

**State Health Services, Department of
Summary of Recommendations - House**

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Dr. John Hellerstedt, Commissioner

Amy Ma, LBB Analyst

Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$475,614,893	\$504,749,311	\$29,134,418	6.1%
GR Dedicated Funds	\$336,194,100	\$320,009,074	(\$16,185,026)	(4.8%)
<i>Total GR-Related Funds</i>	<i>\$811,808,993</i>	<i>\$824,758,385</i>	<i>\$12,949,392</i>	<i>1.6%</i>
Federal Funds	\$660,080,490	\$586,352,993	(\$73,727,497)	(11.2%)
Other	\$216,314,627	\$210,617,517	(\$5,697,110)	(2.6%)
All Funds	\$1,688,204,110	\$1,621,728,895	(\$66,475,215)	(3.9%)

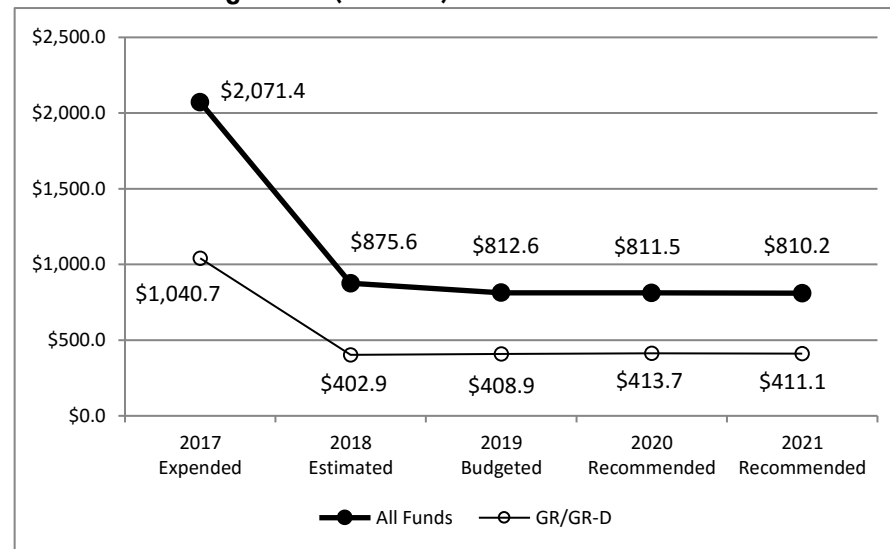
	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	3,218.5	3,213.7	(4.8)	(0.1%)

Agency Budget and Policy Issues and/or Highlights

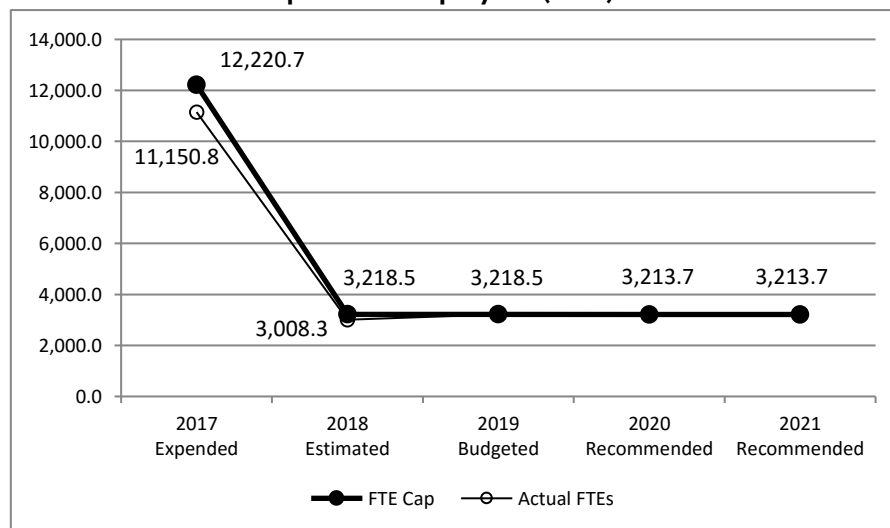
- The Department of State Health Services (DSHS) is the state agency dedicated to improving the health, safety, and well-being of citizens in this state. DSHS' four major program areas: (1) public health services; (2) healthcare services; (3) consumer protection services; and (4) administration and technology.
- The largest program area, public health services, includes activities such as HIV/STD Prevention, immunizations, EMS and Trauma Care systems, infectious disease control, and emergency preparedness.

The bill pattern for this agency (2020-21 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2020-21 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



Fiscal year 2017 includes funding and FTEs that transferred from DSHS to the Health and Human Services Commission, pursuant to Senate Bill 200, Eighty-fourth Legislature, Regular Session, 2015.

**State Health Services, Department of
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	Method of Finance swap for laboratory funding from General Revenue-Dedicated funds to Other Funds; General Revenue decrease for one-time Deferred Maintenance funding for newborn screening activities and laboratory repair and renovations	(\$1.6)	(\$5.4)	\$0.0	\$6.1	(\$0.9)	A.4.1
B)	General Revenue Method of Finance swap due to decreased interest earnings appropriated from the Permanent Tobacco Funds and increase in General Revenue - Dedicated Account No. 5045, Permanent Fund for Children and Public Health and increase in General Revenue - Dedicated Account No. 5046, Permanent Fund for Emergency Medical Services and Trauma Care.	\$5.9	(\$6.0)	\$0.0	\$0.0	(\$0.1)	A.1.1, A.3.2, B.2.1
C)	Decrease in funding for HIV activities	\$0.0	\$0.0	(\$15.9)	(\$10.8)	(\$26.7)	A.2.2
D)	Decrease in revenue available for appropriation out of General Revenue - Dedicated Account No. 5111, Designated Trauma Facility and EMS	\$0.0	(\$2.4)	\$0.0	\$0.0	(\$2.4)	B.2.1
E)	Increase of transfer from the Cancer Prevention Research Institute of Texas for the Cancer Registry	\$0.0	\$0.0	\$0.0	\$1.5	\$1.5	A.1.3
F)	One-time funding for vehicle replacements	\$1.3	\$0.0	\$0.0	\$0.0	\$1.3	A.1.1, A.2.5, A.3.1, C.1.1, C.1.2
G)	Increase in funding for X-ALD testing in Newborn Screening Program	\$7.9	\$0.0	\$0.0	\$0.0	\$7.9	A.4.1
H)	Increase in funding for Immunization activities	\$8.4	\$0.0	\$0.0	\$0.0	\$8.4	A.2.1
I)	Increase in funding for Combat Maternal Mortality and Morbidity in Texas program	\$7.0	\$0.0	\$0.0	\$0.0	\$7.0	B.1.1
J)	Seat Management and Data Center Services current obligations	\$0.3	\$0.0	\$4.7	\$0.0	\$5.0	D.1.1

OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

K)	One-time Hurricane Harvey assistance funding decrease	\$0.0	\$0.0	(\$21.2)	\$0.0	(\$21.2)	A.1.1
L)	One-time Economic Stabilization Funding for Texas Center for Infectious Disease repair and renovations	\$0.0	\$0.0	\$0.0	(\$1.4)	(\$1.4)	A.2.5
M)	Laboratory Bond Debt Service fulfilled in fiscal year 2018	\$0.0	(\$1.9)	\$0.0	\$0.0	(\$1.9)	A.4.2
N)	Decrease of \$43.1 million in All Funds for miscellaneous items (estimated Federal Fund decreases and Interagency Contract adjustments).	(\$0.1)	(\$0.5)	(\$41.3)	(\$1.2)	(\$43.1)	24 Strategies

**State Health Services, Department of
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$29.1	(\$16.2)	(\$73.7)	(\$5.7)	(\$66.5)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$30.8	\$0.0	\$4.7	\$7.6	\$31.1	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	(\$1.7)	(\$16.2)	(\$78.4)	(\$13.3)	(\$97.7)	As Listed

NOTE: Totals may not sum due to rounding.

**State Health Services, Department of
Selected Fiscal and Policy Issues – House**

1. **Laboratory Funding.** Recommendations include \$92.0 million in All Funds for Strategy A.4.1, Laboratory Services for the 2020-21 biennium. Funding includes an increase of \$7.9 million for X-ALD screening offset by a decrease of \$1.6 million in General Revenue attributable to one-time start-up laboratory funding (\$1.2 million) and Laboratory Deferred Maintenance (\$0.4 million) during the 2018-19 biennium. Funding also reflects a \$5.4 million decrease in General Revenue-Dedicated Account No. 524, Public Health Services Fees attributable to a declining fund balance available for appropriation for the 2020-21 biennium.

Recommendations also include \$46.6 million in Public Health Medicaid Reimbursements Account No. 709 (Other Fund) for the 2020-21 biennium, a \$6.1 million increase from the 2018-19 biennium. The increase reflects \$5.4 million to offset the decrease from Account No. 524 and the agency's request to reallocate \$0.7 million from Strategy A.2.1, Immunize Children and Adults in Texas, to Strategy A.4.1.

Additionally, DSHS indicated that they historically utilize funding in other strategies on laboratory activities. In the 2018-19 biennium, the agency is projecting to expend \$26.5 million in All Funds on laboratory activities that are not reflected in amounts budgeted in Strategy A.4.1, including \$12.1 million in HIV Vendor Drug Rebates (Appropriated Receipts). According to the agency, expending appropriations from other strategies outside of Strategy A.4.1 is related to programmatic expenditures associated with lab testing. However, the agency indicates the amount of HIV Vendor Drug Rebates expended on laboratory activities in previous biennia would not be able to continue due to potential conflicts with federal uses and restrictions. See also *Selected and Fiscal Policy Issue # 5*.

2. **Trauma Funding.** Recommendations include \$230.0 million for the 2020-21 biennium in agency estimated revenue from General Revenue-Dedicated Account No. 5111, Designated Trauma Facility and EMS, to provide funding to designated trauma facilities, county and regional emergency medical services, trauma care systems, and funding for the Interagency Contract (IAC) with the Health and Human Services Commission (HHSC) for add-on payments for trauma and safety-net hospitals. Recommendations reflect a decrease of \$2.4 million due a declining fund balance in Account No. 5111 in the 2018-19 biennium. The decrease would affect the IAC with HHSC and have no significant fiscal impact on DSHS program funding.
3. **Trauma Funds for Medicaid.** General Revenue-Dedicated Account No. 5111, Designated Trauma Facility and EMS, receives deposits collected from the Driver Responsibility Program, state traffic fines for offense convictions, and photographic signal enforcement fines.

According to Health and Safety Code, Section 780.004:

- At least 96 percent of appropriations from Account No. 5111(after considering the reduction for extraordinary emergencies) is required to fund a portion of uncompensated trauma care; and
- Up to 4 percent is required to be allocated for local emergency medical services (up to 2 percent), regional advisory councils administering trauma system areas (up to 1 percent), and DSHS administration (up to 1 percent).

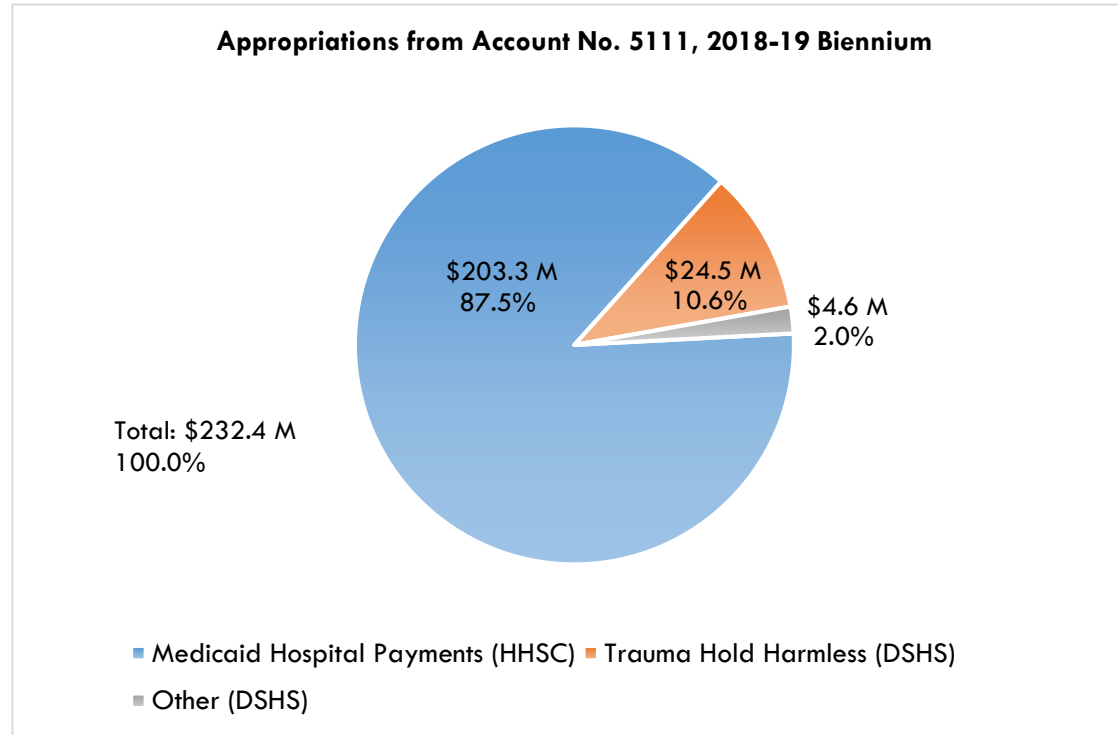
Additionally, statute authorizes appropriations from Account No. 5111 to fund provider reimbursement payments in Medicaid, and to the Higher Education Coordinating Board for graduate medical education and nursing education programs.

