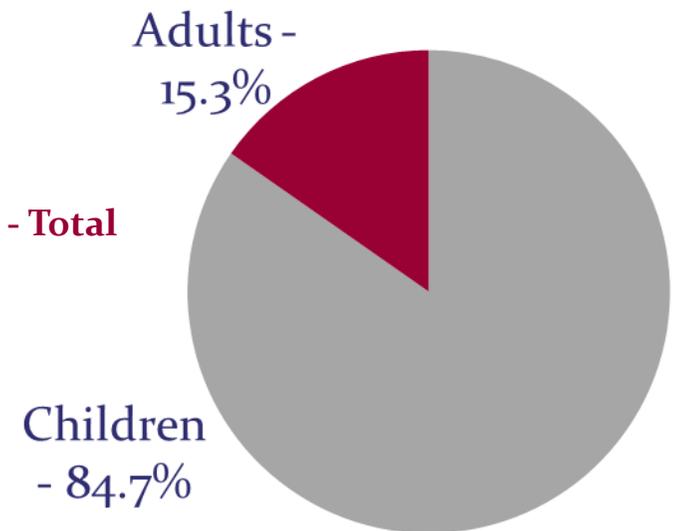
Total Annual TANF Monthly Benefits Paid

-FY 2011: \$97.27 million -FY 2012: ~\$89.84 million

The TANF population is comprised primarily of children. In FY 2012, on average each month, there were:

- Children: 90,874
- Adults: 16,415

TANF Population - Total
107,289



Other TANF Assistance

- One-time TANF for Grandparents provides \$1,000 to a grandparent who cares for a child receiving TANF, and can be given only once when certain criteria, such as having a family gross income less than or up to 200% FPL and less than \$1,000 in resources, is met
- One-time TANF provides \$1,000 for families in crisis, and can be given only once in a 12-month period to those who meet certain criteria such as:
 - Loss of employment within the last 60 days
 - Loss of financial support from a spouse within the last 12 months through death, divorce, separation or abandonment
 - Families who already receive TANF cannot get a One-time TANF grant

Eligibility Determination Process Overview

HHSC is responsible for processing applications to determine eligibility for state services

- CHIP
- Medicaid, SNAP, and TANF
- Long-term care – Medicaid Eligibility for the Elderly and People with Disabilities, MEPD (financial eligibility)

Eligibility Determination

Applications and other eligibility information may be submitted in person, or by telephone, internet, fax and mail

CHIP and Children's Medicaid

- Single application form

Adult Medicaid, SNAP, and TANF

- Single application form
- Some programs require an interview, which can be conducted by phone or in-person

