

**Health and Human Services Commission
Summary of Recommendations - Senate**

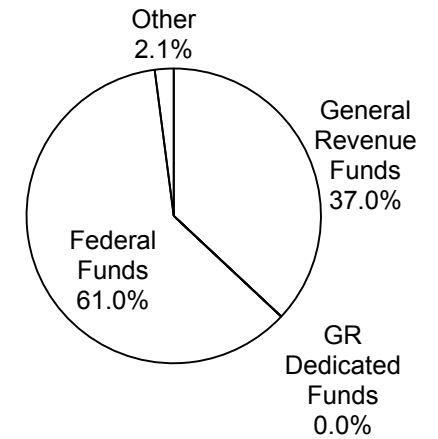
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Thomas M. Suehs, Executive Commissioner

Emily Sentilles, LBB Analyst

Method of Financing	2010-11 Appropriations	2010-11 Base	2012-13 Recommended	Biennial Change	% Change
General Revenue Funds	\$12,731,210,027	\$13,039,957,279	\$11,417,387,754	(\$1,622,569,525)	(12.4%)
GR Dedicated Funds	\$0	\$0	\$1,087,828	\$1,087,828	100.0%
Total GR-Related Funds	\$12,731,210,027	\$13,039,957,279	\$11,418,475,582	(\$1,621,481,697)	(12.4%)
Federal Funds	\$22,443,781,405	\$27,043,469,571	\$18,821,351,656	(\$8,222,117,915)	(30.4%)
Other	\$627,376,348	\$699,191,584	\$639,482,686	(\$59,708,898)	(8.5%)
All Funds	\$35,802,367,780	\$40,782,618,434	\$30,879,309,924	(\$9,903,308,510)	(24.3%)

RECOMMENDED FUNDING
BY METHOD OF FINANCING



	FY 2011 Appropriations	FY 2011 Budgeted	FY 2013 Recommended	Biennial Change	% Change
FTEs	12,175.9	12,440.9	12,261.2	(179.7)	(1.4%)

The bill pattern for this agency (2012-13 Recommended) represents an estimated 78.9% of the agency's estimated total available funds for the 2012-13 biennium.

Health and Human Services Commission

2012-2013 BIENNIUM

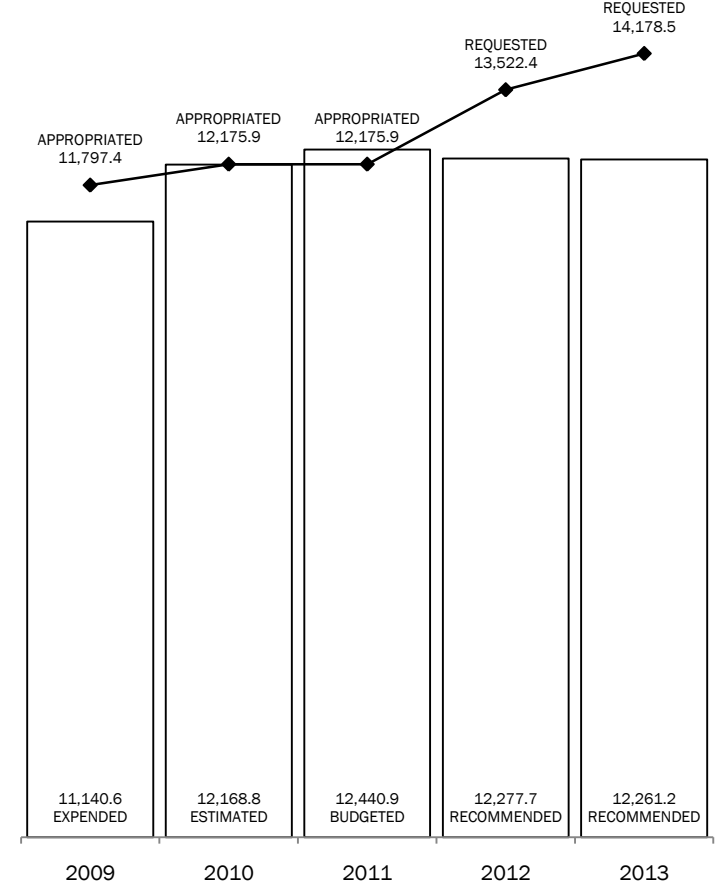
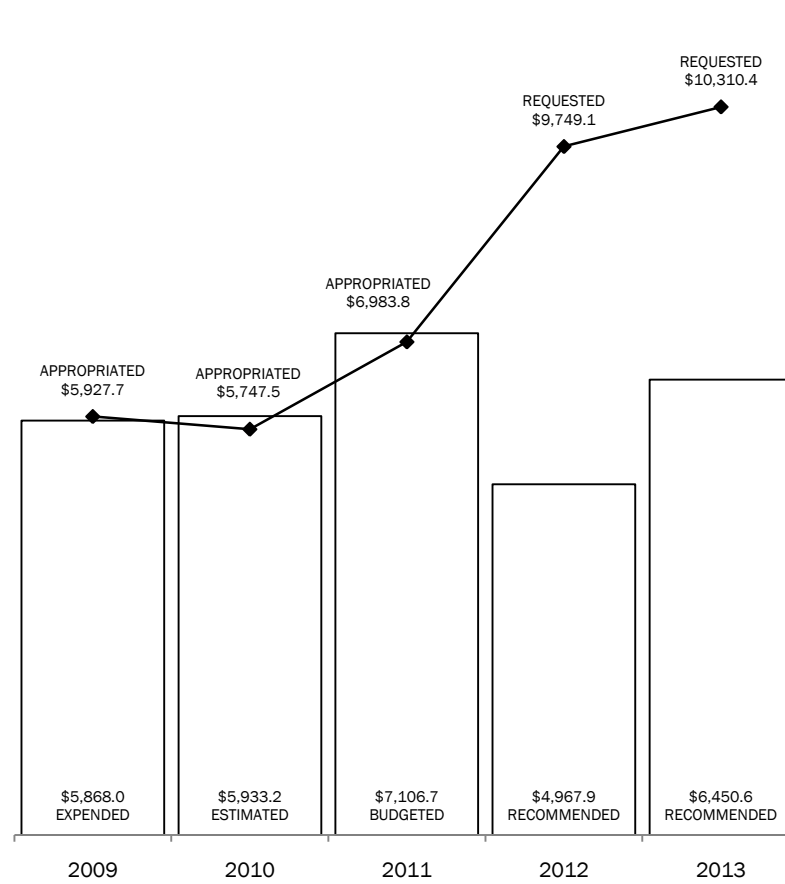
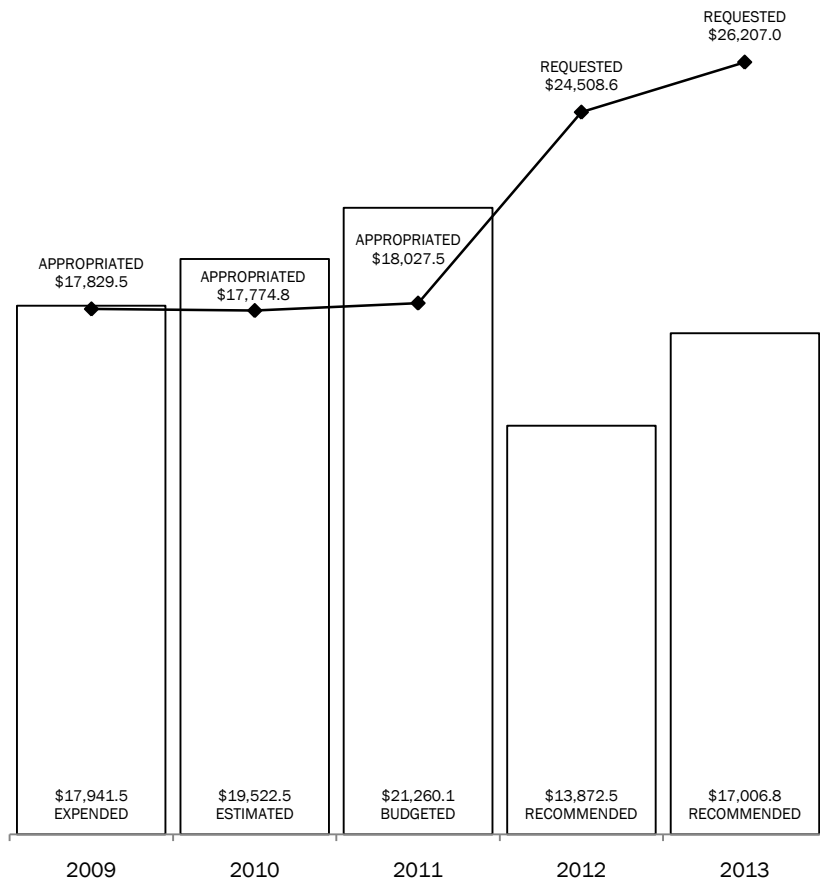
IN MILLIONS