Beginning in the 2014-15 biennium, the General Appropriations Act included funding from Account No. 5111, via an interagency contract with DSHS to HHSC for provider reimbursement payments in Medicaid in an effort to maximize the receipt of federal funds under Medicaid.

The Eighty-sixth Legislature could consider a change to Health and Safety Code, Section 780.004 to align with historical and current practices of appropriating Account No. 5111 for both uncompensated trauma care and provider reimbursement payments in Medicaid. Accordingly, the Legislature could remove the statutory

provision requiring at least 96 percent of appropriations from Account No. 5111 to fund a portion of uncompensated trauma care or amend the provision to require 96 percent be used for uncompensated trauma care or Medicaid provider reimbursements.

The figure below displays 2018-19 appropriations from Account No. 5111.



Source: General Appropriations Act (2018-19 Biennium)

See also the EMS and Trauma Care Funding infographic on the next page.



EMS & TRAUMA CARE FUNDING

revenue

OVERVIEW OF FUNDS

Senate Bill 855, 63rd Legislature, Regular Session, 1973, established an Emergency Medical Services (EMS) Division with the Texas Department of Health (TDH) (now DSHS). The Omnibus Rural Health Care Rescue Act (House Bill 18, 71st Legislature, Regular Session, 1989) later required TDH to develop and monitor a statewide EMS and trauma care system, designate trauma facilities, and develop and maintain a trauma reporting and analysis system. This infographic covers state General Revenue-Dedicated (GR-D) Accounts that help support the Texas EMS and trauma care system. Other sources of funding are not explored here.

DRIVER RESPONSIBILITY PROGRAM

The Driver Responsibility Program (DRP) authorizes the Department of Public Safety (DPS) to assess surcharges to an individual for certain traffic offenses. Surcharges are administrative fees based on the number of points or convictions on an individual's driving record, and are assessed annually for three years.

GR-D ACCOUNT REVENUE: WHERE IS IT FROM?



ACCOUNT NO. 512 Bureau of Emergency Management
Fees and other funds received under the Texas Emergency Health Care Act, such as fees collected with applications for EMS personnel certification.¹



ACCOUNT NO. 5007 Commission on State Emergency Communications
9-1-1 equalization surcharges imposed on local exchange access lines or equivalent local exchange access lines and each wireless telecommunications connection.²



ACCOUNT NO. 5046 Permanent Fund for Emergency Medical Services & Trauma Care
Money transferred to the fund at direction of the legislature; available earnings of the fund; and gifts and grants contributed to the fund.³



ACCOUNT NO. 5108 Emergency Medical Services, Trauma Facilities & Trauma Care Systems
Court cost of \$100 imposed on persons convicted of intoxication offenses.⁴



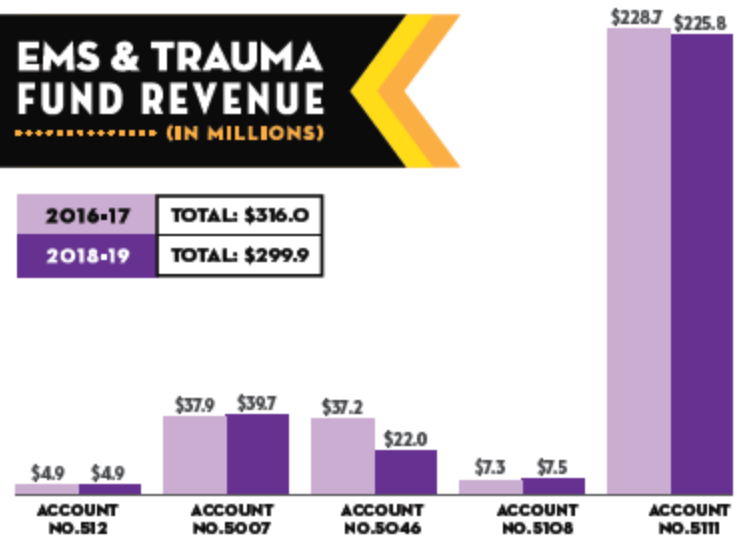
ACCOUNT NO. 5111 Designated Trauma Facility & Emergency Medical Services⁵

- 50% of penalties collected from violation of red light cameras
- 49.5% of DRP surcharges
- 33.0% of the state traffic fine

Statutory authority for revenue: 1) Health and Safety Code § 773.060; 2) Health and Safety Code § 771.073; 3) Government Code § 403.106; 4) Health and Safety Code § 773.006 and Code of Criminal Procedures § 102.0185; 5) Health and Safety Code § 780.003, Transportation Code § 542.406, Transportation Code § 542.4031, and Health and Safety Code § 780.002; House Bill 7, 84th Legislature, 2015 repealed GR-D Account No. 5137, Regional Trauma, and transferred the balance and future revenue stream (penalties collected for violation of red light cameras) to Account No. 5111.

EMS & TRAUMA FUND REVENUE

2016-17	TOTAL: \$316.0
2018-19	TOTAL: \$299.9



Notes: 2016-17 amounts are actual, 2018-19 amounts are estimated / Source: Comptroller of Public Accounts

DRP is estimated to generate
\$142.4 MILLION
 OR
47.5%
 of all EMS and trauma revenue during the 2018-19 biennium



appropriations

EMS & TRAUMA FUND APPROPRIATIONS (IN MILLIONS)

ACCOUNT/AGENCY	2018-19 APPROPRIATIONS
ACCOUNT NO. 512	\$4.76
Dept. of State Health Services (DSHS)	\$4.76
ACCOUNT NO. 5007	\$34.27
Commission on Emergency Communications (CSEC)	\$30.63
Dept. of State Health Services (DSHS)	\$3.65
ACCOUNT NO. 5046	\$26.35
Cancer Prevention & Research Institute of Texas (CPRIT)	\$26.21
Dept. of State Health Services (DSHS)	\$0.14
ACCOUNT NO. 5108	\$4.77
Dept. of State Health Services (DSHS)	\$4.77
ACCOUNT NO. 5111	\$232.42
Dept. of State Health Services (DSHS)	\$232.42
TOTAL	\$302.57

Notes: CPRIT is appropriated the corpus of Account No. 5046 for general obligation bond debt service. DSHS is appropriated interest earnings. 2018-19 appropriations include some account balances.

STATUTE AND RIDERS

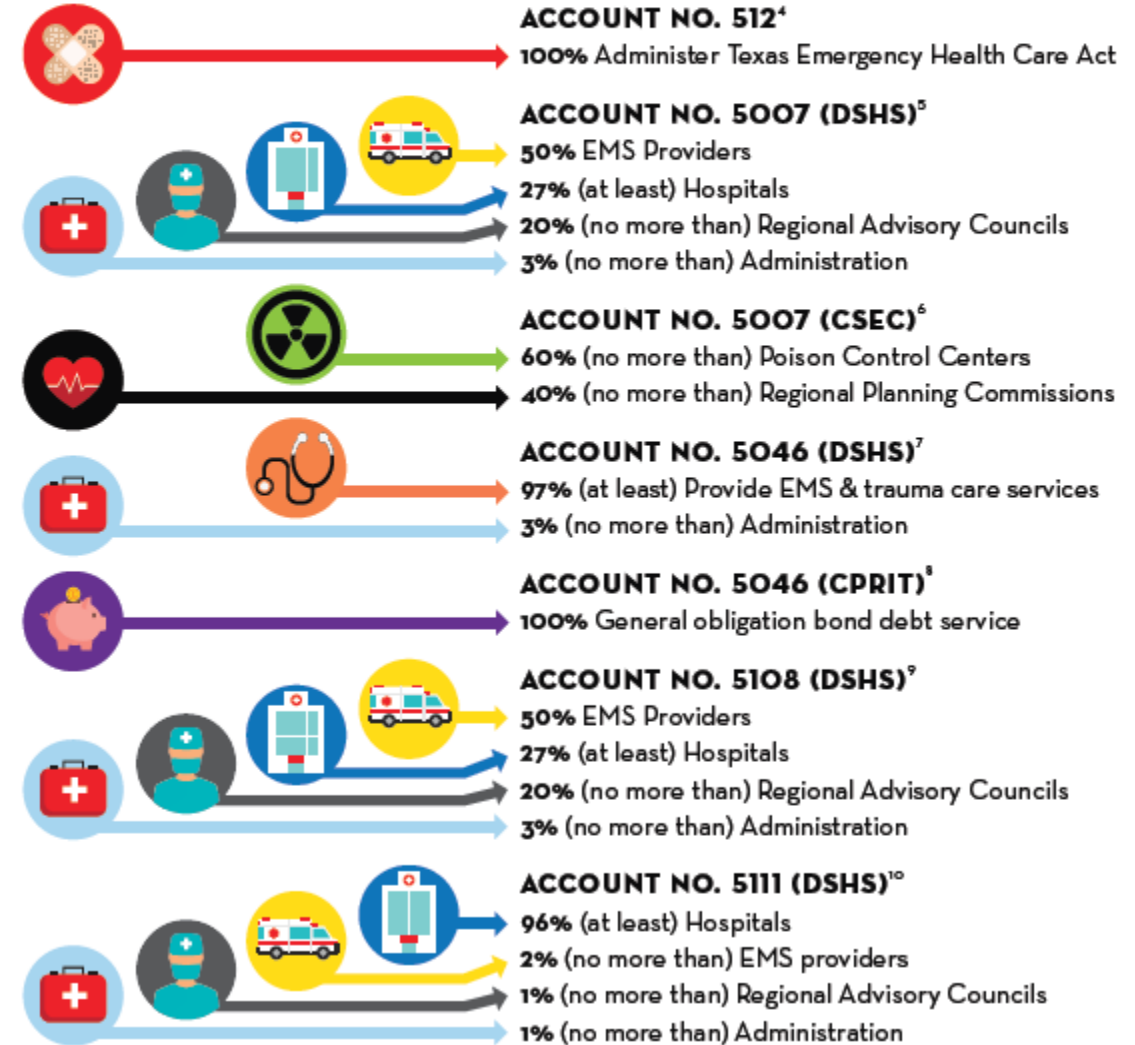
Some EMS and trauma fund expenditures are directed by statute and General Appropriations Act (GAA) riders.

Statute requires DSHS to set aside funds from three accounts for extraordinary emergencies before making other expenditures:

- \$500,000 combined amount from **Account Nos. 5007 & 5108**¹
- \$500,000 from **Account No. 5111**²

DSHS was appropriated \$232.4 million from **Account No. 5111** for the 2018-19 biennium. Of this amount, \$203.3 million is for transfer to HHSC, including \$153.0 million for trauma care add-on payments and \$50.3 million for safety-net hospital add-on payments.³

APPROPRIATION ALLOCATION: WHERE DOES IT GO?



Statutory authority for expenditures: 1) Health and Safety Code § 773.122(b); 2) Health and Safety Code § 780.004(b); 3) GAA (2018-19 Biennium), Article II, HHSC, Rider 46, Hospital Payments and Article II, Special Provisions Sec. 22, Use of Trauma Fund Receipts; 4) Health and Safety Code § 773.060; 5) Health and Safety Code § 773.122; 6) Health and Safety Code § 771.072; 7) GAA (2018-19 Biennium), Article II, DSHS Rider 7, Administration of Public Health Funds; 8) Government Code § 403.006(b-1); 9) Health and Safety Code § 773.122; 10) Health and Safety Code § 780.004

4. **Permanent Tobacco Funds.** Historically, DSHS received appropriations from: General Revenue-Dedicated Account No. 5044, Permanent Fund for Health and Tobacco Education and Enforcement; General Revenue-Dedicated Account No. 5045, Permanent Fund for Children and Public Health; and General Revenue-Dedicated Account No. 5046, Permanent Fund for Emergency Medical Services and Trauma Care. The accounts are collectively referred to as the Permanent Tobacco Funds. Appropriations received by DSHS from the accounts are based on estimated interest earnings on funds received by the State in a settlement against the tobacco industry. The corpus of the accounts was expected to be depleted during fiscal year 2018 due to appropriation of the remaining balance for debt service payments on bonds issued by the Texas Public Finance Authority on behalf of the Cancer Prevention Research Institute of Texas during the 2018-19 biennium. Final interest earnings generated from the corpus were estimated to be \$0.6 million, a 70 percent decrease from the 2016-17 biennium, and was expected to only be available in fiscal year 2018.

The General Appropriations Act (GAA), 2018-19 biennium, appropriated the estimated interest earnings of \$0.6 million from the Permanent Tobacco Funds to DSHS and included an additional \$5.5 million in General Revenue to maintain 2016-17 biennium funding levels for strategies affected by the decrease in interest earnings. However, actual interest earnings generated in fiscal year 2018 by the corpus and appropriated to DSHS from the Permanent Tobacco Funds was \$3.5 million, a \$2.9 million increase from estimated appropriations assumed in the 2018-19 GAA.