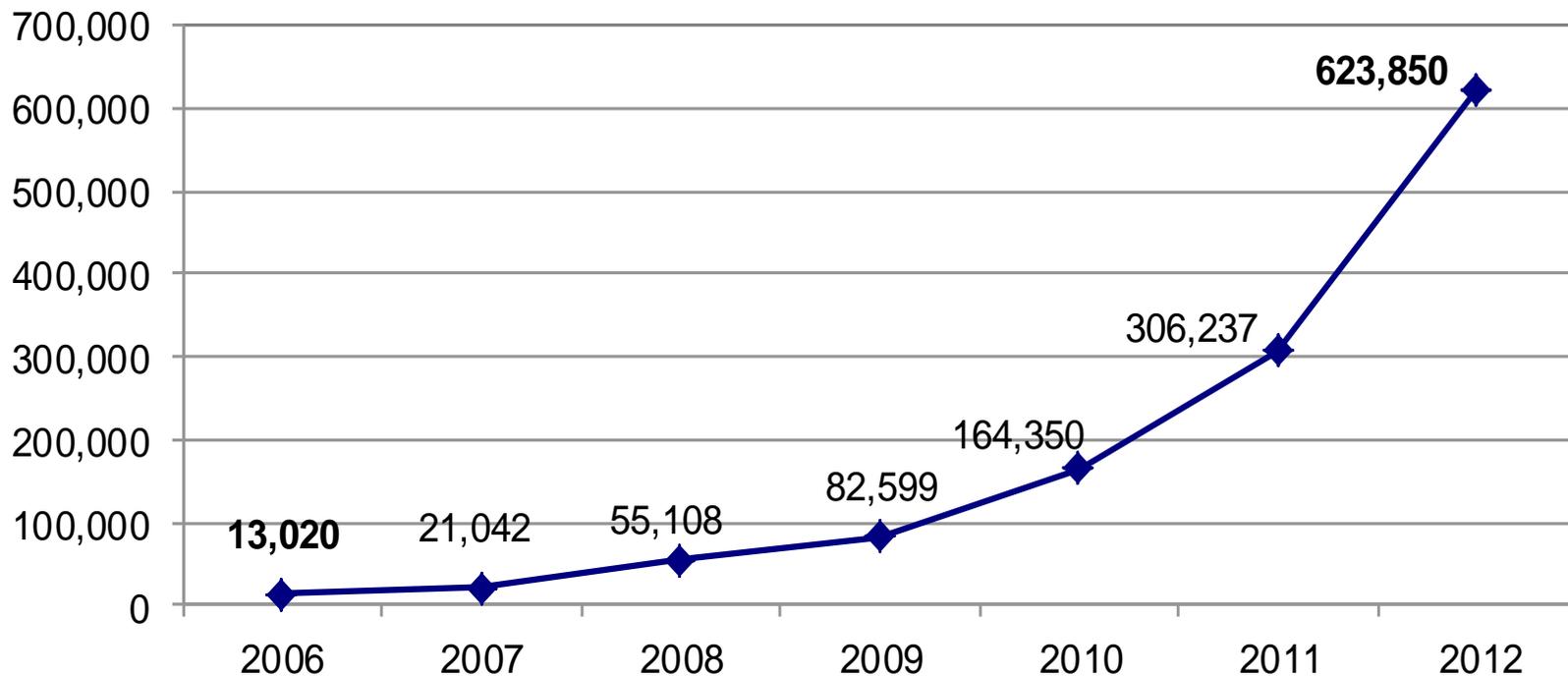
Long Term Care (Medicaid Eligibility for the Elderly and People with Disabilities – MEPD)

- HHSC staff determine financial eligibility
- DADS is responsible for assessing program specific eligibility factors including age, residence, functional limitations, nursing facility risk, medical necessity, and unmet need. Based on this assessment appropriate services are authorized.

- Completed Statewide Rollout of the Texas Integrated Eligibility Redesign System (TIERS), the automation system that supports eligibility determinations and management of cases in December 2011
- Decommissioned legacy SAVERR system that was developed in the 1970's in May 2012
- Exceeded federal timeliness standards for Medicaid, SNAP, and TANF for applications and renewals in 2012
- Implemented several enhancements throughout 2012 to HHSC's client portal, YourTexasBenefits.com, including the ability for clients to renew their benefits and submit additional reports of changes to their household information

In 2012, the number of applications submitted online grew by more than 100 percent

- Currently 35% of all applications are submitted online



H.B. 2610, 82nd Legislature, 2011, directed HHSC to:

- Establish a program to train and certify staff and volunteers of community based organizations to help Texans utilize the YourTexasBenefits.com to manage their Medicaid, SNAP, and TANF case and apply for benefits
- Develop standards regarding certification
- Maintain a list of community partners on the HHSC website

Established a Community Partner Program

- **Began piloting in January 2012 and implemented statewide expansion in October 2012**
 - 51 organizations statewide are currently participating
 - Approximately 145 organizations are in the review process to join the program
 - Continuing to recruit and train community partners
- **Established program standards and training requirements:**
 - Online training and certification requirements have been developed
- **HHSC maintains a listing of community partner agencies available to serve the general public on the CPP website**
- **Since initiation of the program, more than 2,500 online applications have been submitted with assistance from a community partner**