TOTAL= \$30,879.3 MILLION

ALL FUNDS

**GENERAL REVENUE AND
GENERAL REVENUE-DEDICATED FUNDS**

FULL-TIME-EQUIVALENT POSITIONS



Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
ENTERPRISE OVERSIGHT & POLICY A.1.1	\$95,316,467	\$75,258,002	(\$20,058,465)	(21.0%)	Decreases in administrative costs, reductions in grant programs, and an increase in Federal Funds due to a grant to promote health information technology.
INTEGRATED ELIGIBILITY & ENROLLMENT A.1.2	\$1,586,106,548	\$1,543,048,486	(\$43,058,062)	(2.7%)	Decreases in administrative costs, reductions in grant programs, and lapse of one-time stimulus food stamp grant (\$14.0 million in Federal Funds) in fiscal year 2010.
CONSOLIDATED SYSTEM SUPPORT A.2.1	\$261,621,203	\$207,001,471	(\$54,619,732)	(20.9%)	Decreases in administrative costs, reductions in grant programs, and the elimination of capital project funding for fleet management.
Total, Goal A, HHS ENTERPRISE OVERSIGHT & POLICY	\$1,943,044,218	\$1,825,307,959	(\$117,736,259)	(6.1%)	
MEDICARE AND SSI B.1.1	\$4,748,035,925	\$3,317,259,212	(\$1,430,776,713)	(30.1%)	Caseload shifting to B.1.6, STAR+PLUS, reductions in Medicaid optional
TANF ADULTS & CHILDREN B.1.2	\$1,756,494,813	\$1,216,151,853	(\$540,342,960)	(30.8%)	
PREGNANT WOMEN B.1.3	\$2,319,801,560	\$1,635,822,728	(\$683,978,832)	(29.5%)	Rider 61 reduction of \$450 million in General Revenue Funds allocated to this strategy.
CHILDREN & MEDICALLY NEEDY B.1.4	\$9,258,653,983	\$5,918,153,783	(\$3,340,500,200)	(36.1%)	
MEDICARE PAYMENTS B.1.5	\$2,216,464,028	\$1,860,447,688	(\$356,016,340)	(16.1%)	Required to maintain federally-mandated Medicare reimbursement rates.
STAR+PLUS (INTEGRATED MANAGED CARE) B.1.6	\$3,400,239,280	\$2,453,613,443	(\$946,625,837)	(27.8%)	Caseload shift from strategy B.1.1, Medicare and SSI.
COST REIMBURSED SERVICES B.2.1	\$1,321,356,179	\$1,100,716,893	(\$220,639,286)	(16.7%)	Incorporates federally-mandated Medicare reimbursement rates.
MEDICAID VENDOR DRUG PROGRAM B.2.2	\$5,233,753,653	\$4,313,274,175	(\$920,479,478)	(17.6%)	Reductions in Vendor Drug dispensing fee offset by increased prescription costs.
MEDICAL TRANSPORTATION B.2.3	\$456,506,010	\$412,288,096	(\$44,217,914)	(9.7%)	
MEDICAID FAMILY PLANNING (FFS) B.2.4	\$73,563,735	\$66,410,598	(\$7,153,137)	(9.7%)	
UPPER PAYMENT LIMIT B.2.5	\$100,368,470	\$0	(\$100,368,470)	(100.0%)	Elimination of Upper Payment Limit (UPL) to children's hospitals.
HEALTH STEPS (EPSDT) MEDICAL (FFS) B.3.1	\$229,302,307	\$207,066,832	(\$22,235,475)	(9.7%)	
HEALTH STEPS (EPSDT) DENTAL B.3.2	\$2,719,944,439	\$1,982,626,727	(\$737,317,712)	(27.1%)	
EPSDT COMPREHENSIVE CARE PROG (FFS) B.3.3	\$1,466,469,054	\$1,051,546,560	(\$414,922,494)	(28.3%)	

Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
STATE MEDICAID OFFICE B.4.1	\$66,101,170	\$63,806,946	(\$2,294,224)	(3.5%)	
MANAGED CARE EXPANSION B.4.2	\$0	\$422,046,795	\$422,046,795	100.0%	Expansion of Managed Care Model of service based on HHSC caseload and cost estimates. Involves transfer of funds from Department of Aging and Disability Services (DADS) and an estimated Article II net savings of \$367 million in General Revenue Funds (see Selected Fiscal and Policy Issues, item 2).
Total, Goal B, MEDICAID	\$35,367,054,606	\$26,021,232,329	(\$9,345,822,277)	(26.4%)	10% provider rate reductions, estimated 10% decrease in Medicaid optional services, administrative reductions, rider reduction of \$450 million for savings initiatives across all health and human services agencies.
CHIP C.1.1	\$1,289,191,823	\$1,306,843,213	\$17,651,390	1.4%	Increase for transfer of State Kids Insurance Program (SKIP) children from ERS to HHSC CHIP program, estimated to result in a net \$16.2 million savings in General Revenue Funds.
IMMIGRANT HEALTH INSURANCE C.1.2	\$53,732,658	\$45,583,175	(\$8,149,483)	(15.2%)	
SCHOOL EMPLOYEE CHILDREN INSURANCE C.1.3	\$47,349,639	\$48,280,216	\$930,577	2.0%	
CHIP PERINATAL SERVICES C.1.4	\$531,002,473	\$371,123,960	(\$159,878,513)	(30.1%)	Certain CHIP Perinatal children will be served in Medicaid.
CHIP VENDOR DRUG PROGRAM C.1.5	\$306,360,889	\$330,977,405	\$24,616,516	8.0%	
Total, Goal C, CHIP SERVICES	\$2,227,637,482	\$2,102,807,969	(\$124,829,513)	(5.6%)	Net decrease in CHIP caseload, 10% provider rate reductions, new matching Federal Funds for certain CHIP-eligible populations.
TANF (CASH ASSISTANCE) GRANTS D.1.1	\$273,385,755	\$247,827,663	(\$25,558,092)	(9.3%)	Decrease for one-time stimulus-related TANF Emergency Contingency Funding.
REFUGEE ASSISTANCE D.1.2	\$80,327,772	\$80,327,772	\$0	0.0%	100% Federally Funded.
DISASTER ASSISTANCE D.1.3	\$245,640,039	\$0	(\$245,640,039)	(100.0%)	One-time Federal Funds for emergencies.
FAMILY VIOLENCE SERVICES D.2.1	\$51,605,000	\$51,093,715	(\$511,285)	(1.0%)	MOF swap and decrease included in agency's 10% reduction schedule.
ALTERNATIVES TO ABORTION D.2.2	\$8,000,000	\$8,300,000	\$300,000	3.8%	Maintain grant program.
Total, Goal D, ENCOURAGE SELF SUFFICIENCY	\$658,958,566	\$387,549,150	(\$271,409,416)	(41.2%)	
CENTRAL PROGRAM SUPPORT E.1.1	\$32,463,831	\$29,607,177	(\$2,856,654)	(8.8%)	Decreases included in agency's 10% reduction schedule.
IT PROGRAM SUPPORT E.1.2	\$32,676,648	\$28,498,307	(\$4,178,341)	(12.8%)	Decreases included in agency's 10% reduction schedule.
REGIONAL PROGRAM SUPPORT E.1.3	\$238,695,078	\$250,771,448	\$12,076,370	5.1%	Increases in Other Funds for HHS agency cost allocation of capital projects.
Total, Goal E, PROGRAM SUPPORT	\$303,835,557	\$308,876,932	\$5,041,375	1.7%	

Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
TIERS & ELIGIBILITY TECHNOLOGIES F.1.1	\$183,102,676	\$141,235,334	(\$41,867,342)	(22.9%)	Decreases in TIERS capital as the program cost shifts to maintenance and operations.
Total, Goal F, INFORMATION TECHNOLOGY PROJECTS	\$183,102,676	\$141,235,334	(\$41,867,342)	(22.9%)	
OFFICE OF INSPECTOR GENERAL G.1.1	\$98,985,329	\$92,300,251	(\$6,685,078)	(6.8%)	Reductions for administrative costs included in the agency's 10% reduction schedule.
Total, Goal G, OFFICE OF INSPECTOR GENERAL	\$98,985,329	\$92,300,251	(\$6,685,078)	(6.8%)	
Grand Total, All Strategies	\$40,782,618,434	\$30,879,309,924	(\$9,903,308,510)	(24.3%)	

**Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- GR & GR DEDICATED FUNDS**

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
ENTERPRISE OVERSIGHT & POLICY A.1.1	\$41,368,204	\$21,861,839	(\$19,506,365)	(47.2%)	
INTEGRATED ELIGIBILITY & ENROLLMENT A.1.2	\$707,654,373	\$708,347,754	\$693,381	0.1%	Maintains eligibility determination funding and full-time equivalents (FTEs). Increase in General Revenue funds related to less favorable Federal Medical Assistance Percentage (FMAP).
CONSOLIDATED SYSTEM SUPPORT A.2.1	\$49,110,925	\$34,508,298	(\$14,602,627)	(29.7%)	
Total, Goal A, HHS ENTERPRISE OVERSIGHT & POLICY	\$798,133,502	\$764,717,891	(\$33,415,611)	(4.2%)	Reductions in grant programs, administrative costs, IT daily operations, and capital projects across Goal A.
MEDICARE AND SSI B.1.1	\$1,500,622,488	\$1,415,861,638	(\$84,760,850)	(5.6%)	
TANF ADULTS & CHILDREN B.1.2	\$554,106,832	\$517,417,221	(\$36,689,611)	(6.6%)	
PREGNANT WOMEN B.1.3	\$722,613,797	\$687,805,967	(\$34,807,830)	(4.8%)	
CHILDREN & MEDICALLY NEEDY B.1.4	\$2,823,889,504	\$1,104,007,225	(\$1,719,882,279)	(60.9%)	Method of Finance swap related to Rider 62, Higher FMAP Assumption. Reductions related to Rider 61, Medicaid Funding Reduction, realized in this strategy.
MEDICARE PAYMENTS B.1.5	\$675,500,620	\$762,473,347	\$86,972,727	12.9%	Required to maintain federally-mandated Medicare reimbursement rates.
STAR+PLUS (INTEGRATED MANAGED CARE) B.1.6	\$1,072,499,486	\$1,035,920,190	(\$36,579,296)	(3.4%)	Patients shifting from strategy B.1.1, Medicare and SSI, into this strategy with the expansion of STAR+PLUS in Dallas/Tarrant Counties.
COST REIMBURSED SERVICES B.2.1	\$273,374,703	\$290,376,201	\$17,001,498	6.2%	Required to maintain federally-mandated Medicare reimbursement rates.
MEDICAID VENDOR DRUG PROGRAM B.2.2	\$1,915,437,568	\$2,142,162,029	\$226,724,461	11.8%	Increases are a result of lower FMAP, higher prescription costs, and increased number of prescriptions.
MEDICAL TRANSPORTATION B.2.3	\$228,253,006	\$208,861,725	(\$19,391,281)	(8.5%)	
MEDICAID FAMILY PLANNING (FFS) B.2.4	\$7,847,653	\$7,011,650	(\$836,003)	(10.7%)	
UPPER PAYMENT LIMIT B.2.5	\$25,000,000	\$0	(\$25,000,000)	(100.0%)	Elimination of children's hospital UPL.
HEALTH STEPS (EPSDT) MEDICAL (FFS) B.3.1	\$92,519,317	\$104,052,251	\$11,532,934	12.5%	
HEALTH STEPS (EPSDT) DENTAL B.3.2	\$859,294,480	\$837,137,538	(\$22,156,942)	(2.6%)	
EPSDT COMPREHENSIVE CARE PROG (FFS) B.3.3	\$466,619,348	\$443,853,976	(\$22,765,372)	(4.9%)	

Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- GR & GR DEDICATED FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
STATE MEDICAID OFFICE B.4.1	\$3,013,022	\$2,494,037	(\$518,985)	(17.2%)	Administrative reductions.
MANAGED CARE EXPANSION B.4.2	\$0	\$171,250,664	\$171,250,664	100.0%	Expansion of Managed Care -- transfer of GR from DADS offset by anticipated savings.
Total, Goal B, MEDICAID	\$11,220,591,824	\$9,730,685,659	(\$1,489,906,165)	(13.3%)	Funding levels include a 10% provider rate reduction, cost reductions, administrative reductions and expansion of managed care.
CHIP C.1.1	\$369,933,782	\$391,962,172	\$22,028,390	6.0%	Increase for influx of State Kids Insurance Program eligible children moving from ERS to HHSC CHIP caseload.
IMMIGRANT HEALTH INSURANCE C.1.2	\$28,841,080	\$13,423,552	(\$15,417,528)	(53.5%)	Federal Funds matching for Legal Permanent Residents results in GR savings.
SCHOOL EMPLOYEE CHILDREN INSURANCE C.1.3	\$47,349,639	\$14,217,790	(\$33,131,849)	(70.0%)	Federal Funds matching for School Employee children results in GR savings.
CHIP PERINATAL SERVICES C.1.4	\$150,632,592	\$109,280,229	(\$41,352,363)	(27.5%)	Infants of certain mothers in the CHIP Perinatal program will now be served in Medicaid, resulting in a decrease in CHIP Perinatal caseload.
CHIP VENDOR DRUG PROGRAM C.1.5	\$97,303,743	\$97,467,857	\$164,114	0.2%	Increases are a result of lower EFMAP, higher prescription costs, and increased number of prescriptions.
Total, Goal C, CHIP SERVICES	\$694,060,836	\$626,351,600	(\$67,709,236)	(9.8%)	Overall, a net caseload decline in CHIP program and 10% provider rate reductions.
TANF (CASH ASSISTANCE) GRANTS D.1.1	\$150,871,174	\$141,087,475	(\$9,783,699)	(6.5%)	Reduction in GR related to reduction in ARRA-related Emergency Contingency Funding.
REFUGEE ASSISTANCE D.1.2	\$0	\$0	\$0	0.0%	100% Federally Funded.
DISASTER ASSISTANCE D.1.3	\$0	\$0	\$0	0.0%	100% Federally Funded.
FAMILY VIOLENCE SERVICES D.2.1	\$21,756,573	\$21,510,764	(\$245,809)	(1.1%)	Reductions for travel and other operating costs included in agency's 10% reduction schedule.
ALTERNATIVES TO ABORTION D.2.2	\$3,000,000	\$3,300,000	\$300,000	10.0%	Maintenance of grant program.
Total, Goal D, ENCOURAGE SELF SUFFICIENCY	\$175,627,747	\$165,898,239	(\$9,729,508)	(5.5%)	
CENTRAL PROGRAM SUPPORT E.1.1	\$13,458,463	\$12,125,556	(\$1,332,907)	(9.9%)	
IT PROGRAM SUPPORT E.1.2	\$15,143,407	\$12,673,764	(\$2,469,643)	(16.3%)	
REGIONAL PROGRAM SUPPORT E.1.3	\$12,606,934	\$10,633,460	(\$1,973,474)	(15.7%)	
Total, Goal E, PROGRAM SUPPORT	\$41,208,804	\$35,432,780	(\$5,776,024)	(14.0%)	Reductions in administrative costs, IT daily operations, and capital projects.

Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- GR & GR DEDICATED FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
TIERS & ELIGIBILITY TECHNOLOGIES F.1.1	\$79,037,116	\$66,121,457	(\$12,915,659)	(16.3%)	Decreases in TIERS capital as the program cost shift to maintenance and operations.
Total, Goal F, INFORMATION TECHNOLOGY PROJECTS	\$79,037,116	\$66,121,457	(\$12,915,659)	(16.3%)	
OFFICE OF INSPECTOR GENERAL G.1.1	\$31,297,450	\$29,267,956	(\$2,029,494)	(6.5%)	Reductions for administrative costs included in the agency's 10% reductions schedule.
Total, Goal G, OFFICE OF INSPECTOR GENERAL	\$31,297,450	\$29,267,956	(\$2,029,494)	(6.5%)	
Grand Total, All Strategies	\$13,039,957,279	\$11,418,475,582	(\$1,621,481,697)	(12.4%)	

Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- Supplemental, by strategy

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
ENTERPRISE OVERSIGHT & POLICY A.1.1	\$95,316,467	\$75,258,002	(\$20,058,465)	(21.0%)	Reductions in administrative costs and grant programs.
GENERAL REVENUE FUNDS	\$41,368,204	\$21,861,839	(\$19,506,365)	(47.2%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$30,953,993	\$36,833,886	\$5,879,893	19.0%	Increase for a federal grant to promote health information technology.
OTHER FUNDS	\$22,994,270	\$16,562,277	(\$6,431,993)	(28.0%)	
INTEGRATED ELIGIBILITY & ENROLLMENT A.1.2	\$1,586,106,548	\$1,543,048,486	(\$43,058,062)	(2.7%)	Reductions in administrative costs and grant programs.
GENERAL REVENUE FUNDS	\$707,654,373	\$708,347,754	\$693,381	0.1%	Maintained funding and FTE cap for eligibility determination substrategy. Also impacted by less favorable FMAP.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$842,106,985	\$811,211,719	(\$30,895,266)	(3.7%)	Decreases for less favorable FMAP, loss of ARRA FMAP, and one-time stimulus Supplemental Nutrition Assistance Program (SNAP) grant.
OTHER FUNDS	\$36,345,190	\$23,489,013	(\$12,856,177)	(35.4%)	
CONSOLIDATED SYSTEM SUPPORT A.2.1	\$261,621,203	\$207,001,471	(\$54,619,732)	(20.9%)	Reductions in administrative costs, grant programs, and capital projects.
GENERAL REVENUE FUNDS	\$49,110,925	\$34,508,298	(\$14,602,627)	(29.7%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$41,837,348	\$41,707,400	(\$129,948)	(0.3%)	
OTHER FUNDS	\$170,672,930	\$130,785,773	(\$39,887,157)	(23.4%)	
Total, Goal A, HHS ENTERPRISE OVERSIGHT & POLICY	\$1,943,044,218	\$1,825,307,959	(\$117,736,259)	(6.1%)	
GENERAL REVENUE FUNDS	\$798,133,502	\$764,717,891	(\$33,415,611)	(4.2%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$914,898,326	\$889,753,005	(\$25,145,321)	(2.7%)	
OTHER FUNDS	\$230,012,390	\$170,837,063	(\$59,175,327)	(25.7%)	
MEDICARE AND SSI B.1.1	\$4,748,035,925	\$3,317,259,212	(\$1,430,776,713)	(30.1%)	Provider rate reductions, loss of ARRA FMAP matching rate, decreases for optional Medicaid services.
GENERAL REVENUE FUNDS	\$1,500,622,488	\$1,415,861,638	(\$84,760,850)	(5.6%)	Caseload shifting to strategy B.1.6, STAR+PLUS.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$3,247,413,437	\$1,901,397,574	(\$1,346,015,863)	(41.4%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- Supplemental, by strategy

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
TANF ADULTS & CHILDREN B.1.2	\$1,756,494,813	\$1,216,151,853	(\$540,342,960)	(30.8%)	Provider rate reductions, loss of ARRA FMAP matching rate.
GENERAL REVENUE FUNDS	\$554,106,832	\$517,417,221	(\$36,689,611)	(6.6%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,202,387,981	\$698,734,632	(\$503,653,349)	(41.9%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
PREGNANT WOMEN B.1.3	\$2,319,801,560	\$1,635,822,728	(\$683,978,832)	(29.5%)	Provider rate reductions, loss of ARRA FMAP matching rate.
GENERAL REVENUE FUNDS	\$722,613,797	\$687,805,967	(\$34,807,830)	(4.8%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,597,187,763	\$948,016,761	(\$649,171,002)	(40.6%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
CHILDREN & MEDICALLY NEEDY B.1.4	\$9,258,653,983	\$5,918,153,783	(\$3,340,500,200)	(36.1%)	Provider rate reductions, loss of ARRA FMAP matching rate.
GENERAL REVENUE FUNDS	\$2,823,889,504	\$1,104,007,225	(\$1,719,882,279)	(60.9%)	Allocation of \$1.0 Billion GR reduction for MOF swap related to Rider 62 and \$450 million GR reduction related to rider 61.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$6,310,008,577	\$4,687,162,456	(\$1,622,846,121)	(25.7%)	Allocation of \$1.0 Billion FF increase for MOF swap related to Rider 62.
OTHER FUNDS	\$124,755,902	\$126,984,102	\$2,228,200	1.8%	
MEDICARE PAYMENTS B.1.5	\$2,216,464,028	\$1,860,447,688	(\$356,016,340)	(16.1%)	Loss of ARRA FMAP matching rate.
GENERAL REVENUE FUNDS	\$675,500,620	\$762,473,347	\$86,972,727	12.9%	Increase due to requirement to pay federally-mandated Medicare rates.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,540,963,408	\$1,097,974,341	(\$442,989,067)	(28.7%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
STAR+PLUS (INTEGRATED MANAGED CARE) B.1.6	\$3,400,239,280	\$2,453,613,443	(\$946,625,837)	(27.8%)	Provider rate reductions, loss of ARRA FMAP matching rate.
GENERAL REVENUE FUNDS	\$1,072,499,486	\$1,035,920,190	(\$36,579,296)	(3.4%)	Shifting of client services from strategy B.1.1, Medicare and SSI.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$2,327,739,794	\$1,417,693,253	(\$910,046,541)	(39.1%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- Supplemental, by strategy