According to DSHS, the agency did not anticipate additional interest earnings in fiscal year 2018, and therefore did not assume them in the agency's operating budget. Under authority provided in 2018-19 GAA, Article II, DSHS Rider 16, Estimated Appropriations and Unexpended Balance: Permanent Tobacco Funds, the agency notified the LBB and Office of the Governor of transferred unexpended balances in interest earnings from the Permanent Tobacco Funds. The unexpended balances totaled \$2.9 million from fiscal year 2018 into fiscal year 2019. Under the same authority, the agency is expected to receive an additional \$3.0 million in Permanent Tobacco Funds in fiscal year 2019 based on the revised Certification Revenue Estimate released by the Comptroller of Public Accounts in July 2018. The unexpended balance transfer and additional interest earnings would provide the agency an estimated \$5.9 million in additional funding from Permanent Tobacco Funds in fiscal year 2019.

Due to the unanticipated increase in interest earnings, a base adjustment is assumed and includes an increase in fiscal year 2019 of \$5.9 million in Permanent Tobacco Funds and a decrease in General Revenue of a similar amount. LBB Staff assumes \$5.9 million in General Revenue would be available for supplemental needs in fiscal year 2019 and a reduction in General Revenue is reflected in the 2018-19 base. Table 1 below shows the increased interest earnings from the Permanent Tobacco Funds and the 2018-19 base adjustment.

Table 1

DSHS Available Funding from Permanent Tobacco Funds and General Revenue, 2018-19 Biennium						
	2018-19 General Appropriations Act Estimated Appropriations		2018-19 Actual/ Estimated Interest Earnings		2018-19 Base Adjustment	
	2018	2019	2018¹	2019²	2018³	2019⁴
Permanent Fund for Health and Tobacco Education and Enforcement Account No. 5044	\$279,098	\$0	\$1,690,185	\$1,500,000	\$179,098	\$3,011,087
Estimated Appropriations, Permanent Fund for Children and Public Health Account No. 5045	\$139,551	\$0	\$895,105	\$750,000	\$146,942	\$1,498,163
Estimated Appropriations, Permanent Fund for Emergency Medical Services and Trauma Care Account No. 5046	\$139,551	\$0	\$895,104	\$750,000	\$248,908	\$1,396,196
Subtotal, Permanent Tobacco Funds	\$558,200	\$0	\$3,480,394	\$3,000,000	\$574,948	\$5,905,446
General Revenue ⁵	\$22,184,974	\$22,464,073	\$22,184,974	\$22,464,073	\$22,184,974	\$22,464,073
Base Adjustment, General Revenue Reduction ⁶	\$0	\$0	\$0	\$0	\$0	\$(5,905,446)
Subtotal, General Revenue	\$22,184,974	\$22,464,073	\$22,184,974	\$22,464,073	\$22,184,974	\$16,558,627
TOTAL	\$22,743,174	\$22,464,073	\$25,665,368	\$25,464,073	\$22,759,922	\$22,464,073

NOTES:

- 1) Actual interest earnings collected based on the Uniform Statewide Accounting System (USAS).
- 2) Estimated interest earning collections based on the Revised Certification Revenue Estimate (CRE) released by the Comptroller of Public Accounts (CPA) in July 2018.
- 3) Transfers of unexpended balances from fiscal year 2018 to fiscal year 2019.
- 4) Includes unexpended balance transfers and estimated interest earnings available in fiscal year 2019 based on the Revised CRE released by the CPA in July 2018.
- 5) Contains General Revenue appropriated in the 2018-19 biennium to strategies impacted by the increased interest earnings from the Permanent Tobacco Funds, including : A.1.1, Public Health Preparedness and Coordinated Services; A.3.2, Reduce the Use of Tobacco Products Statewide; B.2.1, Emergency Medical Services and Trauma Care.
- 6) Amounts available for supplemental needs in fiscal year 2019.

SOURCE:

General Revenue Appropriations Act (2018-19 Biennium), 2020-21 DSHS Legislative Appropriations Request, CRE 2018-19 (Revised July 2018), USAS

Recommendations include a reduction of \$6.0 million in Permanent Tobacco Funds and an increase of \$5.9 million in General Revenue for funding slightly below the 2018-19 actual/estimated biennium levels. Recommendations include \$0.5 million in estimated unexpended balances remaining at the end of fiscal year 2019 from General Revenue – Dedicated Account No. 5045 (\$0.1 million) and General Revenue – Dedicated Account No. 5046 (\$0.4 million) for the 2020-21 biennium.

5. **HIV Vendor Drug Rebates.** Recommendations include \$52.0 million in HIV Vendor Drug Rebates Account No. 8149 (Appropriated Receipts) for the 2020-21 biennium. The decrease of \$10.8 million in HIV Rebate Revenue from the 2018-19 biennium is attributable to a pharmaceutical manufacturer leaving the federal program. Recommendations reflect reclassifying HIV Vendor Drug Rebates from Appropriated Receipts to Account No. 8149 to more closely track appropriations and expenditures associated with HIV Vendor Drug Rebates to be in accordance with federal uses and restrictions.

Recommendations also reflect \$221.8 million in Federal Funds from the HIV Care Formula Grant, a \$15.9 million decrease attributed to a decline in the federal grant award beginning in fiscal year 2019. Recommendations also include a new DSHS rider to provide direct appropriation authority for HIV Vendor Drug Rebates collected over the appropriated level and unexpended balance authority within and across biennia. Table 2 below shows HIV Drug Vendor Rebate Collections in Appropriated Receipts from fiscal years 2016 to 2021 and includes the recommended reclassification to Account No. 8149 for fiscal years 2020 and 2021.

Federal law states HIV Vendor Drug Rebates must be used on activities allowed under Part B of the federal Ryan White HIV/AIDS Program with priority given to the State's Aids Drug Assistance Programs. DSHS primarily expends HIV Vendor Drug Rebates on HIV-related activities, however, the agency indicated that they historically expend HIV Vendor Drug Rebates on laboratory services not associated with HIV activities. The agency projects to expend \$12.1 million in HIV Vendor Drug Rebates (Appropriated Receipts) on laboratory services, including HIV and non-HIV activities during the 2018-19 biennium. The agency acknowledges historical amounts of HIV Vendor Drug Rebates expended on general laboratory services in previous biennia would not be able to continue due to potential conflicts with federal uses and restrictions.

Table 2

HIV Vendor Drug Rebate Collections, Fiscal Years 2016 to 2021						
	Actual 2016	Actual 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
Appropriated Receipts Revenue Object Code 3640 – Vendor Drug Rebates-Non-Medicaid	\$35,794,797	\$39,829,370	\$38,695,358	-	-	-
HIV Vendor Drug Rebates Account No. 8149 Revenue Object Code 3552 – Vendor Drug Rebates, HIV Program	-	-	-	\$28,652,621	\$28,652,621	\$28,652,621

Source: Department of State Health Services and Legislative Budget Board Staff

6. **Immunizations.** Recommendations include \$87.3 million in All Funds each fiscal year. The amount reflects an increase of \$4.2 million in General Revenue in each fiscal year to offset a decrease of the same amount in Federal Funds. The decrease in Federal Funds is attributable to an agency estimated decline in funding available from the Affordable Care Act Capacity Building Immunization Program. Recommendations also reflect the agency's reallocation of \$1.7 million in General Revenue for Data Center Services contract obligations in the 2020-21 biennium. See Table 3 below for funding in Strategy A.2.1, Immunize Children and Adults in Texas.

Table 3

Strategy A.2.1, Immunize Children and Adults in Texas, 2017 Expenditures, 2018-19 Estimated and Budgeted, 2020-21 Recommendations					
	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
General Revenue Fund	\$28,628,747	\$29,828,407	\$29,828,407	\$33,164,064	\$33,164,064
General Revenue – Insurance Companies Maintenance Tax and Insurance Department Fees Account No. 8042	\$3,274,764	\$3,291,778	\$3,291,777	\$3,291,778	\$3,291,777
Subtotal, General Revenue	\$31,903,511	\$33,120,185	\$33,120,184	\$36,455,842	\$36,455,841
General Revenue-Dedicated Account No. 5125, Childhood Immunization	\$58,932	\$46,000	\$46,000	\$46,000	\$46,000
Subtotal, General Revenue-Dedicated	\$58,932	\$46,000	\$46,000	\$46,000	\$46,000
Immunization Cooperative Agreement	\$7,144,098	\$12,210,801	\$18,388,760	\$18,388,760	\$18,388,760
ACA – Capacity Building – Immunization	\$8,292,431	\$16,504,125	\$2,493,776	\$2,493,776	\$2,493,776
Sustaining the Interoperability of ImmTrac with HER Systems	\$142,122	\$1,078,504	\$527,842	\$527,842	\$527,842
Subtotal, Federal Funds	\$15,578,651	\$29,793,430	\$21,410,378	\$21,410,378	\$21,410,378
Appropriated Receipts	\$882,933	\$1,136,767	\$1,136,767	\$1,136,767	\$1,136,767
Public Health Medicaid Reimbursements Account No. 709	\$341,686	\$341,686	\$341,686	\$0	\$0
Interagency Contracts	\$25,720,976	\$28,236,081	\$28,236,081	\$28,236,081	\$28,236,081
Subtotal, Other Funds	\$26,945,595	\$29,714,534	\$29,714,534	\$29,372,848	\$29,372,848
Total, Method of Finance	\$74,486,689	\$92,674,149	\$84,291,096	\$87,285,068	\$87,285,067

Source: 2020-21 Department of State Health Services Legislative Appropriations Request

The Federal Vaccines for Children (VFC) program ensures that vaccines are available at no cost to providers who serve children who might not otherwise be vaccinated because of inability to pay. Under this program, the Centers for Disease Control and Prevention purchase vaccines and distribute them to States, Territories, and other Local entities too administer and manage services authorized by the program.

DSHS participates in the federal VFC program and administers the Texas Vaccines for Children (TVFC) program. The agency expects to expend approximately \$18.4 million each year from fiscal years 2019 through 2021 from the Immunization Cooperative Agreement. According to DSHS, there are 3,200 clinics and over 12,000 prescribing clinicians enrolled in the TVFC, who provide more than 4.3 million children access to immunizations across the state. During fiscal year 2018, 14.9 million vaccine doses were administered to children under the TVFC.

DSHS also administers the Adult Safety Net (ASN) Program to provide vaccines to uninsured adults at risk for vaccine-preventable diseases. In fiscal year 2018, 350,000 vaccine doses were administered to adults under the ASN. See Table 4 below for number of vaccine doses administered under the TVFC and ASN programs.

Table 4

Department of State Health Services Key and Non-Key Output Measures for Vaccine Doses					
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Number of Vaccine Doses Administered – Children (Key Measure)	15,084,142	14,932,652	17,607,262	18,495,625	18,495,625
Number of Vaccine Doses Administered – Adults (Non-Key Measure)	354,530	350,000	350,000	350,000	350,000
Total Number of Vaccine Doses Administered	15,438,672	15,282,652	17,957,262	18,845,625	18,845,625

Source: Department of State Health Services Performances

In accordance with 2018-19 General Appropriation Act, Article II, DSHS Rider 38, Evaluation of Immunization Programs, DSHS submitted a report on the evaluation of the TVFC and ASN programs. The report addresses opportunities for process improvement, increased accountability, expansion of services, and reducing administrative burdens. Key findings include:

- Providers, Public Health Regions, and Local Health Departments reported a need for improved training on methods to effectively manage immunization program activities at the practice level.
- Providers expressed that the quantity of changes made the program difficult to keep up-to-date.
- Stakeholder feedback: suggested a need for increased provider recognition; expressed a significant lack of awareness among Texans for the ASN program; and communicated the recommendation of using a clinical survey of physicians when developing changes to the ASN vaccine formulary.

In addition to administering the TVFC and the ASN programs, DSHS also performs the following immunization activities:

- Supports the enforcement of school and child care immunization regulations;
- Provides immunization education and training for Texas immunizers and the general public;
- Manages the statewide immunization information system, known as ImmTrac2; and
- Coordinates surveillance and control efforts for vaccine-preventable diseases.

7. **Transfer from the Cancer Prevention Research Institute of Texas (CPRIT).** Recommendations include \$3.8 million each fiscal year for the Texas Cancer Registry out of General Obligation Bond Proceeds for CPRIT. The Cancer Registry is a statewide, population-based registry that serves as the foundation for measuring the cancer burden in Texas and supports a variety of cancer-related research. Funding reflects an increase of \$0.8 million each fiscal year to support a portion of salary and benefits for the registry’s 54.2 full-time equivalent positions and operating expenditures, such as travel and training. General obligation bond proceeds represent 63 percent of the registry’s funding.

