



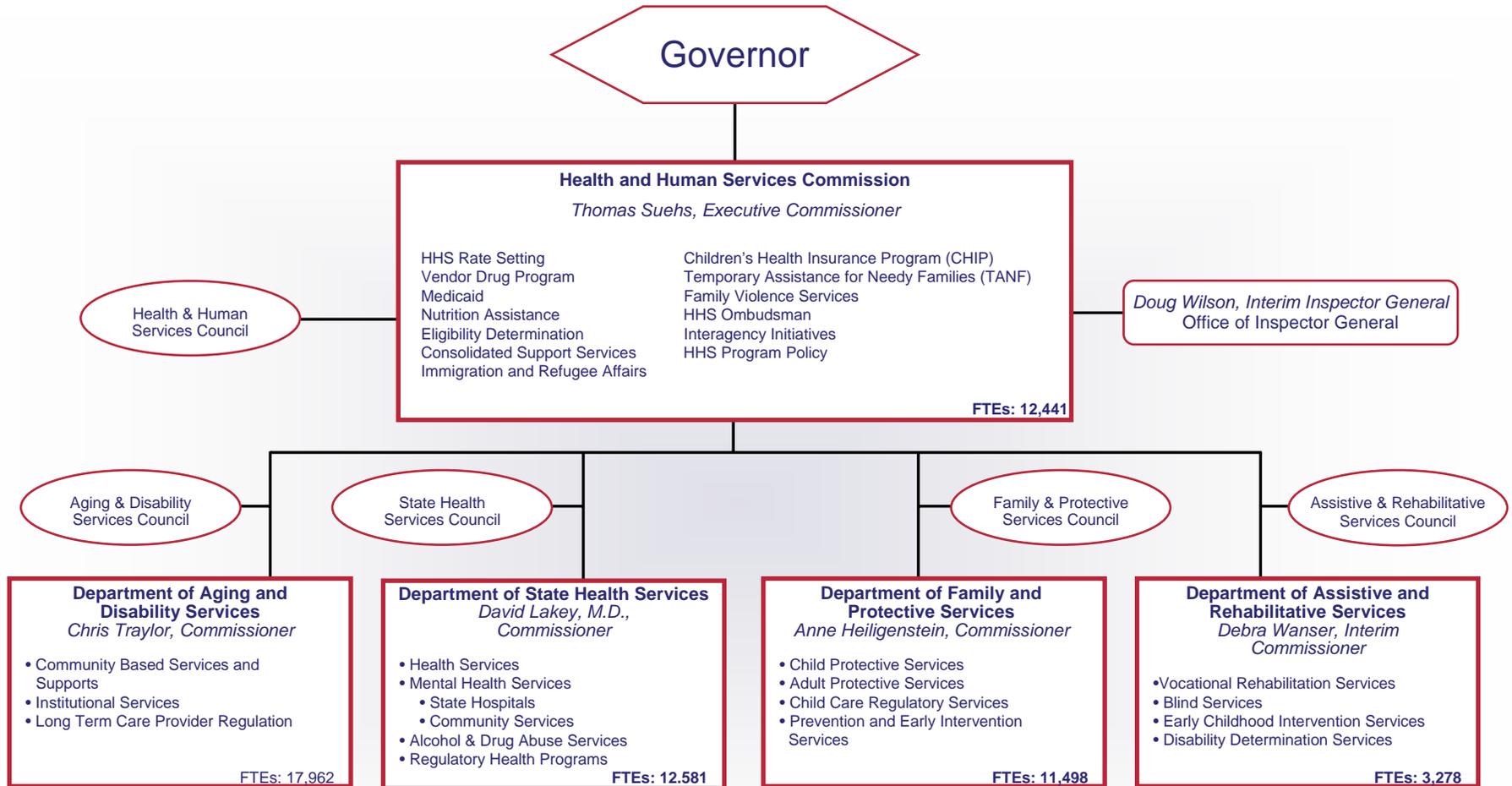
House Committee on Human Services

HHSC Overview

Thomas M. Suehs, Executive Commissioner

February 22, 2011

HHS Organization



Comparison of Current Biennium with H.B. 1

Description	FY2010-11 Exp/Bud	FY2012-13 Introduced
Goal 1 - HHS Enterprise Oversight & Policy	\$ 1,943,044,218	\$ 1,824,955,815
Goal 2 - Medicaid	\$ 35,367,054,606	\$ 26,021,232,329
Goal 3 - CHIP	\$ 2,227,637,482	\$ 2,102,807,969
Goal 4 - Encourage Self Sufficiency	\$ 658,958,566	\$ 379,249,150
Goal 5 - Program Support	\$ 303,835,557	\$ 308,876,932
Goal 6 - Information Technology	\$ 183,102,676	\$ 141,235,334
Goal 7 - Office of Inspector General	\$ 98,985,329	\$ 92,300,251
TOTAL AGENCY	\$ 40,782,618,434	\$ 30,870,657,780
General Revenue	\$ 13,039,957,279	\$ 12,408,735,610
General Revenue-Dedicated	\$ -	\$ 1,087,828
Other Funds	\$ 699,191,584	\$ 639,482,686
Federal Funds	\$ 23,904,497,437	\$ 17,821,351,656
Federal FMAP Adjustment	\$ 3,138,972,134	
TOTAL, METHOD OF FINANCING	\$ 40,782,618,434	\$ 30,870,657,780
FTEs	\$ 12,440.9	\$ 12,256.7

H.B. 1 Summary

The funding difference between the current biennium and H.B. 1 is contained primarily in Client Services for Medicaid and CHIP

H.B. 1 includes the following:

- **Rate reduction of 10 percent for all Medicaid providers – \$1.6 billion GR**
 - Rate increases in current biennium considered one-time and also reduced, except minimum wage increases
 - 10 percent reduction is in addition to 1 percent reduction to certain providers implemented in September 2010
- **Additional future Medicaid cost containment efforts (HHSC Rider 61) – \$450 million GR**
- **Medicaid Managed care expansion net savings (HHSC Rider 52) – \$367 million GR**
- **Medicaid optional services reduction – \$45 million GR**
- **Funding from an enhanced federal match that will expire was not replaced**
- **No caseload growth was assumed**

Other Medicaid and CHIP Client Services Impacts