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
COST REIMBURSED SERVICES B.2.1	\$1,321,356,179	\$1,100,716,893	(\$220,639,286)	(16.7%)	Loss of ARRA FMAP matching rate.
GENERAL REVENUE FUNDS	\$273,374,703	\$290,376,201	\$17,001,498	6.2%	Increase due to requirement to pay federally-mandated Medicare rates.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$971,504,172	\$733,863,388	(\$237,640,784)	(24.5%)	
OTHER FUNDS	\$76,477,304	\$76,477,304	\$0	0.0%	
MEDICAID VENDOR DRUG PROGRAM B.2.2	\$5,233,753,653	\$4,313,274,175	(\$920,479,478)	(17.6%)	Loss of ARRA FMAP matching rate.
GENERAL REVENUE FUNDS	\$1,915,437,568	\$2,142,162,029	\$226,724,461	11.8%	Increase due to less favorable FMAP, and increases in number and cost of prescription drugs.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$3,318,292,365	\$2,171,079,800	(\$1,147,212,565)	(34.6%)	
OTHER FUNDS	\$23,720	\$32,346	\$8,626	36.4%	
MEDICAL TRANSPORTATION B.2.3	\$456,506,010	\$412,288,096	(\$44,217,914)	(9.7%)	Provider rate reductions.
GENERAL REVENUE FUNDS	\$228,253,006	\$208,861,725	(\$19,391,281)	(8.5%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$228,253,004	\$203,426,371	(\$24,826,633)	(10.9%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
MEDICAID FAMILY PLANNING (FFS) B.2.4	\$73,563,735	\$66,410,598	(\$7,153,137)	(9.7%)	Provider rate reductions.
GENERAL REVENUE FUNDS	\$7,847,653	\$7,011,650	(\$836,003)	(10.7%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$65,716,082	\$59,398,948	(\$6,317,134)	(9.6%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
UPPER PAYMENT LIMIT B.2.5	\$100,368,470	\$0	(\$100,368,470)	(100.0%)	Elimination of UPL to children's hospitals.
GENERAL REVENUE FUNDS	\$25,000,000	\$0	(\$25,000,000)	(100.0%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$75,368,470	\$0	(\$75,368,470)	(100.0%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- Supplemental, by strategy

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
HEALTH STEPS (EPSDT) MEDICAL (FFS) B.3.1	\$229,302,307	\$207,066,832	(\$22,235,475)	(9.7%)	Provider rate reductions, loss of ARRA FMAP matching rate.
GENERAL REVENUE FUNDS	\$92,519,317	\$104,052,251	\$11,532,934	12.5%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$136,782,990	\$103,014,581	(\$33,768,409)	(24.7%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
HEALTH STEPS (EPSDT) DENTAL B.3.2	\$2,719,944,439	\$1,982,626,727	(\$737,317,712)	(27.1%)	Provider rate reductions, loss of ARRA FMAP matching rate.
GENERAL REVENUE FUNDS	\$859,294,480	\$837,137,538	(\$22,156,942)	(2.6%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,860,649,959	\$1,145,489,189	(\$715,160,770)	(38.4%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
EPSDT COMPREHENSIVE CARE PROG (FFS) B.3.3	\$1,466,469,054	\$1,051,546,560	(\$414,922,494)	(28.3%)	Provider rate reductions, loss of ARRA FMAP matching rate.
GENERAL REVENUE FUNDS	\$466,619,348	\$443,853,976	(\$22,765,372)	(4.9%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$999,849,706	\$607,692,584	(\$392,157,122)	(39.2%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
STATE MEDICAID OFFICE B.4.1	\$66,101,170	\$63,806,946	(\$2,294,224)	(3.5%)	Reductions in administrative functions.
GENERAL REVENUE FUNDS	\$3,013,022	\$2,494,037	(\$518,985)	(17.2%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$63,068,148	\$61,312,909	(\$1,755,239)	(2.8%)	
OTHER FUNDS	\$20,000	\$0	(\$20,000)	(100.0%)	One-time appropriated receipts
MANAGED CARE EXPANSION B.4.2	\$0	\$422,046,795	\$422,046,795	100.0%	Expansion of Managed Care model of service based on HHSC caseload and cost
GENERAL REVENUE FUNDS	\$0	\$171,250,664	\$171,250,664	100.0%	estimates. Involves transfer of funds from DADS and an estimated Article II net
GR DEDICATED	\$0	\$0	\$0	0.0%	savings of \$367 million in General Revenue Funds.
FEDERAL FUNDS	\$0	\$250,796,131	\$250,796,131	100.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- Supplemental, by strategy

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
Total, Goal B, MEDICAID	\$35,367,054,606	\$26,021,232,329	(\$9,345,822,277)	(26.4%)	
GENERAL REVENUE FUNDS	\$11,220,591,824	\$9,730,685,659	(\$1,489,906,165)	(13.3%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$23,945,185,856	\$16,087,052,918	(\$7,858,132,938)	(32.8%)	
OTHER FUNDS	\$201,276,926	\$203,493,752	\$2,216,826	1.1%	
CHIP C.1.1	\$1,289,191,823	\$1,306,843,213	\$17,651,390	1.4%	Increase for transition of SKIP children into CHIP program, offset by rate reductions and lower regular EFMAP matching rate.
GENERAL REVENUE FUNDS	\$369,933,782	\$391,962,172	\$22,028,390	6.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$918,382,624	\$914,881,041	(\$3,501,583)	(0.4%)	
OTHER FUNDS	\$875,417	\$0	(\$875,417)	(100.0%)	One-time appropriated receipts.
IMMIGRANT HEALTH INSURANCE C.1.2	\$53,732,658	\$45,583,175	(\$8,149,483)	(15.2%)	The CHIP program for Legal Permanent Residents has begun to draw down Federal Matching Funds, reducing General Revenue Funds and increasing Federal Funds by a like amount.
GENERAL REVENUE FUNDS	\$28,841,080	\$13,423,552	(\$15,417,528)	(53.5%)	Also includes provider rate reductions.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$24,891,578	\$32,159,623	\$7,268,045	29.2%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
SCHOOL EMPLOYEE CHILDREN INSURANCE C.1.3	\$47,349,639	\$48,280,216	\$930,577	2.0%	The CHIP program for School Employee children will be eligible to draw down Federal Matching Funds, reducing General Revenue Funds and increasing Federal Funds by a like amount.
GENERAL REVENUE FUNDS	\$47,349,639	\$14,217,790	(\$33,131,849)	(70.0%)	Also includes provider rate reductions
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$34,062,426	\$34,062,426	100.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- Supplemental, by strategy

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
CHIP PERINATAL SERVICES C.1.4	\$531,002,473	\$371,123,960	(\$159,878,513)	(30.1%)	Per federal requirements, infants of certain mothers in the CHIP Perinatal program must be served in the Medicaid program. There is a significant shift of caseload from CHIP Perinatal into the Medicaid program. Also includes provider rate reductions
GENERAL REVENUE FUNDS	\$150,632,592	\$109,280,229	(\$41,352,363)	(27.5%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$380,369,881	\$261,843,731	(\$118,526,150)	(31.2%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
CHIP VENDOR DRUG PROGRAM C.1.5	\$306,360,889	\$330,977,405	\$24,616,516	8.0%	Increase due to less favorable EFMAP, and increases in number and cost of prescription drugs.
GENERAL REVENUE FUNDS	\$97,303,743	\$97,467,857	\$164,114	0.2%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$209,057,146	\$233,509,548	\$24,452,402	11.7%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
Total, Goal C, CHIP SERVICES	\$2,227,637,482	\$2,102,807,969	(\$124,829,513)	(5.6%)	Overall, reductions in relation to an anticipated net decrease in children being served in the CHIP program, a less favorable EFMAP, and provider rate reductions.
GENERAL REVENUE FUNDS	\$694,060,836	\$626,351,600	(\$67,709,236)	(9.8%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,532,701,229	\$1,476,456,369	(\$56,244,860)	(3.7%)	
OTHER FUNDS	\$875,417	\$0	(\$875,417)	(100.0%)	
TANF (CASH ASSISTANCE) GRANTS D.1.1	\$273,385,755	\$247,827,663	(\$25,558,092)	(9.3%)	Reductions related to one-time stimulus-related TANF Emergency Contingency Funds.
GENERAL REVENUE FUNDS	\$150,871,174	\$141,087,475	(\$9,783,699)	(6.5%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$122,514,581	\$106,740,188	(\$15,774,393)	(12.9%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
REFUGEE ASSISTANCE D.1.2	\$80,327,772	\$80,327,772	\$0	0.0%	100% federally funded.
GENERAL REVENUE FUNDS	\$0	\$0	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$80,327,772	\$80,327,772	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- Supplemental, by strategy

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
DISASTER ASSISTANCE D.1.3	\$245,640,039	\$0	(\$245,640,039)	(100.0%)	100% federally funded emergency-related grants.
GENERAL REVENUE FUNDS	\$0	\$0	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$245,640,039	\$0	(\$245,640,039)	(100.0%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
FAMILY VIOLENCE SERVICES D.2.1	\$51,605,000	\$51,093,715	(\$511,285)	(1.0%)	Reductions for administrative costs and travel.
GENERAL REVENUE FUNDS	\$21,756,573	\$20,422,936	(\$1,333,637)	(6.1%)	Method of Finance swap with GR-D funds.
GR DEDICATED	\$0	\$1,087,828	\$1,087,828	100.0%	Method of Finance swap with GR funds.
FEDERAL FUNDS	\$29,848,427	\$29,582,951	(\$265,476)	(0.9%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
ALTERNATIVES TO ABORTION D.2.2	\$8,000,000	\$8,300,000	\$300,000	3.8%	Maintenance of grant program.
GENERAL REVENUE FUNDS	\$3,000,000	\$3,300,000	\$300,000	10.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$5,000,000	\$5,000,000	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
Total, Goal D, ENCOURAGE SELF SUFFICIENCY	\$658,958,566	\$387,549,150	(\$271,409,416)	(41.2%)	
GENERAL REVENUE FUNDS	\$175,627,747	\$164,810,411	(\$10,817,336)	(6.2%)	
GR DEDICATED	\$0	\$1,087,828	\$1,087,828	100.0%	
FEDERAL FUNDS	\$483,330,819	\$221,650,911	(\$261,679,908)	(54.1%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
CENTRAL PROGRAM SUPPORT E.1.1	\$32,463,831	\$29,607,177	(\$2,856,654)	(8.8%)	Reductions for administrative costs included in the agency's 10% reduction schedule and for IT Daily Operations costs.
GENERAL REVENUE FUNDS	\$13,458,463	\$12,125,556	(\$1,332,907)	(9.9%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$13,434,344	\$12,183,543	(\$1,250,801)	(9.3%)	
OTHER FUNDS	\$5,571,024	\$5,298,078	(\$272,946)	(4.9%)	

Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- Supplemental, by strategy

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
IT PROGRAM SUPPORT E.1.2	\$32,676,648	\$28,498,307	(\$4,178,341)	(12.8%)	Reductions for administrative costs included in the agency's 10% reduction schedule and for IT Daily Operations costs.
GENERAL REVENUE FUNDS	\$15,143,407	\$12,673,764	(\$2,469,643)	(16.3%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$13,659,062	\$11,841,419	(\$1,817,643)	(13.3%)	
OTHER FUNDS	\$3,874,179	\$3,983,124	\$108,945	2.8%	
REGIONAL PROGRAM SUPPORT E.1.3	\$238,695,078	\$250,771,448	\$12,076,370	5.1%	Reductions for administrative costs included in the agency's 10% reduction schedule and for IT Daily Operations costs.
GENERAL REVENUE FUNDS	\$12,606,934	\$10,633,460	(\$1,973,474)	(15.7%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$12,639,523	\$11,073,502	(\$1,566,021)	(12.4%)	
OTHER FUNDS	\$213,448,621	\$229,064,486	\$15,615,865	7.3%	
Total, Goal E, PROGRAM SUPPORT	\$303,835,557	\$308,876,932	\$5,041,375	1.7%	Increase in interagency contracts due to agency cost-allocation for ongoing capital projects.
GENERAL REVENUE FUNDS	\$41,208,804	\$35,432,780	(\$5,776,024)	(14.0%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$39,732,929	\$35,098,464	(\$4,634,465)	(11.7%)	
OTHER FUNDS	\$222,893,824	\$238,345,688	\$15,451,864	6.9%	
TIERS & ELIGIBILITY TECHNOLOGIES F.1.1	\$183,102,676	\$141,235,334	(\$41,867,342)	(22.9%)	Reduction as program costs shift from capital to maintenance and operations.
GENERAL REVENUE FUNDS	\$79,037,116	\$66,121,457	(\$12,915,659)	(16.3%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$82,540,872	\$70,680,647	(\$11,860,225)	(14.4%)	
OTHER FUNDS	\$21,524,688	\$4,433,230	(\$17,091,458)	(79.4%)	
Total, Goal F, INFORMATION TECHNOLOGY PROJECTS	\$183,102,676	\$141,235,334	(\$41,867,342)	(22.9%)	
GENERAL REVENUE FUNDS	\$79,037,116	\$66,121,457	(\$12,915,659)	(16.3%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$82,540,872	\$70,680,647	(\$11,860,225)	(14.4%)	
OTHER FUNDS	\$21,524,688	\$4,433,230	(\$17,091,458)	(79.4%)	

Health and Human Services Commission
Summary of Recommendations - Senate, By Method of Finance -- Supplemental, by strategy

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
OFFICE OF INSPECTOR GENERAL G.1.1	\$98,985,329	\$92,300,251	(\$6,685,078)	(6.8%)	Reductions for administrative costs included in the agency's 10% reduction schedule.
GENERAL REVENUE FUNDS	\$31,297,450	\$29,267,956	(\$2,029,494)	(6.5%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$45,079,540	\$40,659,342	(\$4,420,198)	(9.8%)	
OTHER FUNDS	\$22,608,339	\$22,372,953	(\$235,386)	(1.0%)	
Total, Goal G, OFFICE OF INSPECTOR GENERAL	\$98,985,329	\$92,300,251	(\$6,685,078)	(6.8%)	
GENERAL REVENUE FUNDS	\$31,297,450	\$29,267,956	(\$2,029,494)	(6.5%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$45,079,540	\$40,659,342	(\$4,420,198)	(9.8%)	
OTHER FUNDS	\$22,608,339	\$22,372,953	(\$235,386)	(1.0%)	
Grand Total, All Agency	\$40,782,618,434	\$30,879,309,924	(\$9,903,308,510)	(24.3%)	
GENERAL REVENUE FUNDS	\$13,039,957,279	\$11,417,387,754	(\$1,622,569,525)	(12.4%)	
GR DEDICATED	\$0	\$1,087,828	\$1,087,828	100.0%	
FEDERAL FUNDS	\$27,043,469,571	\$18,821,351,656	(\$8,222,117,915)	(30.4%)	
OTHER FUNDS	\$699,191,584	\$639,482,686	(\$59,708,898)	(8.5%)	

**Health and Human Services Commission
Selected Fiscal and Policy Issues**

Medicaid1. Rate and Cost Reductions.

- Cost is held to fiscal year 2011 costs, which include a 1% provider rate reduction from the 5% reduction plan implemented in 2010-11 and reductions for one-time rate increases under Article II, Special Provisions Section 54, General Appropriations Act 2010-11.
- The introduced bill includes a 10% provider rate reduction totaling **\$1,125.7 million** in General Revenue Funds over the biennium.
- HMO premiums are held to fiscal year 2010 levels before being reduced by 10% to account for increases in rates in fiscal year 2011, despite the 1% rate reduction. The biennial cost savings realized is approximately **\$217.7 million** in General Revenue Funds.
- Medicaid optional services are reduced by **\$45.0 million** in General Revenue Funds over the biennium (approximately 10% of agency estimates of Medicaid optional services costs).
- The introduced bill reduces fees that have increased over the past two biennia. This includes a \$1 reduction for Vendor Drug Dispensing Fee, a fee paid to pharmacies per prescription, resulting in a biennial savings of approximately **\$26.8 million** in General Revenue Funds. Fee reductions also include a \$1 reduction to Primary Care Case Management (PCCM) fees paid to primary care providers for managing patient care, resulting in a biennial savings of approximately **\$8.0 million** in General Revenue Funds.
- Children's hospital upper payment limit (UPL) payments, which are solely funded with General Revenue Funds, are reduced by 100%. "UPL" is defined in federal regulations as the difference between what Medicaid actually paid for a service and what Medicare would have paid for the same service. This reduction results in a biennial savings of **\$25.0 million** in General Revenue Funds.
- General administrative reductions in travel, contract costs, IT costs, and unfilled positions result in a biennial savings of approximately **\$38.2 million** in General Revenue Funds.
- Rider 61 outlines savings initiatives for HHSC to achieve a reduction of **\$450.0 million** in General Revenue Funds included in the introduced bill in the Medicaid strategies. These savings can be allocated across the health and human services agencies.
- Rider 62 assumes Texas will receive a more favorable FMAP over the biennium and reduces Medicaid by **\$1.0 billion** in General Revenue Funds and increases Federal Funds by the same amount.

2. Managed Care Expansion. HHSC included a request for expansion of the managed care model for the provision of Medicaid and CHIP services as a cost savings mechanism in the Legislative Appropriations Request (LAR) document. The introduced bill includes the costs and savings of the expansion of the managed care model. In strategy B.4.2, Expansion of Managed Care, there is a biennial increase of **\$171.3 million** in General Revenue Funds. This is the net total of the transfer of funding from DADS (for the provision of certain long-term care services related to the expansion of managed care to contiguous and urban counties and to South Texas) totaling **\$524.5 million** in General Revenue Funds and the savings realized at HHSC through the managed care model, totaling **\$353.2 million** in General Revenue Funds. Managed Care expansion at HHSC will also include the expansion of the Exclusive Provider Organization (EPO) model to rural counties, the capitation of Medicaid dental services, the "carving-in" of hospital costs to STAR+PLUS managed care premiums, and the capitation of Medicaid and CHIP Vendor Drug programs. (See also supplemental schedules Managed Care Expansion – Cost/(Savings) and Transfers.) *Please note, the cost and savings estimates are from HHSC and assume HHSC projected caseload and full cost estimates.*

Children's Health Insurance Program (CHIP)

3. Caseload. There are multiple factors contributing to caseload shifts in CHIP, resulting in a net CHIP caseload decline. Continued population growth and increases in poverty levels have contributed to caseload growth across most CHIP strategies. An influx of children from the State Kids Insurance Program (see Selected and Fiscal Policy Issues, Item 5) contributes to the caseload growth in strategy C.1.1, Children's Health Insurance Program. Changes in federal guidelines that require Medicaid-eligible infants born to certain women in the CHIP Perinatal program to receive services through Medicaid will result in a decrease in caseloads in strategy C.1.4, CHIP Perinatal Services.
4. Rate and Cost Reductions.
 - Cost is held to fiscal year 2011 levels, which include a 1% provider rate reduction from the 5% reduction plan implemented in 2010-11.
 - Provider rates are reduced by 10%, a reduction of **\$56.4 million** in General Revenue Funds.
 - The introduced bill reduces Vendor Drug Dispensing fees in CHIP by \$1, resulting in a reduction of **\$1.5 million** in General Revenue Funds.
5. New Enhanced Federal Medical Assistance Percentage (EFMAP) Matching Eligibility. Changes in federal regulations have resulted in federal matching funds being available for specific populations that were previously funded only with General Revenue Funds.
 - Beginning in May 2010, General Revenue funding for Legal Permanent Residents in the CHIP program is matched at EFMAP. The bill includes a decrease of **\$16.7 million** in General Revenue funds (including CHIP Vendor Drug) compared to 2010-11 expenditure levels.
 - The bill assumes changes in federal guidelines as a result of the enactment of the Patient Protection and Affordable Care Act (PPACA) of 2010 that will allow the state to draw down federal matching funds for School Employee Children Insurance. The bill includes a reduction in strategy C.1.3, School Employee Children Insurance, of **\$41.6 million** in General Revenue Funds (including CHIP Vendor Drug) and a corresponding increase in Federal Funds.
 - Changes in federal guidelines as a result of PPACA will also allow the state to draw down federal matching funds for the State Kids Insurance Program (SKIP), funded in the current biennium at the Employees Retirement System (ERS). SKIP kids are eligible for CHIP with the exception of the state employment of one or both parents. It is assumed that children of state employees will be eligible for CHIP if there is no available alternative insurance program. As a result, there will no longer be appropriations for the SKIP program at ERS; it is assumed in the bill that all SKIP-eligible children will transition into the CHIP program beginning in fiscal year 2012. The funding for strategy C.1.1, Children's Health Insurance Program, includes an increase of **\$10.9 million** in General Revenue for the increase of caseload due to the influx of SKIP children. The estimated biennial net savings to the state (realized at ERS) for providing services to state employee children in CHIP in lieu of SKIP is **\$15.9 million** in General Revenue Funds. (See also supplemental schedule Transition of SKIP children into CHIP.)