8. **Seat Management and Data Center Services Contracts.** Recommendations include \$5.5 million in All Funds (\$2.8 million in General Revenue) for Seat Management and \$27.4 million in All Funds (\$23.3 million in General Revenue) for DCS to maintain current obligations, including an additional \$0.3 million in General Revenue for DCS over the agency's base request. Additionally, recommendations shift \$2.4 million in Federal Funds from Seat Management to Data Center Services to account for the migration of Microsoft Office 365 licenses to the DIR DCS contract.
9. **Vehicle Replacement.** Recommendations include \$1.3 million in General Revenue to replace 47 cars, vans, and trucks. The vehicles are used primarily in DSHS regional offices and are at or expected to be at least 10 years with mileage at or above 150,000 before the end of fiscal year 2020.
10. **Newborn Screening Billing.** In accordance with the 2018 –19 General Appropriations Act, Article II, DSHS Rider 37, Newborn Screening Payment, DSHS submitted a report on newborn screening (NBS) billing in October 2018. The report addressed the feasibility of requiring DSHS to bill private insurers for the cost of newborn screening and of requiring private insurers to automatically update their payment rates based on panel rates. Under the current NBS system administered by DSHS, healthcare providers order and purchase screening NBS kits from DSHS and the providers then seek reimbursement from private insurers or patients. For Medicaid clients, healthcare providers order separate screening NBS kits from DSHS at no cost and the Health and Human Services Commission provides DSHS with Medicaid reimbursements via an internal voucher process.

Key findings from the NBS report include:

- The following challenges to be considered for Texas to bill private insurers for NBS costs:
 - Improving laboratory budget stability, such as adjusting fees to reflect actual testing costs and medical inflation, before changing the billing model
 - Addressing the upfront and ongoing costs for the laboratory, including, implementation funding, anticipated revenue loss, and staffing.
 - Transitioning the laboratory to become an in-network provider for multiple insurance companies.
 - Obtaining the new capacity to negotiate reimbursement methodologies and amounts for consistency across insurance plans.
 - Enhancing information collection and information systems, an estimated \$7.8 million for two years.
 - Existing limitations for requiring private insurers to automatically modify their payment rates based on panel rates due to multiple insurance companies not being state regulated.
11. **Maternal Mortality Data and Reporting.** In accordance with the Health and Safety Code, Section 34.015, the Maternal Mortality and Morbidity Task Force and DSHS jointly submitted the 2018 Biennial Report. Pursuant to Senate Bill 17, Eighty-fifth Legislature, First Called Session, 2017, the report includes the expanded duties and requirements of the Task Force, such as comparing rates of pregnancy-related deaths based on socioeconomic status of the mother. In consultation with the Perinatal Advisory Council, recommendations included in the report aim to reduce the incidence of pregnancy-related deaths and severe maternal morbidity in Texas.

Key findings include:

- The Task Force completed an additional review of the 89 cases from the 2012 case cohort of maternal deaths in May 2018. These maternal death cases had the highest number of maternal deaths to date and nearly 40 percent of the cases were identified as pregnancy-related.
- The leading cause of pregnancy-related death in 2012 included cardiovascular and coronary conditions, obstetric hemorrhage, infection/sepsis, and cardiomyopathy.
- Maternal deaths occurred at a rate of 13.9 per 100,000 live births for Black women, 9.3 per 100,000 live births for Hispanic women, and 6.0 per 100,000 live births for white women in 2012.
- The majority of maternal deaths in 2012 were of women enrolled in the Medicaid program during the time of delivery.

- The Task Force determined that in approximately 80% of pregnancy-related cases in 2012, one or more reasonable changes within the maternal environment could potentially increase the preventability of death.
- Hemorrhage and cardiac events were the two most common causes of death during pregnancy or within 7 days postpartum. This amount is based on identified 382 maternal death cases from 2012 through 2015.
- The majority of maternal deaths occurred more than 60 days postpartum based on identified 382 maternal death cases from 2012 through 2015.
- Drug overdose was the leading cause of maternal death from delivery to 365 days postpartum from 2012 to 2015.
- The Task Force used marital status, highest education level, and health insurance to categorize cases due to a lack of socioeconomic status information in the death, birth, or fetal records. Results communicated that the risk for maternal death was higher among unmarried women, women who earned a high school diploma or less, and women who had no health insurance or were enrolled in Medicaid at the time of delivery.

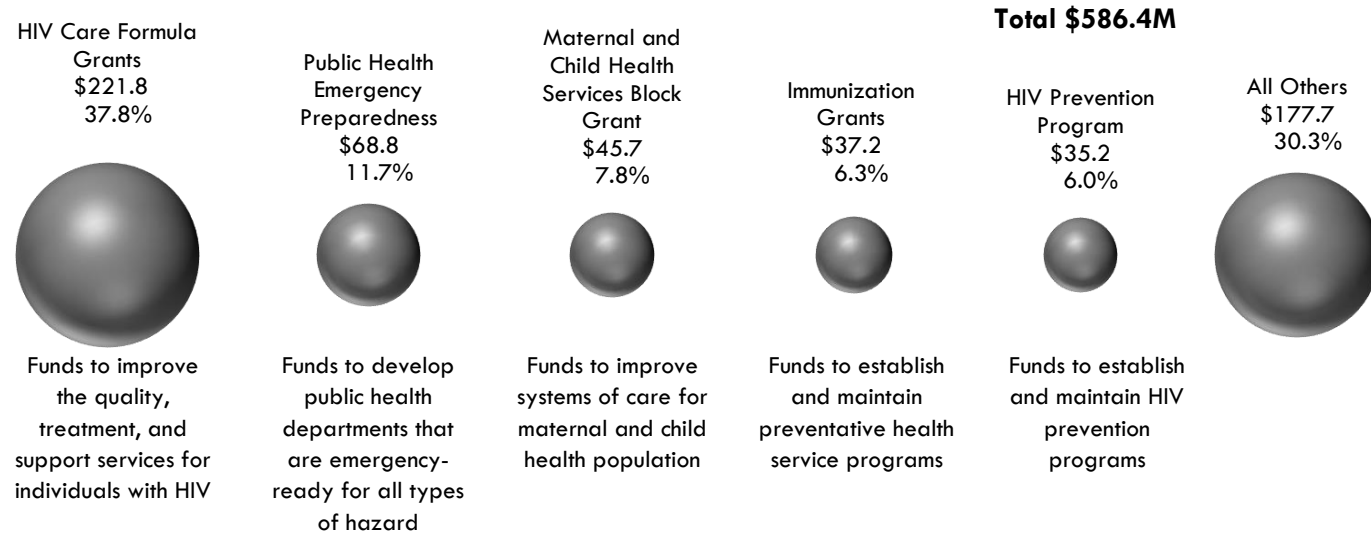
The report included the following recommendations:

- Increase access to health services during the year after pregnancy and throughout the interconception period to improve the health of women, facilitate continuity of care, enable effective care transitions, and promote safe birth spacing.
- Enhance screening and appropriate referral for maternal risk conditions.
- Prioritize care coordination and management for pregnant and postpartum women.
- Promote a culture of safety and reliability through the implementation of best practices in birthing facilities.
- Develop and implement programs to reduce maternal mortality from cardiovascular and coronary conditions, cardiomyopathy, and infection/sepsis.
- Improve postpartum care management and discharge education for patients and families.
- Target high-risk populations, especially Black women with increased maternal health programming.
- Initiate public awareness campaigns to promote health enhancing behaviors.
- Champion integrated care models combining physical and behavioral health services for women and families.
- Support strategies to improve the maternal death review process.

Recommendations include \$7.0 million in General Revenue and 8.0 FTEs, contingent on enactment of legislation to address maternal mortality and morbidity in the 2020-21 biennium. Funding would implement maternal safety measure initiatives statewide, a community health care coordination pilot program for women of childbearing age, develop and train providers on use of risk assessment tools, and increase public awareness and prevention activities. See also Rider 31, Contingency for Legislation Relating to Combating Maternal Mortality and Morbidity.

12. **Program Transfers to the Texas Department of Licensing and Regulation.** Senate Bill 202, Eighty-fourth Legislature, Regular Session, 2015, transferred several DSHS licensing programs to the Texas Department of Licensing and Regulation (TDLR) in two phases. Phase I, which was completed on August 31, 2017, transferred the regulation of athletic trainers, dietitians, fitters and dispensers of hearing instruments, midwives, orthotists and prosthetists, speech-language pathologists and audiologist, and dyslexia therapists and practitioners to TDLR. Phase II, is expected to be completed by August 31, 2019, and transfers regulation of code enforcement officers, laser hair removal, massage therapists, mold assessors and remediators, offender education providers, and sanitarians to TDLR.

State Health Services, Department of
 Summary of Federal Funds (2020 - 21) - House

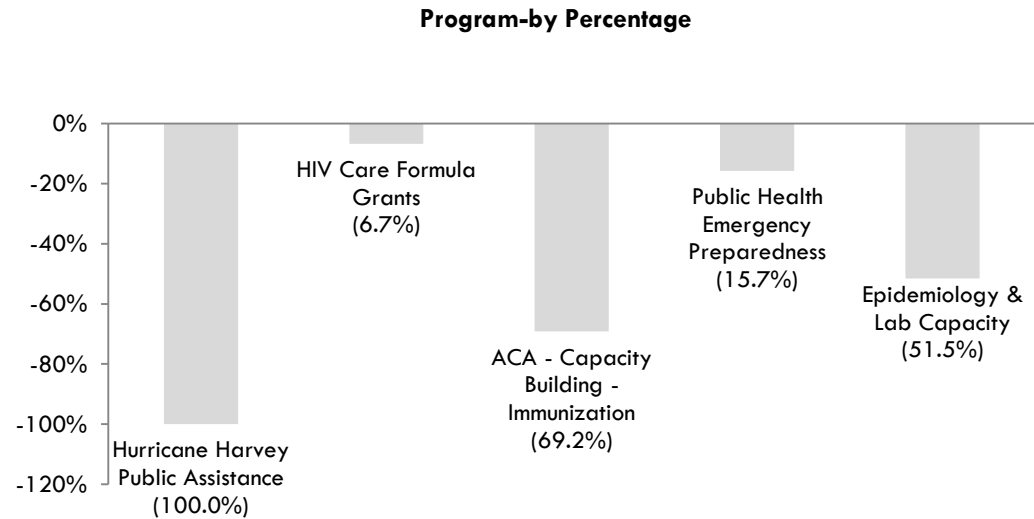
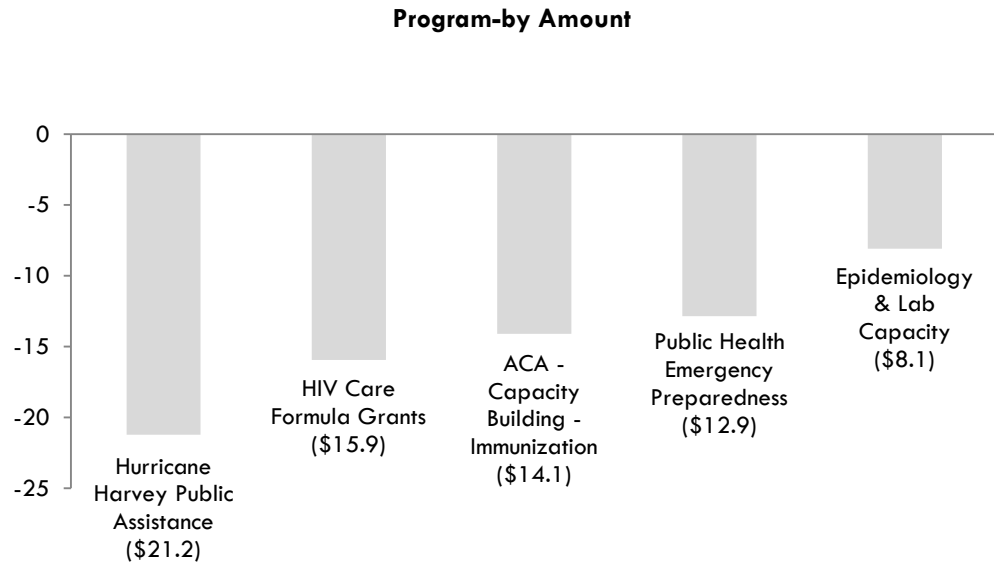


Selected Federal Fiscal and Policy Issues

Federal Funds estimates for Hurricane Harvey Public Assistance include a \$21.2 million decrease for the 2020-21 biennium. The grant was awarded on a one-time basis to meet the needs of those affected by a federally declared disaster.

The \$15.9 million decrease in HIV Care Formula Grants is attributable to decreases in the federal award starting in federal fiscal year 2019 and continuing through federal fiscal year 2021.