- Affordable Care Act provides no flexibility to reduce caseloads through changes to eligibility criteria
- Seek funding flexibility from CMS
- Take every effort to avoid across-the board provider reductions and try to protect access to care

H.B. 1 eliminates funding for some programs

- Healthy Marriage Program
- Faith and Community Based Initiatives (funded in S.B. 1)
- Alternatives to Abortion (funded in S.B. 1)
- Guardianship Program
- Community Resource Coordination Groups/Texas Integrated Funding Initiative (CRCG/TIFI)
- Office of Acquired Brain Injury
- Umbilical Cord Blood Bank Grants
- Children's Hospital Payments for Upper Payment Limit Program
- *Frew* Strategic Initiatives
 - Physician loan repayments
 - Texas Health Steps laboratory courier service
 - Developmental calendars
 - Texas Health Home Pilot
 - Mobile dental services

H.B. 1 reduces funding in other HHSC programs

- Acute Medicaid optional services (\$45 million GR reduced)
- Nurse Family Partnership Program (50 percent)
- Office of the Inspector General (16 percent)
- Medicaid Medical Transportation (33 percent on administration)
- Ombudsman (21 percent)
- Office for the Elimination of Health Disparities (No grant funding)
- Texas Office for the Prevention of Developmental Disabilities (No GR funding)

Eligibility Determination

- Current staffing levels are maintained in FY 2012-2013
- Additional funding needed for certain support services to keep pace with caseload growth, such as enrollment broker services, document imaging, and Lone Star card transaction fees

Administrative Reductions

- H.B. 1 includes an across the board 5 percent administrative reduction
 - To achieve these savings, HHSC will explore various options, including: co-locating and consolidating local offices to achieve lease savings

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 medical coverage to eligible needy persons