Section 3

Health and Human Services Commission Selected Fiscal and Policy Issues

Other HHSC Programs

6. Reduction to Grant Programs. The introduced bill reduces funding or pauses a variety of grant programs that could be restarted if funding becomes available. General Revenue Funds reductions from the grant programs total **\$19.7 million** and include:
 - \$1,259,486 in the Guardianship program
 - \$654,080 in the Community Resources Coordination Groups and Texas Integrated Funding Initiative programs
 - \$5,000,000 in Umbilical Cord Blood Bank grants
 - \$282,524 in the Office of Acquired Brain Injury
 - \$282,000 in the Office for the Elimination of Health Disparities
 - \$232,864 in the Office for the Prevention of Developmental Disabilities
 - \$5,600,000 in the Nurse Family Partnership Program (50% reduction)
 - \$6,120,982 in the Healthy Marriage program
 - \$511,285 in Family Violence Services

7. Temporary Assistance for Needy Families (TANF). Increases in TANF caseloads continue as a result of the economic downturn. The introduced bill includes funding for the Maintenance of Effort (MOE) level of **\$62.9 million** in General Revenue MOE for TANF and continuing the TANF State Program for two-parent families. The bill maintains the average grant per TANF recipient at 17% of FPL. There is an overall decrease of **\$25.6 million** in All Funds in strategy D.1.1, Temporary Assistance for Needy Families Grants, as a result of the termination of ARRA-related TANF Emergency Contingency Funding (ECF). General Revenue funding was increased in fiscal years 2010-11 to maximize the receipt of TANF ECF funds, which were used for a one-time increase of grants to children in August 2009 and for pass-through funding to food banks for a pilot program for eligibility determination services. The expiration of TANF ECF results in a reduction of **\$14.8 million** in General Revenue.

8. Administrative and Informational Technology Daily Operations Reductions. There are administrative reductions across all strategies. HHSC outlined possible administrative savings in the LAR 10% reduction schedule; administrative functions at the sub-strategy level that were not directly impacted by reductions included in the 10% schedule were reduced by 5%. A total of **\$67.2 million** in General Revenue Funds (\$149.7 million in All Funds) was reduced in administrative and capital costs. HHSC Information Technology daily operations were reduced by **\$8.0 million** in All Funds.

9. Health Care Reform. Congress passed the PPACA of 2010 in March 2010. Provisions of the bill expand Medicaid eligibility to 133% of the Federal Poverty Level (FPL) and direct states to establish a Health Benefit Exchange, intended to create a more organized and competitive market for health insurance. These two changes will take effect January 1, 2014. HHSC will need to make system changes in order to implement the reforms of PPACA, but did not include cost estimates in the LAR. With the exception of the anticipated impact of the reform on vendor drug supplemental rebates – the state will receive a smaller share – **no funding for health care reform-related cost is assumed in the introduced bill.**

Section 3

Health and Human Services Commission Selected Fiscal and Policy Issues

10. American Recovery and Reinvestment Act (ARRA) of 2009 Funding. The ARRA enhanced Federal Medical Assistance Percentage (FMAP) will end June 2011. The introduced bill does not replace the **\$3.3 billion** in ARRA federal funding with General Revenue Funds, resulting in the loss of an estimated **\$4.3 billion** in matching Federal Funds.
11. Caseload growth. The introduced bill does not include funding to serve the projected number of eligible clients who will enroll in the Medicaid program or for anticipated increases in cost.

Managed Care Expansion - Cost/(Savings) and Transfers

	FY2012			FY2013			2012-13		
	GR	FF	All Funds	GR	FF	All Funds	GR	FF	All Funds
HHSC									
Managed Care Savings, Client Services	\$ (116,552,862)	\$ (186,215,965)	\$ (302,768,827)	\$ (246,141,677)	\$ (387,248,884)	\$ (633,390,561)	\$ (362,694,539)	\$ (573,464,849)	\$ (936,159,388)
Managed Care Savings, Administrative	\$ (8,251,070)	\$ (8,251,070)	\$ (16,502,140)	\$ (8,308,764)	\$ (8,308,764)	\$ (16,617,527)	\$ (16,559,834)	\$ (16,559,834)	\$ (33,119,667)
PCCM/Vendor Drug Offset	\$ 8,224,114	\$ 11,569,139	\$ 19,793,253	\$ 17,813,523	\$ 24,270,659	\$ 42,084,182	\$ 26,037,637	\$ 35,839,798	\$ 61,877,435
Subtotal	\$ (116,579,818)	\$ (182,897,896)	\$ (299,477,714)	\$ (236,636,918)	\$ (371,286,989)	\$ (607,923,906)	\$ (353,216,736)	\$ (554,184,885)	\$ (907,401,620)
Managed Care Transfer	\$ 177,136,693	\$ 271,879,005	\$ 449,015,698	\$ 347,330,707	\$ 533,102,011	\$ 880,432,718	\$ 524,467,400	\$ 804,981,016	\$ 1,329,448,416
Total	\$ 60,556,875	\$ 88,981,109	\$ 149,537,984	\$ 110,693,789	\$ 161,815,022	\$ 272,508,812	\$ 171,250,664	\$ 250,796,131	\$ 422,046,796
Admin FTEs			15.0			15.0			
DADS									
Managed Care Savings, Client Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Managed Care Savings, Administrative	\$ (4,837,161)	\$ (5,124,553)	\$ (9,961,714)	\$ (8,905,885)	\$ (9,437,149)	\$ (18,343,034)	\$ (13,743,046)	\$ (14,561,702)	\$ (28,304,748)
PCCM/Vendor Drug Offset	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ (4,837,161)	\$ (5,124,553)	\$ (9,961,714)	\$ (8,905,885)	\$ (9,437,149)	\$ (18,343,034)	\$ (13,743,046)	\$ (14,561,702)	\$ (28,304,748)
Managed Care Transfer	\$ (177,136,693)	\$ (271,879,005)	\$ (449,015,698)	\$ (347,330,707)	\$ (533,102,011)	\$ (880,432,718)	\$ (524,467,400)	\$ (804,981,016)	\$ (1,329,448,416)
Total	\$ (181,973,854)	\$ (277,003,558)	\$ (458,977,412)	\$ (356,236,592)	\$ (542,539,160)	\$ (898,775,752)	\$ (538,210,446)	\$ (819,542,718)	\$ (1,357,753,164)
Admin FTEs			(202.3)			(372.4)			
HHSC + DADS									
Managed Care Savings, Client Services	\$ (116,552,862)	\$ (186,215,965)	\$ (302,768,827)	\$ (246,141,677)	\$ (387,248,884)	\$ (633,390,561)	\$ (362,694,539)	\$ (573,464,849)	\$ (936,159,388)
Managed Care Savings, Administrative	\$ (13,088,231)	\$ (13,375,623)	\$ (26,463,854)	\$ (17,214,649)	\$ (17,745,913)	\$ (34,960,561)	\$ (30,302,880)	\$ (31,121,536)	\$ (61,424,415)
PCCM/Vendor Drug Offset	\$ 8,224,114	\$ 11,569,139	\$ 19,793,253	\$ 17,813,523	\$ 24,270,659	\$ 42,084,182	\$ 26,037,637	\$ 35,839,798	\$ 61,877,435
Subtotal	\$ (121,416,979)	\$ (188,022,449)	\$ (309,439,428)	\$ (245,542,803)	\$ (380,724,138)	\$ (626,266,940)	\$ (366,959,782)	\$ (568,746,587)	\$ (935,706,368)
Managed Care Transfer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ (121,416,979)	\$ (188,022,449)	\$ (309,439,428)	\$ (245,542,803)	\$ (380,724,138)	\$ (626,266,940)	\$ (366,959,782)	\$ (568,746,587)	\$ (935,706,368)
Admin FTEs			(187.3)			(357.4)			

Transition of State Kids Insurance Program (SKIP) children into Children's Health Insurance Program (CHIP)

	Current Data FY 2010	Forecast FY 2012	Forecast FY 2013	Biennial Total
Enrollees - average annual				
SKIP Families	6,315	6,318	6,472	12,790
CHIP Children	0	12,131	12,426	24,557
Annual Cost -- All Funds				
Premium Subsidy (ERS)*	\$ 1,719	\$ (1,719)	\$ (1,719)	\$ (3,438)
State Portion of Coverage (ERS)*	\$ 1,899	\$ (1,899)	\$ (1,899)	\$ (3,798)
Coverage in CHIP (HHSC)**	\$ -	\$ 1,507	\$ 1,507	\$ 3,014
Annual Cost -- General Revenue				
Premium Subsidy (ERS)	\$ 997	\$ (997)	\$ (997)	\$ (1,994)
State Portion of Coverage (ERS)	\$ 1,101	\$ (1,101)	\$ (1,101)	\$ (2,203)
Coverage in CHIP (HHSC)		\$ 439	\$ 449	\$ 888
Annual Total GR Cost/(Savings)				
Premium Subsidy (ERS)	\$ 6,296,621	\$ (6,299,612)	\$ (6,453,164)	\$ (12,752,776)
State Portion of Coverage (ERS)	\$ 6,955,907	\$ (6,959,211)	\$ (7,128,841)	\$ (14,088,052)
Coverage in CHIP (HHSC)	\$ -	\$ 5,322,325	\$ 5,577,147	\$ 10,899,472
Net GR Cost/(Savings)		\$ (7,936,498)	\$ (8,004,858)	\$ (15,941,356)

* SKIP costs included here are on a per family basis. Any family with a SKIP eligible child will receive the subsidy regardless of eligibility of other dependents.