Programs with Significant Federal Funding Changes from 2018 - 19

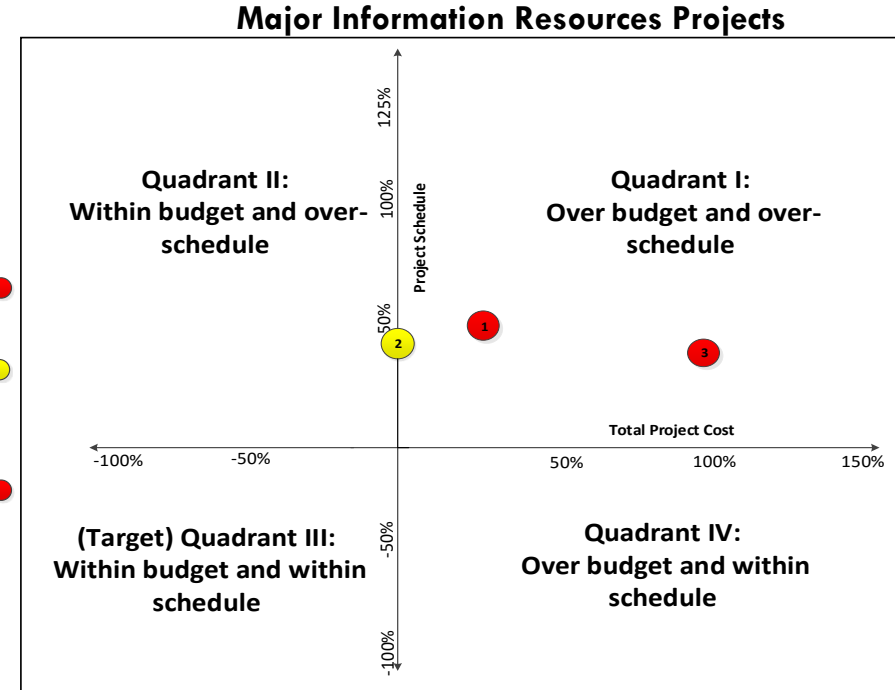


State Health Services, Department of
Quality Assurance Team Highlights - House

Of DSHS's 6 major information resource projects monitored by the Quality Assurance Team, 2 are over budget and behind schedule, and 1 is behind schedule. Details on these projects are listed below; information on 3 projects that are within budget and on schedule is in Appendix F.

Summary of Total Costs (in millions) and Time Frames reported to the Quality Assurance Team*

Project Name	Original Projected Cost	Current Projected Cost	Under / (Over) Initial Project Cost	Expenditures to Date	Original Timeline in Months	Current Timeline in Months	Months Ahead of / (Behind) Schedule	% Complete
1 Tx Electronic Vital Events Registrar Implementation (TxEVER)	\$16.6	\$21.8	(\$5.2)	\$13.4	34	49	(15)	66%
2 DSHS Cybersecurity Advancement (CSA) Project	\$3.0	\$3.0	\$0.0	\$2.4	12	17	(5)	19%
3 Tuberculosis, HIV and STD Integrated Systems Improvement Implementation	\$5.0	\$7.2	(\$2.2)	\$5.5	28	54	(26)	69%
Project Totals	\$24.6	\$32.0	(\$7.4)	\$21.3				



- Legend**
- Project exceeds budget OR schedule
 - Project is over budget and behind schedule

*Note: These figures reflect all project costs (Capital and Informational) and timelines from self-reported monitoring reports that are sent to the Quality Assurance Team (QAT) for review. QAT includes representatives from the Comptroller of Public Accounts, Department of Information Resources, Legislative Budget Board and the State Auditor's Office (Advisory Only).

Significant Project Highlights

1 Tx Electronic Vital Events Registrar Implementation (TxEVER)

The project, authorized to begin in fiscal year 2016 for a duration of 34 months, was appropriated \$14.1 million in All Funds for project development.

Project start and finish dates have been updated to reflect the completion of a re-baseline due to the change in hosting plan from a vendor hosted solution to the state Data Center Services (DCS) hosted solution. The initial contract amount of \$7.7 million increased to \$9.9 million due to a scope change from the modified Commercial-off-the-Shelf (COTS) vendor to the Data Center contract. This contract amendment is a 27 percent increase in project contract development costs.

2 DSHS Cybersecurity Advancement (CSA) Project

The Cybersecurity Advancement (CSA) project is focused on protecting computers, networks, programs, and data from unintended or unauthorized access, change or destruction. The project will upgrade network firewalls, switches, Intrusion Prevention System (IPS) and cloud security enabling DSHS to better support the future network environment and secure transmission to and from the Cloud. The project will implement a data protection solution that complies with federal and state privacy requirements for the transmission and ongoing monitoring of data sent to and from DSHS.

DSHS began the CSA project in fiscal year 2017. The initial estimated project cost was \$3.0 million. The initial project start and finish dates were February 22, 2017, and January 8, 2018, respectively. Thus far, the project is successful in terms of budget and is 41 percent over duration.

The project end date was extended from March 3, 2018 to August 31, 2018 to allow for the deployment and stabilization of critical firewall equipment in the Winters Building.

QAT Budget Highlights (in millions)

Project Name	2018-19 Base	2020-21 Requested	2020-21 Recommended
1 Vital Records Project (TxEVER)	\$2.6	\$0.0	\$0.0
2 Cybersecurity	\$1.7	\$1.7	\$1.7
3 Tuberculosis, HIV and STD Integrated Systems Improvement	\$4.3	\$0.0	\$0.0
Total	\$8.6	\$1.7	\$1.7

* Note: Requested amounts for 2020-21 include all baseline and exceptional item funding requested by the agency.

**State Health Services, Department of
Quality Assurance Team Highlights - House**

Tuberculosis, HIV and STD Integrated Systems Improvement Implementation

DSHS began the TB/HIV/STD Systems Improvement Implementation Project. The initial estimated project cost was \$5.0 million. The initial project start and finish dates were February 6, 2014, and June 30, 2016, respectively. The project is 42.0 percent over-budget and 104.0 percent over-schedule. The estimated project cost first increased to \$6.2 million due to additional funding requirements for reports, workflows, print templates, including time for implementation.

The finish date of the project was extended to December 15, 2016, due to DSHS and vendor resource availability to support the project; changes to the scope of the project; and technical challenges. Additionally, in August 2017, DSHS increased the project cost by \$390,000 and the completion date to April 30, 2018 due to extended vendor support after project implementation. In June 2018, DSHS added additional functionality and extended the staff augmentation contract which extended the completion date to December 31, 2018.

**State Health Services, Department of
Rider Highlights - House**

MODIFICATION OF EXISTING RIDERS (new number)

2. **Capital Budget.** Recommendations reflect deletion of several projects completed in the current biennium and includes several new projects funded with 100 percent federal funds in the 2020-21 biennium.
3. **Appropriations Limited to Revenue Collections.** Recommendations delete General Revenue - Dedicated Workplace Chemical List Account No. 5020 because the Texas Commission on Environmental Quality is the administrating agency of this account.
6. **Exemption from Article IX, Sec. 8.02 (e), Reimbursements and Payments.** Recommendations modify rider that allows agency to use certain appropriated receipts for any item of appropriation to exclude rebate revenue earned via the HIV Medication Program and deposited under the Comptroller's Revenue Object Code No. 3552 (Vendor Drug Rebates, HIV Program).
7. **Limitation: Use of General Revenue Associated with Maintenance of Effort.** Recommendations rename rider and add the HIV Formula Care Grant.
9. **Transfer from the Cancer Prevention and Research Institute of Texas for the Cancer Registry.** Recommendations reflect increased amounts of General Obligation Bond Proceeds transferred from the Cancer Prevention and Research Institute of Texas for the Cancer Registry.
12. **Appropriation: Contingent Revenue.** Recommendations delete references to revenue object code 3175 related to professional fees collected for mold and code enforcement programs that transferred to the Texas Department of Licensing and Regulation (pursuant to Senate Bill 202, Eighty-fourth Legislature, Regular Session, 2015) in fiscal year 2018.
14. **Estimated Appropriations: Perpetual Care Account.** Recommendations update amounts projected to be available for appropriation due to a qualifying event.
15. **Limitation: Transfer Authority.** Recommendations modify cash management provision to require the agency to return funds used for cash flow purposes to the originating strategies by the end of fiscal year 2021.
16. **Other Reporting Requirements.** Recommendation includes new language to require the agency to report any losses of federal funding due to noncompliance with federal regulations.
17. **Reimbursement of Advisory Committee Members.** Recommendations add three new advisory committees to allow reimbursement of members of these committees and increase cap for reimbursement for all applicable committee members.
20. **Tobacco Prevention Funding.** Recommendations remove restriction on using funds appropriated out of Strategy A.3.2, Reduce Use of Tobacco Products to allow funds to be expended on paid media activities.
21. **Local Health Department Performance Measures.** Recommendations continue reporting requirement on high priority performance measures by local health departments who receive state-funding grants from the agency.

22. **Emerging and Neglected Tropical Diseases Sentinel Surveillance.** Recommendations remove one-time reporting requirements related to program implementation and performance since the agency implemented the program in fiscal year 2019.
24. **Texas Center for Infectious Disease Services and Billing.** Recommendations remove duplicative appropriation authority provided in Article IX, Sec. 8.02, Reimbursements and Payments for appropriated receipts.

NEW RIDERS

26. **HIV Vendor Drug Rebates.** Recommendations add new rider to provide direct appropriation for all rebate revenue from the HIV Medication Program, including new method of finance, HIV Vendor Drug Rebates Account No. 8149 (Other Funds), and provide unexpended balance transfer authority across biennia and within the biennium. Recommendations also requires the agency to expend these rebates prior to expending General Revenue and General Revenue – Dedicated Accounts for eligible expenditures.
27. **Permanent Hospital Fund.** Recommendations include new rider continuing limitations and authority provided to the Permanent Hospital Fund for Capital Improvements and the Texas Center for Infectious Disease Account No. 5048 in previous biennia.
28. **Contingency for Behavioral Health Funds.** Recommendations add new rider to make expenditure of General Revenue-related behavioral health funds contingent on satisfying the requirements of Article IX, Section 10.04, Statewide Behavioral Health Strategic Plan and Coordinated Expenditures.
29. **X-ALD Funding.** Recommendations add new rider to allocate \$3,963,729 in General Revenue funds in Strategy A.4.1, Laboratory Services each fiscal year of the 2020-21 biennium to support newborn screening for X-ALD.
30. **Unexpended Balances Between Biennia: Permanent Tobacco Funds.** Recommendations add new rider to provide unexpended balance transfer authority across biennia for an amount not to exceed \$100,000 from General Revenue – Dedicated Account. No. 5045, Permanent Fund for Children and Public Health and an amount not to exceed \$350,000 from General Revenue – Dedicated Account. No. 5046, Permanent Fund for Emergency Medical Services and Trauma Care.
31. **Contingency for Legislation Relating to Combating Maternal Mortality and Morbidity.** Recommendations add rider to identify funding and FTEs, contingent on enactment of legislation relating to combating maternal mortality and morbidity by the Eighty-sixth Legislature, Regular Session, 2019.

DELETED RIDERS (original number)

3. **Laboratory Funding.** Recommendations delete rider due to fulfillment of revenue bond debt service requirements in fiscal year 2018.
7. **Administration of Public Health Funds.** Recommendations delete rider due to General Revenue-Dedicated Permanent Fund for Health and Tobacco Education and Enforcement Account No. 5044, General Revenue-Dedicated Permanent Fund for Children and Public Health Account No. 5045, and General Revenue-Dedicated Permanent Fund for Emergency Medical Services and Trauma Care Account No. 5046 not included in recommendations. Recommendations also include new rider 26, Permanent Hospital Fund, to combine and continue authority and limitations for the Permanent Hospital Fund for Capital Improvements and the Texas Center for Infectious Disease Account No. 5048. Recommendations also include new Rider 26, Permanent Hospital Fund, to continue limitations for the Permanent Hospital Fund for Capital Improvements and the Texas Center for Infectious Disease Account No. 5048 provided in previous biennia.
9. **Synar Results Notification for Local Communities.** Recommendations delete rider due to function transferring to the Health and Human Services Commission.

16. **Estimated Appropriation and Unexpended Balance: Permanent Tobacco Funds.** Recommendations delete rider due to General Revenue-Dedicated Permanent Fund for Health and Tobacco Education and Enforcement Account No. 5044, General Revenue-Dedicated Permanent Fund for Children and Public Health Account No. 5045, and General Revenue-Dedicated Permanent Fund for Emergency Medical Services and Trauma Care Account No. 5046 not included in recommendations. Recommendations also include new Rider 26, Permanent Hospital Fund, to continue authority for the Permanent Hospital Fund for Capital Improvements and the Texas Center for Infectious Disease Account No. 5048 provided in previous biennia
20. **Federally Funded Capital Projects.** Recommendations delete rider that provides a time clock on notification of a decision for a request related to capital budget projects that are 100 percent federally funded and makes the requests subject to Article IX, Section 14.03.
22. **Unexpended Balances within the Biennium: Preparedness and Prevention, and Consumer Protection Services.** Recommendations delete rider that provides duplicative authority provided in Article IX, Sec. 14.05, Unexpended Balance Authority Between Fiscal Years Within the Same Biennium and eliminate 30 day clock for action on the agency's request.
23. **Unexpended Balances: Credit Card and Electronic Services Related Fees.** Recommendations delete rider related to a capital budget project completed in fiscal year 2018.
24. **Reporting of Child Abuse.** Recommendations delete rider and transfer to Special Provisions Relating to All Health and Human Services Agencies.
26. **Authorization to Receive, Administer, and Disburse Federal Funds.** Recommendations delete rider that provides duplicative authority provided by Article IX, Sec. 13.01, Federal Funds/Blocks Grants.
28. **Notification of Regional Funds Distribution.** Recommendations delete rider since the direct client services targeted by the rider transferred to the Health and Human Services.
32. **Texas Department of Licensing and Regulation Transition.** Recommendations delete rider due to completion of program transfers in fiscal year 2018.
34. **Regional Advisory Council Funding. Informational Listing.** Recommendations delete rider because the agency uses other accounts for Regional Advisory Council Funding than what the rider lists.
36. **Cause of Death Data Improvement.** Recommendations delete rider for one-time reporting requirement.
37. **Newborn Screening Payment.** Recommendations delete rider for one-time requirement for a study on the payment process for Newborn Screenings.
38. **Evaluation of Immunization Programs.** Recommendations delete rider for one-time reporting requirement.
39. **Accuracy of Death Certificate of Pregnant Person of Person Recently Pregnant.** Recommendations delete rider due to completed capital budget project.
40. **Report on Compounding Outsourcing Facilities.** Recommendations delete rider for one-time reporting requirement.