- Generally, Texas receives a federal match (FMAP) of approximately 60 percent, meaning the federal/state share of Medicaid funding is about 60/40 for most client services
 - The American Recovery and Reinvestment Act temporarily provided an increased FMAP of approximately 71 percent that is being phased down – Texas will return to regular FMAP in July 2011 of 60.56 percent
- Federal laws and regulations:
 - Require coverage of certain populations and services
 - Provide flexibility for states to cover additional populations and services
- Medicaid is an entitlement program, meaning:
 - Guaranteed coverage for eligible services to eligible persons
 - Open-ended funding based on the actual costs to provide eligible services to eligible persons

Medicaid eligibility is financial and categorical:

- Income and resources
- Age
- Texas residence
- U.S. citizenship or qualified alien status
- Being pregnant or disabled
- Individuals receiving TANF and SSI cash assistance are eligible for Medicaid

Medicaid Eligibility (Cont'd)

Medicaid serves:

- Low-income families
- Children
- Related caretakers of dependent children
- Pregnant women
- Elderly
- People with disabilities

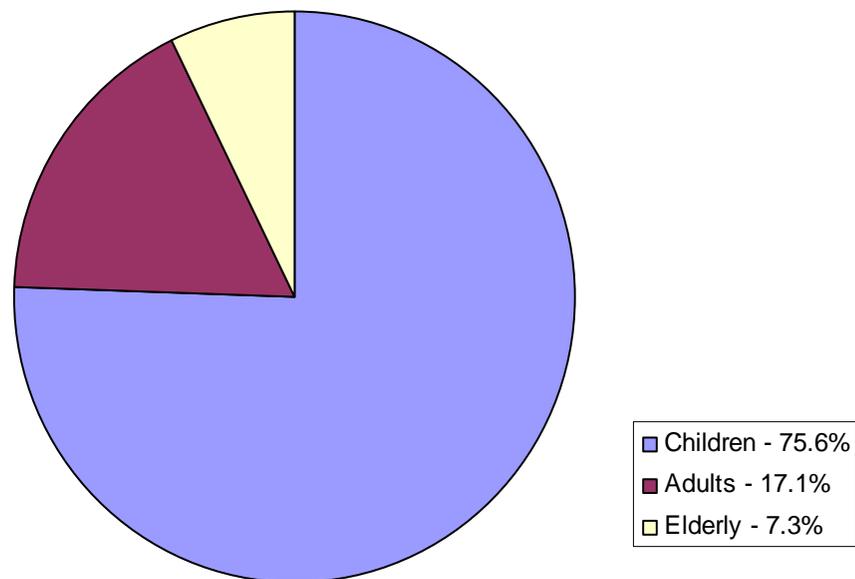
The Medicaid population is comprised primarily of children. In FY 2010 there were:

- Children: 2.5 million
- Adults: 561,155
- Elderly: 239,904

Texas Medicaid does not serve:

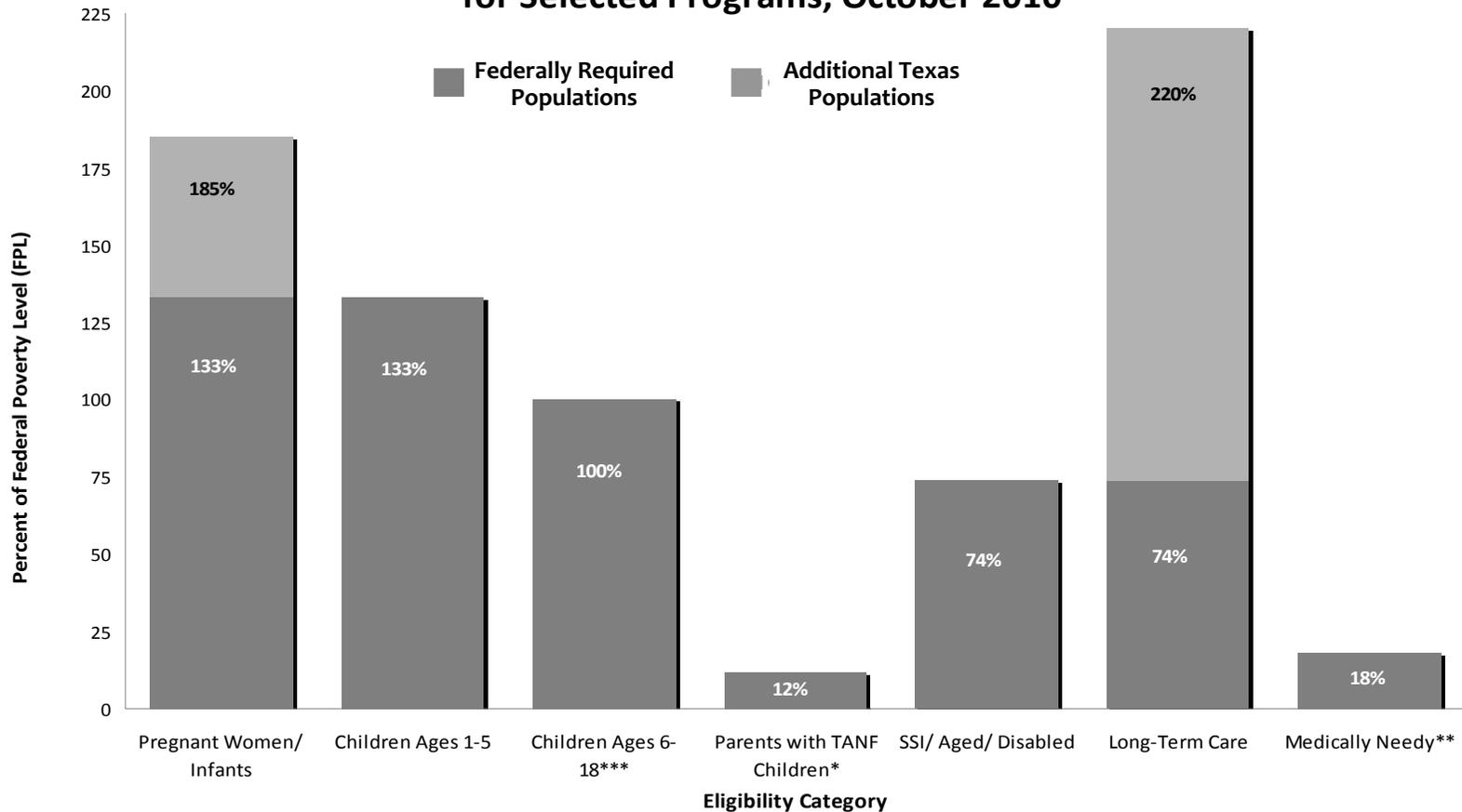
- Non-disabled, childless adults

Medicaid Population - Total 3.2 Million



Texas Medicaid Percent of Poverty Income Levels

**Texas Medicaid Income Eligibility Levels
for Selected Programs, October 2010**



*In SFY 2010, 12% FPL is a monthly income limit of \$188 for a family of three.

**In SFY 2010, 18% FPL is a monthly income limit of \$275 for a family of three.

***In SFY 2010, 100% FPL is a monthly income limit of \$1,526 for a family of three.

The Affordable Care Act contains a maintenance of effort provision that prohibits states from reducing eligibility standards that were in effect on March 23, 2010, including the additional Texas populations.

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

- The federal government pays 72.39 percent of CHIP medical care expenditures

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 503,186 children in CHIP in FY 2010

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 estimated value of benefits in FY 2010 was \$5.5 billion
 - The estimated value of benefits for FY 2011 is \$6.4 billion
- **Allotment amounts to households are established at the federal level**

The administrative costs are:

- 50 percent federally funded
- 50 percent state funded

Additional federal funding is provided to:

- Provide outreach
- Nutrition education

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 \$2,518
- 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 food stamps if eligible
- All undocumented immigrants are ineligible for SNAP benefits
- Able-bodied, childless, unemployed adults under age 60 have time limits on their receipt of SNAP benefits