** CHIP costs included here are per child.

Model assumes 9,500 children will enroll in CHIP in September 2011, and phase in rest of caseload over 6 months until enrollment mimics regular CHIP enrollment.

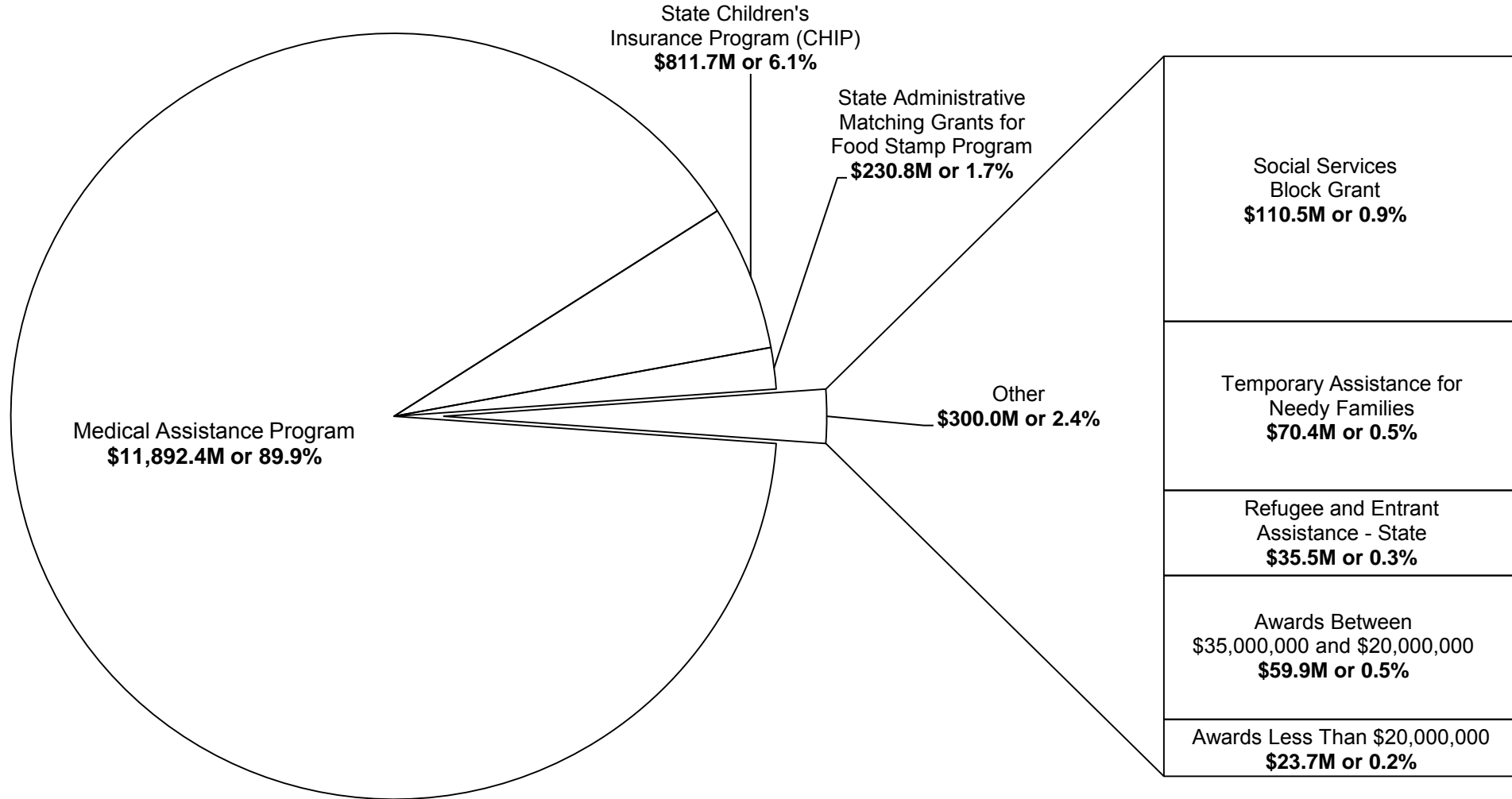
Model does not account for children ineligible for CHIP because of age, but who are currently covered under SKIP because of an eligible sibling. This population may keep insurance through ERS.

Model is calculated on CHIP provider rates included in introduced bill.

Health and Human Services Commission

Summary of Federal Funds (Estimated 2010)

TOTAL = \$13,234.9M



Section 3

Health and Human Services Commission
Summary of Federal Funds
TOTAL = \$13,234.9M

CFDA	Exp 2009	Est 2010	Bud 2011	Req 2012	Req 2013	Rec 2012	Rec 2013	Est 2010 % total
Medical Assistance Program	\$10,438.8	\$11,892.4	\$12,452.5	\$12,991.0	\$14,075.2	\$6,939.1	\$8,601.8	89.9%
State Children's Insurance Program (CHIP)	\$774.3	\$811.7	\$836.1	\$1,036.6	\$1,093.8	\$778.4	\$784.1	6.1%
State Administrative Matching Grants for Food Stamp Program	\$181.5	\$230.8	\$238.3	\$244.5	\$245.7	\$205.0	\$198.5	1.7%
Social Services Block Grant	\$38.0	\$110.5	\$83.8	\$0.2	\$0.2	\$0.1	\$0.1	0.8%
Temporary Assistance for Needy Families	\$101.3	\$70.4	\$77.5	\$74.5	\$79.6	\$88.0	\$91.7	0.5%
Refugee and Entrant Assistance - State	\$24.3	\$35.5	\$35.5	\$35.6	\$35.6	\$35.6	\$35.6	0.3%
TANF Emergency Contingency Fund - Stimulus	\$0.0	\$33.0	\$27.3	\$0.0	\$0.0	\$0.0	\$0.0	0.2%
Disaster Assistance Projects: Case Management Pilot	\$18.3	\$26.9	\$24.2	\$0.0	\$0.0	\$0.0	\$0.0	0.2%
Planning Health Care Access for the Uninsured	\$0.0	\$9.5	\$10.0	\$10.0	\$10.0	\$10.0	\$10.0	0.1%
Family Violence Prevention & Services	\$4.6	\$5.1	\$5.3	\$5.2	\$5.2	\$5.2	\$5.2	0.0%
Refugee and Entrant Assistance--Targeted Assistance	\$2.5	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	0.0%
Refugee and Entrant Assistance--Discretionary Grants	\$2.2	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	0.0%
Healthy Marriage Promotion & Responsible Fatherhood Grants	\$0.8	\$0.9	\$0.9	\$0.9	\$0.9	\$0.0	\$0.0	0.0%
State Grants to Promote Health Information Technology - Stimulus	\$0.0	\$0.8	\$6.7	\$12.7	\$7.8	\$12.7	\$7.8	0.0%
Federal Assistance - Individuals and Households Other Needs	\$97.2	\$0.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Survey & Certification: Health Care Providers & Suppliers	\$0.5	\$0.6	\$0.6	\$0.8	\$0.8	\$0.5	\$0.5	0.0%
Traumatic Brain Injury	\$0.0	\$0.3	\$0.3	\$0.3	\$0.3	\$0.0	\$0.0	0.0%
State Homeland Security Program	\$0.2	\$0.2	\$0.2	\$0.3	\$0.3	\$0.3	\$0.3	0.0%
Medicaid Transformation Grants	\$0.1	\$0.1	\$3.7	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
HIV/AIDS Demonstration Program	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	0.0%
Maternal and Child Health Federal	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	0.0%
Children s Justice Grants to States	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
CMHS Child Mental Health Service Initiative	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Child Abuse and Neglect Discretionary	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Comptroller Misc. Claims Fed Fnd Pymnts	\$0.0	\$0.0	\$0.0	\$7.7	\$4.3	\$0.0	\$0.0	0.0%
Food Stamps	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Projects of Regional and National Significance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Public Assistance Grants	\$25.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
TOTAL:	\$11,711.0	\$13,234.9	\$13,808.6	\$14,425.8	\$15,565.2	\$8,080.3	\$9,741.0	

Section 4

Health and Human Services Commission (HHSC)
Performance Review and Policy Report Highlights

Reports & Recommendations	GEER Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Is included in the Introduced Bill	Action Required During Session
Use Federal Data to Help Veterans Access Federal Benefits and Save State Funds	57					
1. Include a rider in Article IX that would direct HHSC, DADS, Texas Veterans Commission, and the Texas Veterans Land Board to enter into an interagency contract to establish a permanent workgroup to coordinate the use and analysis of the data received from the Public Assistance Reporting Information System (PARIS) and develop new strategies to use system data that could generate savings for the state. The workgroup would also be required to submit a report.					Article IX Sec 18.02	
2. Include a rider in HHSC's bill pattern to direct the agency to submit information to the U.S. Health and Human Services Department's Administration for Children and Families for participation in the PARIS system's Veterans and Federal Files information exchange quarterly. HHSC shall submit the necessary state data from all state health and human services programs that may serve veterans to receive results from the federal PARIS system and shall forward the necessary information received from the PARIS system to the appropriate state agencies for follow up and further investigation.					Rider 51	
3. Include a rider in HHSC's bill pattern to direct the agency to transfer \$50,000 of General Revenue Funds in fiscal year 2012 and \$50,000 in fiscal year 2013 to the Texas Veterans Commission (TVC) to partially fund 2.0 Full-time Equivalent (FTE) to work as veteran benefit counselors to investigate and analyze the information/data received from PARIS system. TVC's bill pattern also includes a rider to implement this recommendation (Rider 9).					Rider 51	

Section 4

Health and Human Services Commission (HHSC)
Performance Review and Policy Report Highlights

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Is included in the Introduced Bill	Action Required During Session
4. Include a rider in HHSC's bill pattern to direct the agency to develop a method to calculate savings and costs avoided from information/data received from the PARIS system which results in Medicaid beneficiaries or other state public assistance beneficiaries who are veterans to receive benefits/compensation from the U.S. Department of Veterans Affairs for which they are entitled.					Rider 51	
5. Include a rider in HHSC's bill pattern that would direct the agency to transfer ten percent of the General Revenue savings during fiscal year 2012 to the Texas Veterans Commission (TVC) that are the result of TVC staff researching information from the PARIS sytem and result in Medicaid beneficiaries or other state public assistance beneficiaries who are veterans to receive benefits/compensation from the U.S. Department of Veterans Affairs to which they are entitled. TVC's bill battern also includes a rider to implement this recommendation (Rider 9).					Rider 51	
Continue and Expand the Texas Medicaid Women's Health Program to Maximize Federal Funds and State Savings	259					
1. Amend statute to direct HHSC to 1) seek a waiver extension for the Women's Health Program from the Centers for Medicare and Medicaid Services, 2) expand program eligibility, and 3) establish a targeted outreach campaign. Include a contingency rider to realize savings from program expansion.		\$3,844,225 \$251,868		GR FF		Amend statute and adopt contingency rider.