**State Health Services, Department of
Items Not Included in Recommendations - House**

	2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	State Public Health Laboratory - General Revenue funding and staff to (1) address agency's ongoing laboratory budget shortfalls - \$17.5 million; (2) continue lab repairs and renovations, purchase lab equipment and software, and hire additional staff to meet increasing lab demand \$28.4 million and 12.0 FTEs in fiscal year 2020 and 11.0 FTEs in fiscal year 2021; (3) increase salaries for laboratory staff to match market value - \$8.4 million.	\$54,351,499	\$54,351,499	11.0	Yes	Yes	\$43,873,680
2)	Vital Records - Funding and staff to (1) improve customer service and address record request backlog by hiring additional staff - \$3.0 million and 17.0 FTEs; (2) increase security, quality, and capacity - 6.0 FTEs and \$1.6 million in Capital Budget Authority; (3) improve the quality of death data - 2.0 FTEs.	\$3,037,608	\$3,037,608	25.0	No	Yes	\$3,364,666
3)	Staff Retention - Funding to increase salaries for the following personnel: (1) Public Health and Texas Center for Infectious Disease (TCID) Nurses - \$3.0 million; (2) Meat Safety Inspectors - \$3.3 million; (3) Financial Staff - \$2.4 million. Note: Total may not sum due to rounding.	\$8,804,082	\$8,804,082	0.0	No	No	\$8,804,082
4)	Infectious Disease Response - Funding and staff to maintain the Texas Electronic Disease Reporting System by purchasing servers and updating software - \$3.5 million and 8.0 FTEs each fiscal year; (2) increase surveillance and analysis capacity - \$1.6 million and 7.0 FTEs each fiscal year; (3) continue the Infectious Disease Response Unit - \$0.8 million.	\$5,876,124	\$5,876,124	15.0	Yes	Yes	\$5,419,442
5)	Tuberculosis - Funding and staff to (1) assist Local Health Departments with adding capacity for TB response - \$9.2 million; (2) add staff to increase state capacity for TB investigations and response - \$16.3 million and 10.0 FTEs; (3) continue repairs and renovations for the TCID facility - \$1.8 million and 1.0 FTE.	\$27,257,821	\$27,257,821	11.0	Yes	Yes	\$25,217,558

**State Health Services, Department of
Items Not Included in Recommendations - House**

		2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
		GR & GR-D	All Funds	FTEs			
6)	Public Health Data - Funding and staff to (1) purchase technological software and server space for health data synthesis - \$4.1 million and 7.0 FTEs; (2) improve the user-friendliness of health data by contracting with a health communications expert - \$0.5 million.	\$4,554,649	\$4,554,649	7.0	Yes	Yes	\$1,435,254
7)	Disaster Preparedness: One-Time Request - Funding and capital budget authority to build a staging area and sheltering for public health emergency response vehicles to facilitate rapid response in public health disasters - \$1.0 million.	\$979,880	\$979,880	0.0	No	No	\$0

Agency Rider Request Not Included

A)	Revise Rider 7, Limitation: Use of General Revenue Associated with Maintenance of Effort. Revise rider to remove HIV Formula Care Grant from the rider requirements.	\$0	\$0	0.0	No	No	\$0
B)	Revise Rider 12, Appropriation: Contingent Revenue. Revise Rider to add General Revenue - Dedicated Account No. 524, Public Health Service Fees which would appropriate any additional revenue generated by DSHS above the Comptroller's Biennial Revenue Estimate contingent on a finding fact by the Comptroller.	\$0	\$0	0.0	No	No	\$0
C)	Revise Rider 26, HIV Vendor Drug Rebates. Revise Rider to remove requirement to expend HIV Rebate revenue before using Federal Funds, General Revenue, and General Revenue - Dedicated Funds.	\$0	\$0	0.0	No	No	\$0

**State Health Services, Department of
Items Not Included in Recommendations - House**

		2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
		GR & GR-D	All Funds	FTEs			
D)	Revise Special Provision Sec. 16: Limitation: Expenditure and Transfer of Public Health Medicaid Reimbursements. Revise Rider to increase appropriations of Public Health Medicaid Reimbursements Acct. No 709 (Other Funds) to Strategy A.4.1, Laboratory Services to fund the cost of Medicaid newborn screening and to revise prioritization in case revenue is insufficient to support appropriations to HHSC Strategy G.2.2, Mental Health Community Hospitals.	\$0	\$0	0.0	No	No	\$0
TOTAL Items Not Included in Recommendations		\$104,861,663	\$104,861,663	69.0			\$88,114,682

**State Health Services, Department of
Appendices - House**

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**State Health Services, Department of
Funding Changes and Recommendations by Strategy - House**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
PUBLIC HEALTH PREP. & COORD. SVCS A.1.1	\$168,943,495	\$132,966,449	(\$35,977,046)	(21.3%)	<p>Recommendations reflect:</p> <ul style="list-style-type: none"> 1) \$36.9 million decrease in Federal Funds related to the following grants: <ul style="list-style-type: none"> ▪ One-time Harvey Assistance funding in fiscal year 2018 (\$21.2 million); ▪ Public Health Emergency Preparedness Activities (\$7.8 million); ▪ Zika funding ending in fiscal year 2018 (\$4.5 million); and ▪ Preventative Health and Human Services Block Grant Award (\$3.4 million). 2) \$1.6 million decrease in General Revenue - Dedicated Account No. 5045 due to expected decreases in revenue in the 2020-21 biennium, offset slightly by an increase of \$1.6 million in General Revenue. (See Selected Fiscal and Policy Issue #4) 3) One-time increase of \$1.1 million in General Revenue in fiscal year 2020 for vehicle replacements. (See Selected and Fiscal Policy Issue #9) 4) \$0.2 million decrease of General Revenue due to agency request to reallocate funding to Strategy D.1.1, Agency Wide IT Projects, for Data Center Services. 5) \$0.1 million increase of General Revenue - Dedicated Account No. 5045, Permanent Fund for Children and Public Health in fiscal year 2020. (See Selected and Fiscal Policy Issue #4)
VITAL STATISTICS A.1.2	\$29,532,489	\$29,083,464	(\$449,025)	(1.5%)	Recommendations reflect a decrease of \$0.4 million in Appropriated Receipts from credit card fees for the agency's expected decrease in the sale of public records.
HEALTH REGISTRIES A.1.3	\$26,002,069	\$27,124,980	\$1,122,911	4.3%	<p>Recommendations reflect:</p> <ul style="list-style-type: none"> 1) \$1.5 million increase in General Obligation Bond Proceeds transferred from CPRIT to support increase operational costs for the Cancer Registry. (See Selected Fiscal and Policy Issue #7) 2) \$0.4 million decrease in Federal Funds, primarily for birth defects and developmental disabilities surveillance activities.

**State Health Services, Department of
Funding Changes and Recommendations by Strategy - House**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
BORDER HEALTH AND COLONIAS A.1.4	\$3,880,925	\$3,592,205	(\$288,720)	(7.4%)	Recommendations reflect a \$0.3 million decrease in Federal Funds due to the Strengthening Public Health Services Grant ending in fiscal year 2018.
HEALTH DATA AND STATISTICS A.1.5	\$9,786,413	\$9,139,382	(\$647,031)	(6.6%)	Recommendations reflect a \$0.6 million decrease in Federal Funds, primarily due to an estimated decline in funding available from the Behavioral Risk Factor Surveillance System Grant.
IMMUNIZE CHILDREN & ADULTS IN TEXAS A.2.1	\$176,965,245	\$174,570,135	(\$2,395,110)	(1.4%)	Recommendations reflect: 1) \$14.6 million decrease in Federal Funds related to the Affordable Care Act Capacity Building Immunizations Grant (\$14.0 million) and Immunization Registry Systems (\$0.6 million) Grants. 2) \$8.4 million increase in General Revenue for immunization activities to offset decrease in Federal Funding. (See Selected and Fiscal Policy Issue #6) 3) \$6.2 million increase in Federal Funds for immunization activities. (See Selected Fiscal and Policy Issue #6) 4) \$1.7 million decrease in General Revenue due to agency request to reallocate funding to Strategy D.1.1, Agency Wide IT Projects, for Data Center Services realignment. (See Selected and Fiscal Policy Issue #8) 5) \$0.7 million decrease in Public Health Medicaid Reimbursement Account No. 709 (Other Funds) due to agency's requested reallocation to Strategy A.4.1, Laboratory Services. (See Selected Fiscal and Policy Issue #1)

**State Health Services, Department of
Funding Changes and Recommendations by Strategy - House**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
HIV/STD PREVENTION A.2.2	\$457,634,248	\$429,109,809	(\$28,524,439)	(6.2%)	Recommendations reflect: 1) \$17.7 million decrease in Federal Funds related to declines for: ▪ HIV Formula Care Grant Award (\$15.0 million); ▪ the HIV Program Award (See Selected Fiscal and Policy Issue #5); ▪ Housing Assistance for Persons with AIDS (\$1.2 million); and ▪ Sexually Transmitted Disease prevention services (\$0.5 million). 2) \$10.8 million decrease in HIV Rebate collections (Other Fund) due to program changes and a significant drug manufacture opting out of the program. (See Selected Fiscal and Policy Issue #5)
INFECTIOUS DISEASE PREV/EPI/SURV A.2.3	\$40,146,699	\$30,773,067	(\$9,373,632)	(23.4%)	Recommendations reflect a decrease of \$9.4 million in Federal Funds for epidemiology, laboratory, and Ebola activities.

**State Health Services, Department of
Funding Changes and Recommendations by Strategy - House**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
TB SURVEILLANCE & PREVENTION A.2.4	\$57,302,958	\$57,770,532	\$467,574	0.8%	Recommendations reflect a \$0.5 million decrease in Federal Funds for tuberculosis control activities.
TX CENTER FOR INFECTIOUS DISEASE A.2.5	\$25,098,768	\$22,644,949	(\$2,453,819)	(9.8%)	Recommendations reflect decreases for Economic Stabilization Funding due to one-time funding for Texas Center for Infectious Disease repair and renovations (\$1.4 million), and one-time Delivery System Reform and Incentive Payment (DSRIP) Federal Funds (\$1.1 million) in fiscal year 2018.
CHRONIC DISEASE PREVENTION A.3.1	\$19,059,990	\$18,292,054	(\$767,936)	(4.0%)	Recommendations reflect a \$0.8 million decrease in Federal Funds, primarily due to a decrease in funding for health prevention activities.
REDUCE USE OF TOBACCO PRODUCTS A.3.2	\$18,004,606	\$18,644,676	\$640,070	3.6%	Recommendations reflect: 1) \$3.2 million decrease in General Revenue-Dedicated Account No. 5044 and an increase of \$3.0 million in General Revenue to provide funding slightly less than 2018-19 biennium funding levels. (See Selected Fiscal and Policy Issue #4) 2) \$0.7 million increase in Federal Funds for tobacco prevention activities. 3) \$0.1 million increase in Appropriated Receipts.