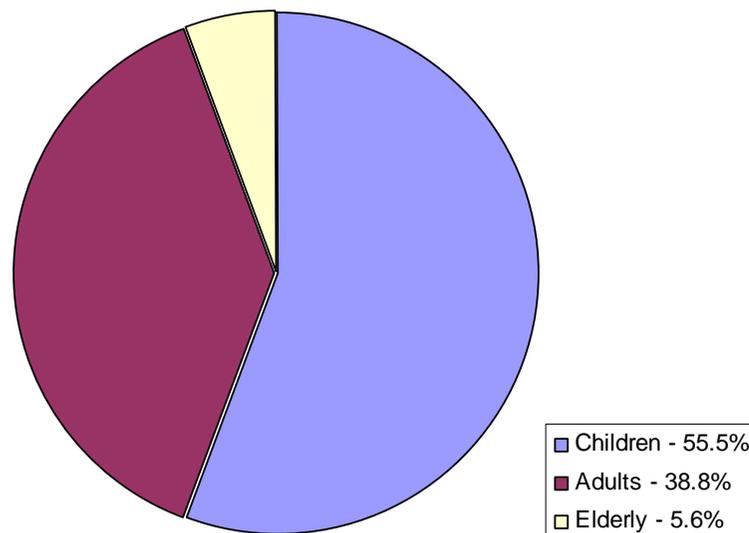
SNAP Eligibility (Cont'd)

The maximum monthly SNAP allotment for a family of three is \$536

In FY 2010, the SNAP population included:

- Children: 1.8 million
- Adults: 1.2 million
- Elderly: 182,718

SNAP Population - Total 3.2 Million



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 TANF 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
- To receive and maintain benefits, adult TANF applicants must sign a Personal Responsibility Agreement (PRA)
 - PRA requires clients to participate in TWC employment program, cooperate with child support requirements, not voluntarily quit a job, not abuse drugs or alcohol, obtain medical screenings for their children, and ensure that their children are immunized and attending school

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

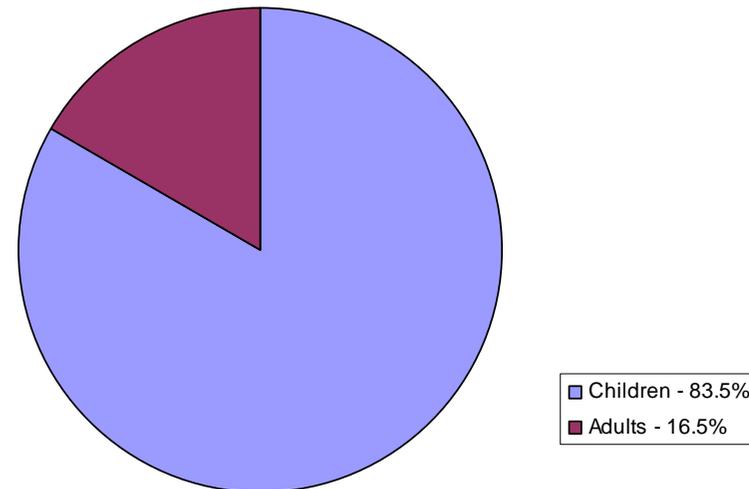
TANF Eligibility (Cont'd)

The maximum monthly TANF grant amount for a family of three is \$260

**The TANF population is comprised primarily of children.
In FY 2010 there were:**

- Children: 102,157
- Adults: 20,250

TANF Population - Total 122,407



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 for the Elderly and People with Disabilities, MEPD (financial eligibility)

CHIP

- Since the inception of the CHIP program, CHIP eligibility has been determined by a private contractor
- Applications and other eligibility information is submitted by telephone, internet, fax and mail
- Children's Medicaid and CHIP have a single application form
 - State workers must determine eligibility for Children's Medicaid

Eligibility Determination

Eligibility for the remaining programs is currently determined with the support of two automation systems as we transition from old technology to a modern system

- **SAVERR** – a system that relies on 30+ year old technology and paper-based files
- **TIERS** – a modern, web-based system that supports accessible electronic files

Adult Medicaid, SNAP and TANF

- A single application is used to apply for these programs
- Requires contact with a designated HHSC eligibility office
- Eligibility for these programs must be determined by HHSC staff
- Cases are currently being worked in both SAVERR and TIERS

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.
- The majority of MEPD cases are currently maintained in SAVERR

HHSC Eligibility Systems

With the goals of maximizing efficiency and modernizing the eligibility system, HHSC is in the process of completing the transition from SAVERR to TIERS