Comparison of Current Biennium with H.B. 1

Description	FY 2012-13 Exp/Bud (LBE)	FY 2014-15 H.B. 1
GOAL 1 - Enterprise Oversight and Policy	\$ 1,896,885,885	\$ 1,871,160,850
GOAL 2 - Medicaid	\$ 40,144,104,602	\$ 42,635,119,379
GOAL 3 - CHIP	\$ 2,351,300,678	\$ 1,846,401,830
GOAL 4 - Encourage Self-Sufficiency	\$ 358,542,373	\$ 394,867,677
GOAL 5 - Program Support	\$ 319,042,197	\$ 309,127,471
GOAL 6 - Information Technology	\$ 141,235,333	\$ 127,691,872
GOAL 7 - Office of Inspector General	\$ 93,244,461	\$ 96,551,305
TOTAL AGENCY REQUEST	\$ 45,304,355,529	\$ 47,280,920,384
General Revenue	\$ 17,956,682,760	\$ 18,841,358,840
General Revenue - Dedicated	\$ 4,587,828	\$ -
Other Funds	\$ 795,963,914	\$ 794,944,245
Federal Funds	\$ 26,547,121,027	\$ 27,644,617,299
TOTAL, METHOD OF FINANCING	\$ 45,304,355,529	\$ 47,280,920,384
FTES	12,366.7	12,375.7

- **HHSC program, administrative, and support operations would be maintained at FY 2012-13 service levels**
- **Client Services**
 - Medicaid and CHIP client services are assumed at average costs for fiscal year 2013
 - Funding for growth of cost and utilization trends is not included
 - Medicaid and CHIP caseloads in H.B. 1 listed below are very close to HHSC projections:
 - Medicaid – 3,810,861 in FY 2014 and 4,058,167 in FY 2015
 - CHIP – 553,897 in FY 2014 and 361,946 in FY 2015
 - Acknowledges movement of CHIP children under 133% FPL to Medicaid pursuant to the Affordable Care Act
 - 68,117 clients in FY 2014
 - 261,521 clients in FY 2015

- **Medicaid estimates do not include the following caseload impacts resulting from implementing the Affordable Care Act requested by HHSC**
 - Medicaid coverage for former Foster Care children to age 26
 - Requirement for twelve month eligibility certification and administrative renewals which results in a net increase of clients eligible for services
 - Estimated impact of caseload growth from children eligible but not enrolled as their families seek health care coverage from the exchange

- **Medicaid Cost Containment**
 - Medicaid and CHIP funding require the implementation of additional savings and cost and containment initiatives - \$250 million GR and (\$602 million All Funds)
 - HHSC would focus on cost containment initiatives to achieve efficiencies and ensure appropriate use of Medicaid services rather than reduce services or benefits.
 - Maintain savings from cost containment initiatives implemented in FY 2012-13.

- **Additional funding is still needed to address vulnerabilities of systems and infrastructure:**

- **Certain HHS Information Technology systems, hardware, & facilities, and**
- **Aging infrastructure at State Hospitals & State-Supported Living Centers**

- **Some cost containment initiatives requiring system changes to the TIERS system may not be implemented until FY 2015 due to limitation of capacity and resources implementing federally required changes**

Exceptional Items

	FY 2014		FY 2015		BIENNIAL TOTAL		FY 14 FTEs	FY 15 FTEs
	GR	All Funds	GR	All Funds	GR	All Funds		
H.B. 1 Introduced	9,246,306,026	23,436,022,809	9,595,052,814	23,844,897,575	18,841,358,840	47,280,920,384	12,375.7	12,375.7
EXCEPTIONAL ITEMS:								
1 Maintain Medicaid Current Services	558,855,511	1,171,838,911	1,059,568,360	2,234,576,551	1,618,423,871	3,406,415,462	-	-
2 Maintain CHIP Current Services	18,914,638	65,493,897	27,293,855	93,280,435	46,208,493	158,774,332	-	-
3 Provide Medicaid Services Required by Certain ACA Provisions	192,600,812	477,569,058	567,495,302	1,360,299,225	760,096,113	1,837,868,282	128.5	288.7
4 Implement Fraud Integrity Initiative and Improve OIG Staffing	10,424,310	40,004,673	8,326,489	22,173,387	18,750,799	62,178,061	105.7	105.6
5 Support Office of Acquired Brain Injury (OABI) and Implement Acquired Brain Injury Waiver Services	1,520,997	3,097,377	1,303,597	2,480,792	2,824,594	5,578,169	4.0	5.1
6 Implement Information Security Improvements & Application Provisioning Enhancements	3,584,281	5,346,691	2,089,797	3,285,191	5,674,078	8,631,882	-	-
7 Improve Security Infrastructure for Regional HHS Client Delivery Facilities	1,197,682	1,691,365	-	-	1,197,682	1,691,365	-	-
8 Expand PCP Rate Increase for XIX OB/GYNS and 2% Reductions for PCPs	29,273,838	70,641,500	14,714,235	35,167,866	43,988,073	105,809,366	-	-
9 Community Attendant Care Wage Increases - \$0.50 per Hour	57,208,871	138,690,856	119,667,400	290,711,919	176,876,271	429,402,775	-	-
10 Increase HHS Recruitment and Retention of Direct Care Workers	14,270,744	23,755,849	14,270,744	23,755,849	28,541,488	47,511,698	-	-
11 Expand Family Violence Program & Prevention	1,250,000	1,250,000	1,250,000	1,250,000	2,500,000	2,500,000	-	-