**State Health Services, Department of
Funding Changes and Recommendations by Strategy - House**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
LABORATORY SERVICES A.4.1	\$84,869,881	\$92,007,753	\$7,137,872	8.4%	Recommendations reflect: 1) \$7.9 million increase in General Revenue for X-ALD testing in Newborn Screening Program offset by \$1.6 million decrease in General Revenue due to one-time funding for newborn screening activities (\$1.2 million) and laboratory deferred maintenance (\$0.4 million). (See Selected and Fiscal Policy Issue #1) 2) a decrease of \$5.4 million in General Revenue-Dedicated Account No. 524, Public Health Services, offset by an increase of the same amount in Public Health Medicaid Reimbursements Account No. 709 (Other Funds) due to an expected decline in fund balances in Account No. 524 available for appropriation in the 2020-21 biennium. (See Selected Fiscal and Policy Issue #1) 3) \$0.7 million increase in Public Health Medicaid Reimbursements Account No. 709 (Other Funds) due to agency requested reallocation from Strategy A.2.1, Immunize Children and Adults in Texas. 4) \$0.1 million increase in Interagency Contracts with the Texas Commission on Environmental Quality for water testing.
LABORATORY (AUSTIN) BOND DEBT A.4.2	\$1,896,250	\$0	(\$1,896,250)	(100.0%)	Recommendations reflect a \$1.9 million decrease in General Revenue-Dedicated Account No. 8026, Health Department Laboratory Financing Fees due to bond debt service requirements met in fiscal year 2018.
Total, Goal A, PREPAREDNESS AND PREVENTION	\$1,119,124,036	\$1,045,719,455	(\$73,404,581)	(6.6%)	

**State Health Services, Department of
Funding Changes and Recommendations by Strategy - House**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
MATERNAL AND CHILD HEALTH B.1.1	\$105,572,396	\$113,325,708	\$7,753,312	7.3%	Recommendations reflect: 1) \$7.0 million increase in General Revenue funding for maternal mortality and morbidity program, contingent on enactment of legislation. (See Selected and Fiscal Policy Issue #10) 2) \$1.7 million decrease in Federal Funds for the following grants: ▪ Zika Health Care Services (\$1.2 million); ▪ Medical Assistance Program (\$0.4 million); and ▪ Rape Prevention Education (\$0.1 million). 3) \$2.9 million increase in Federal Funds for the following: ▪ maternal and child health services (\$2.6 million); ▪ increase in the State System Development Initiative Grant (\$0.2 million); ▪ for hearing intervention activities (\$0.1 million). 4) \$0.4 million decrease in Interagency Contracts with HHSC for activities related to the Texas Health Steps Children's Medicaid program.
CHILDREN WITH SPECIAL NEEDS B.1.2	\$19,528,299	\$18,325,526	(\$1,202,773)	(6.2%)	Recommendations reflect a \$1.2 million decrease in Federal Funds for maternal and child health services.
EMS AND TRAUMA CARE SYSTEMS B.2.1	\$253,743,171	\$251,465,662	(\$2,277,509)	(0.9%)	Recommendations reflect: 1) \$2.4 million decrease in General Revenue-Dedicated Account No. 5111. (See Selected Fiscal and Policy Issue #2) 2) \$1.6 million decrease in General Revenue-Dedicated Account No. 5046 offset by a \$1.4 million increase in General Revenue to provide funding levels slightly less than 2018-19 spending levels for educational and training grants under the emergency medical services assistance program. (See Selected Fiscal and Policy Issue #3) 3) \$0.4 million increase of General Revenue-Dedicated Account No. 5046, Permanent Fund for Emergency Medical Services and Trauma Care from an estimated unexpended balance as of August 31, 2019. (See Selected and Fiscal Policy Issue #4)

**State Health Services, Department of
Funding Changes and Recommendations by Strategy - House**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
TEXAS PRIMARY CARE OFFICE B.2.2	\$4,401,490	\$3,332,927	(\$1,068,563)	(24.3%)	Recommendations reflect: 1) A decrease of \$0.4 million in General Revenue-Dedicated Account No. 524, Public Health Services, offset by an increase of the same amount in Public Health Medicaid Reimbursements Account No. 709 (Other Funds) due to an expected decline in fund balances in Account No. 524 available for appropriation in the 2020-21 biennium. (See Selected Fiscal and Policy Issue #1) 2) \$0.2 million decrease in Federal Funds, primarily due to a decrease in maternal and child health services. 3) \$0.9 million decrease in Interagency Contracts with HHSC for regional care coordinators.
Total, Goal B, COMMUNITY HEALTH SERVICES	\$383,245,356	\$386,449,823	\$3,204,467	0.8%	
FOOD (MEAT) AND DRUG SAFETY C.1.1	\$49,457,219	\$49,291,674	(\$165,545)	(0.3%)	Recommendations reflect a \$0.2 million decrease in Federal Funds primarily due to a decrease in food and drug research activities.
ENVIRONMENTAL HEALTH C.1.2	\$13,180,569	\$13,291,376	\$110,807	0.8%	Recommendations reflect an increase in All Funds, primarily related to one-time funding in General Revenue for vehicle replacements in fiscal year 2020. (See Selected Fiscal and Policy Issue #9)
RADIATION CONTROL C.1.3	\$18,752,352	\$18,601,965	(\$150,387)	(0.8%)	Recommendation reflect a \$0.2 million decrease in Federal Funds, primarily due to a decrease in energy project activities.
TEXAS.GOV C.1.4	\$1,402,600	\$1,402,600	\$0	0.0%	
HEALTH CARE PROFESSIONALS C.1.5	\$400,599	\$0	(\$400,599)	(100.0%)	Recommendation reflect a \$0.4 million decrease in Other Funds due to program transfers to TDLR in fiscal year 2018, pursuant to Senate Bill 202, Eighty-fourth Legislature, Regular Session, 2015. (See Selected Fiscal and Policy Issue #12)
Total, Goal C, CONSUMER PROTECTION SERVICES	\$83,193,339	\$82,587,615	(\$605,724)	(0.7%)	

**State Health Services, Department of
Funding Changes and Recommendations by Strategy - House**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
AGENCY WIDE IT PROJECTS D.1.1	\$30,028,657	\$33,294,590	\$3,265,933	10.9%	
Total, Goal D, AGENCY WIDE IT PROJECTS	\$30,028,657	\$33,294,590	\$3,265,933	10.9%	<p>Recommendations reflect a \$3.3 million increase in All Funds to maintain current obligations, including an increase for the shift of MS Office 365 services from Seat Management to Data Center Services, as follows:</p> <ul style="list-style-type: none"> ▪ Agency requested reallocation of \$1.9 million from Strategies A.1.1, Public Health Preparedness and Coordination Services, and A.2.1, Immunize Children and Adults in Texas, an increase of \$0.2 million in General Revenue; and \$1.0 million in Appropriated Receipts reallocated (agency request) from credit card fees related to the Vital Statistics program; and ▪ \$0.2 million in Federal Funds. <p>Recommendations continue use of Federal Funds for Seat Management in the 2020-21 biennium. (See Selected and Fiscal Policy Issue #8)</p>
CENTRAL ADMINISTRATION E.1.1	\$33,605,981	\$34,680,110	\$1,074,129	3.2%	
IT PROGRAM SUPPORT E.1.2	\$31,045,524	\$31,017,047	(\$28,477)	(0.1%)	
OTHER SUPPORT SERVICES E.1.3	\$5,057,052	\$5,126,930	\$69,878	1.4%	
REGIONAL ADMINISTRATION E.1.4	\$2,904,165	\$2,853,325	(\$50,840)	(1.8%)	
Total, Goal E, INDIRECT ADMINISTRATION	\$72,612,722	\$73,677,412	\$1,064,690	1.5%	Recommendations reflect an increase of \$1.1 million in Federal Funds for agency's plan to fill vacancies in fiscal year 2019 (\$0.3 million) and expected increase in HHSC administrative support services cost (\$0.8 million).
Grand Total, All Strategies	\$1,688,204,110	\$1,621,728,895	(\$66,475,215)	(3.9%)	

State Health Services, Department of
Summary of Federal Funds
(Dollar amounts in Millions)

Appendix B

Program	Est 2018	Bud 2019	Rec 2020	Rec 2021	2018-19 Base	2020-21 Rec	2020-21 Rec % Total	Recommended Over/(Under) Base	% Change from Base
HIV Care Formula Grants	\$126.1	\$111.7	\$110.9	\$110.9	\$237.8	\$221.8	37.8%	(\$15.9)	(6.7%)
Public Health Emergency Preparedness	\$47.0	\$34.7	\$34.4	\$34.4	\$81.7	\$68.8	11.7%	(\$12.9)	(15.7%)
Maternal and Child Health Services Block Grants	\$21.5	\$22.9	\$22.9	\$22.9	\$44.4	\$45.7	7.8%	\$1.3	2.9%
Immunization Grants	\$12.7	\$18.6	\$18.6	\$18.6	\$31.3	\$37.2	6.3%	\$5.9	18.8%
HIV Prevention Program	\$18.6	\$17.7	\$17.6	\$17.6	\$36.3	\$35.2	6.0%	(\$1.1)	(3.0%)
National Bioterrorism Hospital Preparedness Program	\$16.5	\$16.1	\$16.0	\$16.0	\$32.6	\$31.9	5.4%	(\$0.7)	(2.1%)
Medical Assistance Program 50%	\$10.1	\$9.8	\$9.8	\$9.8	\$19.9	\$19.5	3.3%	(\$0.4)	(2.2%)
Project & Cooperative Agreements for Tuberculosis Control	\$7.9	\$7.5	\$7.5	\$7.5	\$15.4	\$15.0	2.6%	(\$0.5)	(3.1%)
Preventive Health Services - STD Control Grants	\$7.4	\$7.1	\$7.1	\$7.1	\$14.5	\$14.1	2.4%	(\$0.3)	(2.4%)
Preventive Health and Health Services Block Grant	\$8.7	\$6.4	\$6.3	\$6.3	\$15.0	\$12.7	2.2%	(\$2.4)	(15.7%)
Epidemiology & Lab Capacity for Infectious Diseases	\$11.9	\$3.8	\$3.8	\$3.8	\$15.7	\$7.6	1.3%	(\$8.1)	(51.5%)
Housing Opportunities for Persons with AIDS	\$5.0	\$3.7	\$3.7	\$3.7	\$8.7	\$7.4	1.3%	(\$1.3)	(14.8%)
Cooperative Agreements with States for Intrastate Meat & Poultry Inspection	\$3.4	\$3.3	\$3.3	\$3.3	\$6.7	\$6.6	1.1%	(\$0.1)	(1.3%)
ACA - Capacity Building - Immunization	\$17.1	\$3.3	\$3.1	\$3.1	\$20.4	\$6.3	1.1%	(\$14.1)	(69.2%)
HIV/AIDS Surveillance	\$2.5	\$2.6	\$2.5	\$2.5	\$5.1	\$5.1	0.9%	(\$0.0)	(0.0%)
Rape Prevention Education	\$2.3	\$2.3	\$2.3	\$2.3	\$4.6	\$4.5	0.8%	(\$0.1)	(2.0%)
Texas Tobacco Prevention & Control Cooperative Agreement	\$1.5	\$2.2	\$2.2	\$2.2	\$3.7	\$4.4	0.8%	\$0.7	18.4%
Cancer Prevention and Control Programs	\$2.0	\$2.0	\$2.0	\$2.0	\$4.0	\$4.0	0.7%	(\$0.0)	(0.0%)
Medicaid - Sec 1115 DSRIP	\$4.1	\$0.1	\$1.9	\$1.9	\$4.1	\$3.8	0.7%	(\$0.3)	(7.8%)
HIV Prevention Activities-Health Department Based	\$1.4	\$1.4	\$1.4	\$1.4	\$2.8	\$2.8	0.5%	(\$0.0)	(0.2%)
The Zika Health Care Services Program	\$2.5	\$1.2	\$1.2	\$1.2	\$3.7	\$2.4	0.4%	(\$1.3)	(35.0%)
State Public Health Approaches to Ensuring Quitline Capacity	\$1.0	\$1.1	\$1.1	\$1.1	\$2.2	\$2.2	0.4%	\$0.0	1.9%
All Other Grants ¹	\$38.0	\$11.3	\$13.5	\$13.6	\$49.4	\$27.2	4.6%	(\$26.9)	(54.4%)
TOTAL:	\$369.2	\$290.9	\$293.1	\$293.2	\$660.1	\$586.4	100.0%	(\$73.7)	(11.2%)

1. All Other Grants include \$21.2 million in Hurricane Harvey Public Assistance. The grant was awarded on a one-time basis in fiscal year 2018. LBB recommendations do not include this grant in the 2020-21 biennium.

**State Health Services, Department of
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
Cap	12,220.7	3,218.5	3,218.5	3,213.7	3,213.7
Actual/Budgeted	11,150.8	3,008.3	3,218.5	NA	NA
Schedule of Exempt Positions (Cap)					
Commissioner, Group 7	\$248,412	\$248,412	\$248,412	\$248,412	\$248,412

Notes:

a) DSHS FTE Cap is 3,218.5 each fiscal year of the 2018-19 biennium in Senate Bill 1, Conference Committee Report, Eighty-fifth Legislature, 2017. The cap reflects a number of adjustments from fiscal year 2017 including:

- 1) Transfer of 8,445.9 FTEs related to programs transferring to HHSC pursuant to Senate Bill 200, Eighty-fourth Legislature, Regular Session, 2015;
- 2) Reduction of 28.0 FTEs related to programs transferring to TDLR pursuant to Senate Bill 202, Eighty-fourth Legislature, Regular Session, 2015; and
- 3) Reduction of 528.3 FTEs related to adjustments made in the 2018-19 General Appropriations Act, primarily related to a reduction in FTEs related to indirect administration and a reduction of FTEs based on a average of vacancy rate per strategy during fiscal year 2016.

b) In fiscal year 2018, DSHS operated with 210.2 FTE vacancies, primarily in Strategy A.1.1, Public Health Preparedness and Coordinated Services, and Strategy C.1.1, Food (Meat) and Drug Safety. According to the agency, the vacancies are due to high turnover for public health nurses and meat inspectors.

c) DSHS anticipates to fill all vacant FTEs in fiscal year 2019.

d) The recommended FTE Cap for the 2020-21 biennium includes an adjustment from the 2018-19 base to reflect a reduction of 12.8 FTEs due to consistent vacancies in certain strategies reported in the agency's Monthly Financial Reports during fiscal year 2018. FTEs are reduced from the following strategies:

- 1) Strategy A.2.5, Texas Center for Infectious Disease (3.0);
- 2) Strategy C.1.1, Food (Meat) and Drug Safety (1.9); and
- 3) Strategy C.1.3, Radiation Control, (7.9).

e) Recommended FTE amounts for fiscal year 2020 and fiscal year 2021 reflect an increase of 8.0 FTEs per fiscal year in Strategy B.1.1, Maternal and Child Health to address maternal mortality and morbidity. This increase is contingent on enactment of legislation to combat maternal mortality and morbidity during the Eighty-sixth Legislature, Regular Session, 2019.

f) The State Auditor's Office Report, Executive Compensation at State Agencies (Report No. 18-705, August 2018), indicates a market average salary of \$255,686 for the Commissioner at the Department of State Health Services and recommends a change from the current Group 7 classification to Group 8. The agency is not requesting any changes to its exempt position.