- SAVERR was designed in the 1970s to support an office-based service delivery model. There are inherent limitations to its continued use:
 - Outdated computer technology is difficult and costly to maintain and update
 - Inflexible office-based system cannot easily respond to demographic or workload changes, consumer preferences, or other external factors such as natural disasters
 - Inconvenient for clients, who are tied to a specific office that is only accessible in person or by phone during business hours

New Eligibility System

Utilizing modern technologies, TIERS provides the flexibility needed to implement a redesigned business process

- TIERS supports an efficient and effective eligibility process by providing:
 - Electronic case records that allow:
 - Additional channels of access for clients
 - Benefits can be accessed through local offices, fax, internet, telephone or mail
 - Clients no longer tied to a particular eligibility office
 - Clients have direct access to benefit information
 - More efficient use of state resources by balancing workload
 - Workload can be distributed around the state
 - Provides additional flexibility during a disaster
 - Ability to directly interface with other data sources to more efficiently:
 - Verify certain eligibility criteria, such as client identity, citizenship status, employment, and child support payments
 - Increase program integrity and efficiency
- To date, more than half of HHSC's regions have been converted to TIERS

To complete the TIERS rollout of SNAP, TANF and children's and family Medicaid cases by December 2011, HHSC plans include:

- Converting TANF caseloads as reviews come due and process new TANF applications in TIERS
- Processing all applications for households not currently in either SAVERR or TIERS in TIERS
- Increasing TIERS caseloads proportionately as additional staff are trained in TIERS
- Converting remaining SAVERR cases in each region based on the following schedule

Region	All Programs SAVERR Cases * (excluding MEPD)	Proposed Rollout Dates
San Antonio - Region 8	216,123	February 2011
Edinburg - Region 11	344,103	April 2011
Houston - Region 6	510,738	June 2011
Dallas/Fort Worth - Region 3	585,229	September 2011

*Cases are based on current caseloads, and include SNAP, TANF, TANF-related Medicaid and Texas Works Medicaid. Medicaid for the elderly and People with Disabilities (MEPD) cases are excluded and will be converted separately.

TIERS Transition Update

HHSC successfully converted half of its ten regions to TIERS in 2010

- As of February 2011
 - 35.6 percent of all cases statewide, including SNAP, TANF and all Medicaid programs, are in TIERS
 - 37.6 percent of SNAP cases statewide are in TIERS
- Performance indicators for timeliness and quality control demonstrate favorable comparisons between TIERS and SAVERR
 - February 2011 data shows a statewide timeliness rate of 97.7 percent in TIERS
- Post conversion follow-up with field staff indicate satisfaction with TIERS, and field staff in non-TIERS regions have indicated eagerness to work in a single system