Exceptional Items

	FY 2014		FY 2015		BIENNIAL TOTAL		FY 14 FTEs	FY 15 FTEs
	GR	All Funds	GR	All Funds	GR	All Funds		
H.B. 1 Introduced	9,246,306,026	23,436,022,809	9,595,052,814	23,844,897,575	18,841,358,840	47,280,920,384	12,375.7	12,375.7
EXCEPTIONAL ITEMS:								
12 Upgrade Winters Data Center Facilities	2,220,800	4,000,000	-	-	2,220,800	4,000,000	-	-
13 Maintain Support of State-Operated Facilities	2,904,705	4,423,234	498,985	724,906	3,403,690	5,148,140	1.0	1.0
14 Retire Legacy CARE System across Enterprise Agencies	8,998,440	25,865,991	7,406,194	7,406,194	16,404,634	33,272,185	2.0	4.0
15 Continue International Classification of Diseases (ICD-10)	424,201	848,403	369,340	1,474,761	793,541	2,323,164	-	-
16 Secure Mobile Infrastructure & Enterprise Communications	11,420,258	17,359,770	-	-	11,420,258	17,359,770	-	-
17 Complete Enterprise Data Warehouse Medicaid Initiative	3,441,477	18,047,805	3,110,771	17,583,575	6,552,248	35,631,380	13.1	13.1
18 Upgrade HHSAS Financials - Hardware Remediation (HHS Agencies)	937,473	1,293,155	234,498	323,467	1,171,971	1,616,622	-	-
19 Improve Community Resources Coordination Group (CRCG) Program Support	157,624	279,709	149,927	266,052	307,552	545,761	2.0	2.0
20 Increase Support of Healthy Marriage Program Support	596,792	596,855	589,905	590,025	1,186,698	1,186,880		
21 Implement Initiatives to Address Disproportionality and Disparities Across HHS System	230,810	318,445	220,866	304,789	451,676	623,234	2.0	2.0
22 PLACEHOLDER: Dual Eligibles Integrated Care Project - ACA	-	-	-	-	-	-		
Total Exceptional Requests	\$ 920,434,264	\$ 2,072,413,544	\$ 1,828,560,265	\$ 4,095,654,984	\$ 2,748,994,529	\$ 6,168,068,528	258.4	421.6
H.B. 1 Introduced + Exceptional Items	\$ 10,166,740,290	\$ 25,508,436,353	\$ 11,423,613,079	\$ 27,940,552,559	\$ 21,590,353,369	\$ 53,448,988,912	12,634.1	12,797.3

APPENDICES

Financial eligibility for Medicaid and many other social programs is based on a family's income level as compared to the Federal Poverty Level (FPL).

- The FPL is intended to identify the minimum amount of income a family would need to meet certain, very basic, family needs.
- FPLs indicate annual income levels by family size, and are updated each year by the Federal Census Bureau.
 - The amounts corresponding to 100% of poverty are based on the U.S. Department of HHS poverty income guidelines for 2013:

Based on Annual Income

Family Size	100%	138%
1	\$11,490	\$15,856
2	\$15,510	\$21,404
3	\$19,530	\$26,951
4	\$23,550	\$32,499
5	\$27,570	\$38,047
6	\$31,590	\$43,594
7	\$35,610	\$49,142
8	\$39,630	\$54,689

At 100% of poverty, for families larger than 8, add \$4,020 for each additional person. At 138% of poverty, add \$5,548 for each additional person.

STAR Service Areas and MRSA (effective March 1, 2012)