**State Health Services, Department of
Performance Measure Highlights - House**

	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
<ul style="list-style-type: none"> Number of Hospitals with Maternal Care Designation <p><i>Measure Explanation: Recommendations include a new key performance measure to track fluctuations in the number of hospitals that are designated at a Maternal Level of Care. Maternal Level of Care Designation is an eligibility requirement for hospital Medicaid reimbursement for maternal care.</i></p>	NA	NA	115	175	225
<ul style="list-style-type: none"> Number of Hospitals with Neonatal Care Designation <p><i>Measure Explanation: Recommendations include a new key performance measure to track fluctuations in the number of hospitals that are designated at a Neonatal Level of Care. Neonatal Level of Care Designation is an eligibility requirement for hospital Medicaid reimbursement for neonatal care.</i></p>	27	88	225	225	225
<ul style="list-style-type: none"> Number of Pregnant Females Age 13-19 Per Thousand (Adolescent Pregnancy Rate) <p><i>Measure Explanation: The adolescent teen pregnancy rate continues to decrease rapidly in Texas and the US. Recommendations reflect agency proposed lower target due to the teen pregnancy rate declining in recent years.</i></p>	26.8%	25.1%	26.3%	26.0%	25.8%
<ul style="list-style-type: none"> Percentage of Staff Reached During Public Health Disaster Response Drills <p><i>Measure Explanation: Recommendations include increasing the target to 95.0 percent due the agency reaching more staff during public health disaster response drills than anticipated. The 2018-19 biennium target reflected 80.0 percent.</i></p>	92.5%	90.0%	89.0%	95.0%	95.0%
<ul style="list-style-type: none"> Number of Days to Certify or Verify Vital Statistics Records <p><i>Measure Explanation: Recommendations include lowering the target for the 2020-21 biennium. According to the agency, vacancies in Strategy A.1.2, effect the production output. The agency indicates the vacancies will be filled during the 2020-21 biennium.</i></p>	19.7	18.1	15.0	13.0	13.0
<ul style="list-style-type: none"> Number of Vaccine Doses Administered - Children <p><i>Measure Explanation: Recommendations include increasing the target for the 2020-21 biennium to reflect increase of funding for Strategy A.2.1, Immunize Children and Adult in Texas.</i></p>	15,084,142	14,932,652	17,607,262	18,495,625	18,495,625

**State Health Services, Department of
Summary of Ten Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
1)	Community Primary Care Services	According to the agency: This reduction would eliminate the Primary Care Office, including 8.0 full time equivalent (FTE) employees who identify needs in and increase access to health care. This reduction would decrease access to the primary health care program and exacerbate physician shortages in underserved areas of Texas.	\$2,819,777	\$2,819,777	8.0	\$693,150	85%	\$3,332,927	No
2)	Infectious Disease Prevention/Epidemiology/Surveillance	According to the agency: Funds allow the agency to implement a sentinel surveillance program to monitor Neglected Tropical Diseases (NTDs) which pose a significant risk to Texas public health. Without this funding, there would be less aggressive detection and surveillance of NTDs. DSHS would also not fulfill the obligations of Rider 35, if it is continued into FY20/FY21.	\$600,000	\$600,000	0.0	\$0	2%	\$24,956,259	No
3)	Office of Border Public Health	According to the agency: The Office of Border Public Health (OBPH) aims to improve the health of Texans on the Texas-Mexico border by building partnerships at federal, state, and local levels; improving access to border data to identify public health issues; improving border public health outcomes. The reduction of General Revenue (GR) and reduction of FTEs would severely limit the work of the OBPH and would impact all counties along the border.	\$380,864	\$380,864	2.0	\$0	11%	\$3,592,205	No
4)	HHSC Oversight	According to the agency: This reduction in funds would represent a 2% reduction in administrative services provided to DSHS from HHSC. This may have a negative impact on agency operations and customer service. <i>See also Option 13.</i>	\$1,800,000	\$1,800,000	0.0	\$0	100%	\$1,800,000	No

**State Health Services, Department of
Summary of Ten Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
5)	Meat Safety	According to the agency: DSHS inspects every livestock animal for symptoms of disease before it is allowed to be processed for interstate commerce under Health and Safety Code Chapter 433. The proposed elimination of GR supporting the Meat Safety program would shift the meat safety program from the state of Texas to the federal government. This reduction would result in a loss of matching federal dollars that support the program and the transition from the state program to the federal program would require a full fiscal year to scale down. Elimination of the program would have a significant negative impact on the Texas Meat and Poultry industry.	\$4,700,000	\$4,700,000	143.0	\$7,050,000	10%	\$49,262,319	No
6)	Medicaid Trauma Payment to HHSC	According to the agency: Per Special Provision 22, Use of Trauma Fund Receipts, DSHS transfers \$101,660,775 annually in General Revenue- Dedicated Designated Trauma Facility and EMS Account No. 5111 to HHSC to provide add-on payments for trauma care and safety net hospitals in Medicaid. This reduction would be a (11%) Reduction in the add-on payments in Medicaid. This means less reimbursement to hospitals for uncompensated trauma care.	\$22,132,154	\$22,132,154	0.0	\$0	9%	\$244,569,723	No
8)	EMS and Trauma Care Systems	According to the agency: The proposed reduction would result in lower payments to designated trauma facilities, 22 regional emergency health care systems (RACs), EMS providers and less funding for the agency to manage the program. The potential impact of this proposed reduction would be a decreased number of hospitals seeking designation, reduced availability of life-saving trauma services, and a reduced overall ability to respond to local, regional, and state wide emergencies.	\$2,910,246	\$2,910,246	0.5	\$0	1%	\$244,569,723	No

**State Health Services, Department of
Summary of Ten Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
9)	Texas Center for Infectious Disease (TCID)	According to the agency: The Texas Center for Infectious Disease (TCID) treats patients with tuberculosis (TB) and Hansen's disease. The reduction of \$3.0 million in GR would reduce the number of beds available in the designated state hospital for quarantined tuberculosis (TB) patients. This would be a significant reduction in the number of patients treated annually in the hospital and could result in a public health risk due to the patients remaining in the community untreated.	\$3,043,394	\$3,043,394	0.0	\$0	13%	\$22,619,066	No
10)	Adult Safety Net Formulary	According to the agency: The proposed reduction would remove all state funding from the Adult Safety Net (ASN) program, which vaccinates adults, by cutting 5 of the 12 vaccines on the formulary and reducing the amount of vaccine distributed by an estimated 70,000 doses. Measles-mumps-rubella (MMR), meningococcal (MCV4), human papillomavirus (HPV), varicella, and shingles (Shingrix) would no longer be available. Limited federal funding would retain the remainder of the formulary. With the removal of these five vaccines from ASN, there is a risk of an increase in vaccine-preventable disease rates, cancer, hospitalizations, disabilities, and death, especially effecting the uninsured and pregnant women. Funding reduction would also limit the state's ability to provide outbreak control, as no funding would be available for emergency response vaccines. The agency estimates that this reduction in funding could result in a \$236,399.34 biennial revenue loss from collecting up to \$25 for each vaccination. The revenue loss reflects the estimated reduction in doses administered at these DSHS offices.	\$8,941,292	\$8,941,292	0.0	\$236,400	70%	\$12,800,336	No

**State Health Services, Department of
Summary of Ten Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
12)	X-Ray	According to the agency: This reduction would eliminate the X-Ray inspection and licensing program. Eliminating the program could expose the public to unnecessary amounts of radiation, which can result in chronic illness and/or death. No federal program or other state program would continue to perform this function. The proposed reduction would save \$7 million in GR and 47.16 FTEs and reduce revenue by \$9.2 million over the biennium.	\$7,000,000	\$7,000,000	47.1	\$9,200,000	38%	\$18,601,965	No
13)	HHSC Oversight	According to the agency: This would represent an additional 8% reduction in administrative services provided to DSHS. This would have a negative impact on all agency programs, but most notably information technology, potentially affecting critical services. Unplanned network and IT system downtime could delay results from newborn screening tests, increase wait times for vital statistics information, and impact virtually every program. IT security could also be at increased risk. In addition to IT, the reduction would affect the timeliness and effectiveness of procurement, contracting and human resources functions. <i>See also Option 4.</i>	\$7,200,000	\$7,200,000	0.0	\$0	100%	\$7,200,000	No

**State Health Services, Department of
Summary of Ten Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
14)	HIV/STD Prevention Program	According to the agency: Reduced HIV funding jeopardizes medications and medical services for individuals living with HIV, reducing medical costs and mitigating the spread of the disease. The Ryan White federal funds require a maintenance of effort (MOE) of \$106.4 million in GR for the biennium. If funds used for MOE are reduced, it jeopardizes the entire Ryan White grant amount. In FY18-19, the Ryan White funds totaled \$137.8 million. Since the MOE represents approximately one eighth of the total GR within the agency, it would be impacted by a 10% reduction. To meet the reduction amount, the program would reduce the weekly spending amount for HIV medications and prioritize purchasing the highest demand medications or those lowest in stock-on-hand. Additionally, the HIV/STD program generates rebate revenues from medication purchases totaling an estimated \$26.0 million annually, which would also be in jeopardy. The reduction also severely jeopardizes the department's application for future grants.	\$19,754,092	\$19,754,092	0.0	\$212,866,286	8%	\$249,759,066	No
TOTAL, 10% Reduction Options			\$81,281,819	\$81,281,819	200.6	\$230,045,836	9%	\$883,063,589	

**State Health Services, Department of
Quality Assurance Team (QAT) Highlights - House**

DSHS has six projects subject to QAT oversight. The three projects below are within budget and on schedule as reported to the Quality Assurance Team.*

Project Name	Project Cost (In Millions)	Expenditures to Date	% Complete	Timeline in Months	Project Status
Emergency Medical Services and Trauma Registry	\$ 1.8	\$ 0.4	35.0%	23	<p>This project builds upon the existing EMS and Trauma Registries system to improve injury prevention interventions by focusing on continuous quality improvement. The EMS and Trauma Registries aligns with national data standards that help ensure that data is accurate and consistent and can be validated.</p> <p>The Emergency Medical Services and Trauma Registry project's initial estimated project cost was \$1.8 million. The initial project start and finish dates were October 1, 2017, and September 30, 2019, respectively. Thus far, the project is on time and on budget.</p>
HIV2000, Real-time Education and Counseling Network, AIDS Regional Information Evaluation System (HRAR) Implementation project	\$ 10.7	\$ 0.1	5.0%	38	<p>The HRAR Implementation project would consolidate business processes into a single data source for reporting Human Immunodeficiency Virus (HIV)/AIDS information for the Ryan White Services Report (RSR) to statewide medical providers.</p> <p>The HRAR project's initial estimated project cost was \$10.7 million. The initial project start and finish dates were June 25, 2018, and August 31, 2021, respectively. Thus far, the project is on time and on budget.</p>

**State Health Services, Department of
Quality Assurance Team (QAT) Highlights - House**

DSHS has six projects subject to QAT oversight. The three projects below are within budget and on schedule as reported to the Quality Assurance Team.*

Project Name	Project Cost (In Millions)	Expenditures to Date	% Complete	Timeline in Months	Project Status
Tuberculosis, Human Immunodeficiency, Virus Sexually Transmitted Diseases, Integrated System (THISIS) Enhancements project	\$ 3.7	\$ 0.1	3.0%	20	<p>The THISIS Enhancement project will add a module for Hepatitis C Virus (HCV) and incorporate Centers for Disease Control and Prevention required fields to the previously developed THISIS application and will automate business processes, improve data collection and reporting. This will allow a system interface with City of Houston Department of Health and Human Services (HDHHS) system MAVEN.</p> <p>The THISIS Enhancement project's initial estimated project cost was \$3.7 million. The initial planned project start date was January 10, 2018, and the end date is September 30, 2019. Thus far, the project is on time and on budget.</p>

*Note: These figures reflect all project costs (Capital and Informational) and timelines from self-reported monitoring reports that are sent to the Quality Assurance Team (QAT) for review. QAT includes representatives from the Comptroller of Public Accounts, Department of Information Resources, Legislative Budget Board and the State Auditor's Office (Advisory Only).