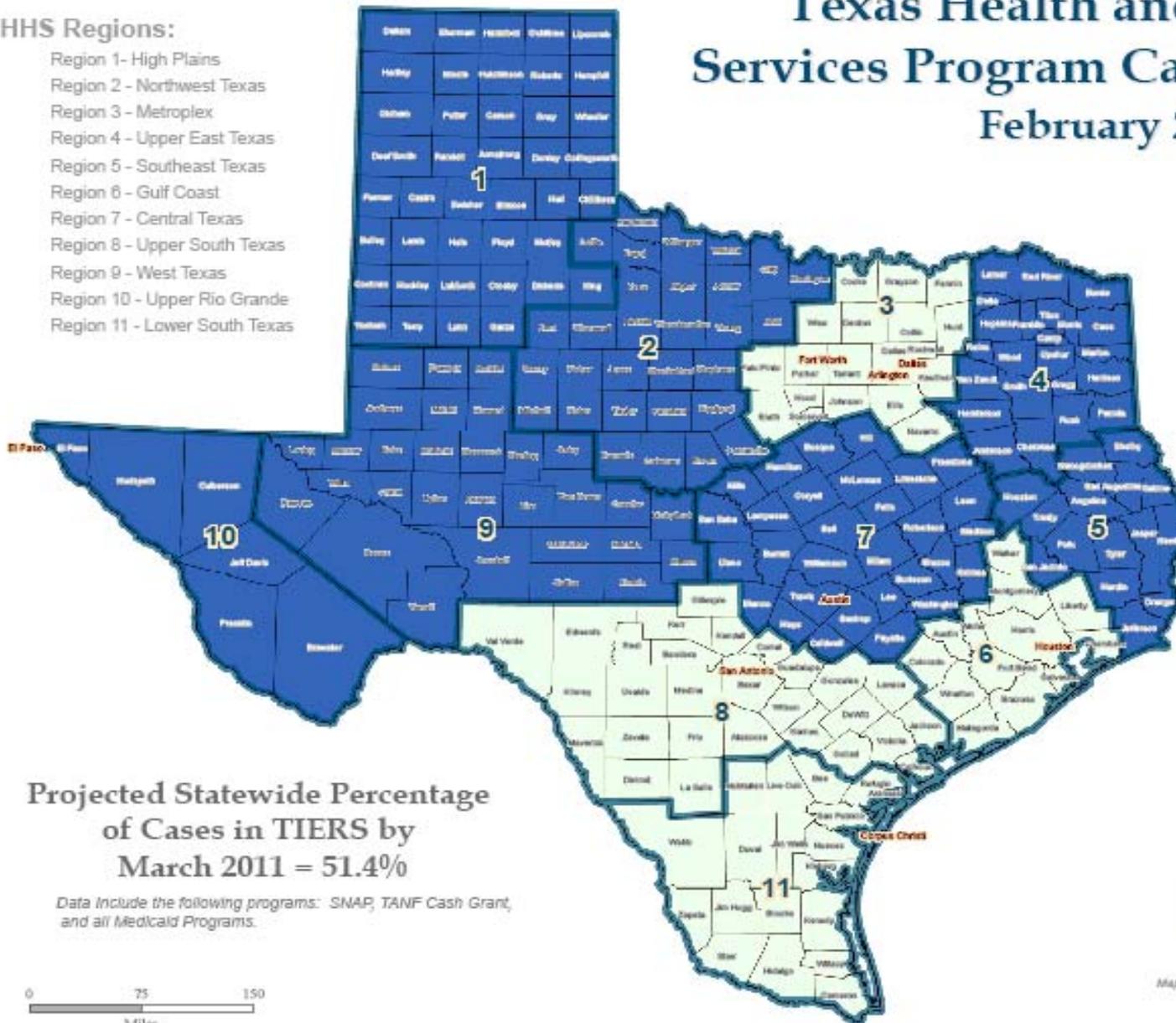
Converted Regions	Conversion Dates	Pre-Transition Timeliness Rates SNAP		Post-Transition Timeliness Rates SNAP	
		Applications	Renewals	Applications	Renewals
Lubbock - Region 1	May 2010	90.1%	93.2%	90.5%	96.2%
El Paso - Region 10	July 2010	85.1%	93.1%	90.7%	95.6%
Beaumont - Region 5	October 2010	88.9%	96.1%	90.1%	94.2%
Tyler - Region 4	November 2010	92.5%	95.0%	95.3%	97.4%
Abilene – Region 2/9	January 2011	93.6%	96.3%	94.8%	97.6%

Texas Health and Human Services Program Cases in TIERS

February 2011

HHS Regions:

- Region 1 - High Plains
- Region 2 - Northwest Texas
- Region 3 - Metroplex
- Region 4 - Upper East Texas
- Region 5 - Southeast Texas
- Region 6 - Gulf Coast
- Region 7 - Central Texas
- Region 8 - Upper South Texas
- Region 9 - West Texas
- Region 10 - Upper Rio Grande
- Region 11 - Lower South Texas



TIERS Rollout

By HHS Region

- Conversion to TIERS
- Conversion Targeted in 2011

Projected Statewide Percentage of Cases in TIERS by March 2011 = 51.4%

Data include the following programs: SNAP, TANF Cash Grant, and all Medicaid Programs.



Map Prepared by HHSC, Strategic Decision Support
February 8, 2011

APPENDIX

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 2011: <http://aspc.hhs.gov/poverty/figures-fed-reg.shtml>

Based on Annual Income

Family Size	
1	\$10,890
2	\$14,710
3	\$18,530
4	\$22,350
5	\$26,170
6	\$29,990
7	\$33,810
8	\$37,630

At 100% of poverty, for families larger than 8, add \$3,820 for each additional person