Section 4

Health and Human Services Commission (HHSC)
Performance Review and Policy Report Highlights

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Is included in the Introduced Bill	Action Required During Session
Implement a Medication Therapy Management Pilot Program in Medicaid	267					
1. Include a rider in HHSC's bill pattern requiring the agency to spend up to \$170,000 in existing GR funds and \$170,000 in Federal Funds to implement a medication therapy management pilot program.					Rider 49	
2. Include a rider in HHSC's bill pattern requiring the agency to determine the effectiveness of the medication therapy pilot program and submit findings to the LBB and Governor by December 1, 2012.					Rider 49	
Decrease the Number of State Supported Living Centers to Reduce Costs and Improve Care	1					
(These recommendations are published separately in a report entitled <i>Transform State Residential Services for Persons with Intellectual and Developmental Disabilities</i> .)						
1. Include a rider in HHSC's bill pattern requiring HHSC to certify the savings associated with the closure of a state supported living center(s) and document the resulting changes in personnel and transfers of appropriations at all relevant health and human services enterprise agencies and to submit a report documenting the savings and closure implications to the Governor and LBB by August 31, 2013.					Rider 58	
Reduce Medicaid Costs through Bundled Payments	213					
1. Include a rider in HHSC's bill pattern requiring the agency to implement a bundled payment initiative including use of shared savings with providers in the Medicaid Program.					Rider 50	

Section 4

Health and Human Services Commission (HHSC)
Performance Review and Policy Report Highlights

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Is included in the Introduced Bill	Action Required During Session
Ensure Transparency and Accountability for Proposed Medicaid Dental Managed Care Services	227					
1. Contingent on HHSC changing the service delivery model for Medicaid dental services from a fee-for-service model to a capitated managed care model, include a rider in HHSC's bill pattern requiring the agency to evaluate the impact of providing Medicaid dental services through a capitated managed care model on access, quality and cost outcomes and submit findings to the Governor and the LBB by March 1, 2013.					Rider 55	
Reduce the Need for Emergency Room Utilization in the Medicaid Program	233					
1. Include a rider in HHSC's bill pattern requiring HHSC to evaluate whether the cost of the physician incentive programs implemented by the health maintenance organizations participating in the Texas Medicaid program has been offset by reduced use of the emergency room and submit a report on the evaluation findings to the Governor and LBB by August 31, 2012.					Rider 57	
2. Include a rider in HHSC's bill pattern that would require HHSC to determine the feasibility of amending the Texas Medicaid State Plan to permit freestanding urgent care centers to enroll as clinic providers and submit a report on the findings to the Governor and LBB by August 31, 2012.					Rider 57	
3. Include a rider in HHSC's bill pattern that would require HHSC to use financial incentives and disincentives to encourage the health maintenance organizations participating in the Texas Medicaid program to reduce non-emergent use of the emergency room among their clients.					Rider 57	

Section 4

Health and Human Services Commission (HHSC)
Performance Review and Policy Report Highlights

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Is included in the Introduced Bill	Action Required During Session
Increase the Use of Telemonitoring in the Texas Medicaid Program to Improve Patient Outcomes and Reduce State Costs	249					
1. Amend statute to require HHSC to 1) implement telemonitoring in the Texas Health Management Program if telemonitoring pilot results from Medicaid Enhanced Care show it to be cost-neutral or determine the feasibility of new telemonitoring pilots for diabetes if the current pilot is not found to be cost neutral; 2) assess feasibility of adding a new telemonitoring pilot for other conditions; and 3) identify and distribute information on cost-saving telemonitoring programs being used within Medicaid managed care organizations. Include a contingency rider in HHSC's bill pattern that would require HHSC to submit a report to the Governor and the LBB on the use of telemonitoring in the Texas Medicaid program by September 1, 2012.					Contingency Rider 56	

**Health and Human Services Commission
Rider Highlights**

Deleted Riders (Old Rider Numbers)

30. **Office for Prevention of Developmental Disabilities** – In alignment with budget recommendations to pause the grant program.
33. **Appropriation of Unexpended Balances – Master Lease Purchase Program (MLPP)** – No remaining Unexpended Balance.
39. **Upper Payment Limit Reimbursement for Children’s Hospitals** – In alignment with budget recommendations to zero fund the strategy because Children’s Hospitals are reimbursed at cost.
47. **Healthy Marriage Development Program** – In alignment with budget recommendations to pause the grant program.
48. **Physician-administered Biologics and Drugs** - Provisions of the rider have been implemented.
49. **Medicaid Drug Utilization Review Program** – Provisions of the rider have been implemented.
50. **Behavioral Health Service Delivery in STAR and STAR+Plus** - Provisions of the rider have been implemented.
51. **Vendor Drug Program E-prescribing Plan** – Provisions of the rider have been implemented.
53. **Appropriations Related to Frew Strategic Initiatives** – No remaining unexpended balance anticipated.
55. **Medical Transportation** – Subject is addressed by new rider.
58. **Umbilical Cord Blood Bank Funding** – In alignment with budget recommendations to pause the grant program.
59. **Medicaid Cost Savings** – Provisions of the rider have been implemented.
61. **Office of Eligibility Services Staffing** – Provisions of the rider have been implemented.
62. **Respiratory Syncytial Virus** – Provisions of the rider have been implemented to allowable extent.
63. **Dual Diagnosis Pilot** – Provisions of the rider have been implemented.

65. **In-patient Psychiatric Services** – Provisions of the rider have been implemented.
66. **Study Regarding the Need for Community Support and Residential Services for Individuals Suffering from Acquired Brain Injury** – In alignment with budget recommendations to pause the grant program.
67. **Fiscal Accountability for Programs for Persons with Intellectual or Developmental Disabilities** – Provisions of the rider will be implemented upon receipt of CMS approval.
68. **Reimbursement of Acute Care Hospital Services** – Provisions of the rider have been implemented.
69. **Hemophilia Reimbursement Rates** – Provisions of the rider will be implemented upon receipt of CMS approval.
70. **Healthy Marriage Development Program: Performance Report** – In alignment with budget recommendations to pause the grant program.

Modified Riders

Multiple Updated all riders for dates and correct funding levels associated with continuing programs.

5. **Vendor Drug Rebates – Medicaid and CHIP** – Included agency request to authorize expenditure of Program Benefit Agreement revenues collected in lieu of state supplemental rebates prior to expending General Revenue.
20. **Temporary Emergency Assistance for Families at Risk of Welfare Dependency** – Technical correction to rider title.
37. **Hospital Uncompensated Care** – Included agency request to review the impact of health care reform efforts on funding for uncompensated care.
44. **SAVERR to TIERS** – Updated rider with new target completion date.
54. **Medicaid Substance Abuse Treatment** – Updated rider for continuation of program and reporting requirements.

New Riders

49. **Medication Therapy Management** – Directs HHSC to implement a medication therapy management pilot program, in alignment with Government Effectiveness and Efficiency Report (GEER) recommendation.

50. **Bundled Payments in the Medicaid Program** – Directs HHSC to implement bundled payments in the Medicaid program, in alignment with GEER recommendation.
51. **Use of PARIS Data and Appropriation of Savings to the Texas Veterans Commission Realized from the Use of PARIS Data** – Directs HHSC to use the federal Public Assistance and Referral Information System (PARIS) to aid in matching veterans with available resources and to transfer funds for operations and a portion of realized savings to the Texas Veterans Commission, in alignment with GEER recommendation.
52. **Managed Care Expansion** – Provides direction for the implementation of managed care model of service delivery in Medicaid and CHIP programs. Provides information on the amount of funding transferred from DADS to HHSC and the estimated Article II savings.
53. **Unexpended Balance: Social Services Block Grant** - Directs the agency to report on all actual expenditures of the federal Social Services Block Grant funds and the actual amount of unexpended and unobligated balances at the end of the biennium.
55. **Capitated Managed Care Model of Dental Services Reporting** – Directs the agency to evaluate the impact on access, quality and cost outcomes of providing dental services through a capitated managed care model, in alignment with GEER recommendation.
56. **Report on Telemonitoring in the Texas Medicaid Program** – Directs the agency to submit a report to the Legislative Budget Board and the Office of the Governor on various aspects of a telemonitoring program, in alignment with GEER recommendation.
57. **Medicaid Emergency Room Use** – Directs the agency to take steps to reduce non-emergent use of the emergency room in the Medicaid program and to submit a report on those efforts, in alignment with GEER recommendation.
58. **Oversight of State Supported Living Center Closure** – Directs the agency to certify savings associated with the closure of one State Supported Living Center and document resulting changes in personnel and appropriations, in alignment with GEER recommendation.
59. **Finger Imaging Contract** – Provides information regarding reductions included in the agency bill pattern for the elimination of a finger imaging contract, contingent upon enactment of authorizing legislation.
60. **Funding Reductions** – Provides information regarding reductions included in the agency bill pattern resulting from the reduced availability of Federal Funds following the expiration of the enhanced Federal Medical Assistance Percentage (FMAP) provisions contained in the American Recovery and Reinvestment Act of 2009.
61. **Medicaid Funding Reduction** – Directs the agency to attain savings of \$450 million in General Revenue Funds included in the agency's bill pattern over the course of the biennium. Includes a list of savings initiatives and authorizes HHSC to allocate reductions across all health and human services agencies.

62. **Higher FMAP Assumption** – Reduces Medicaid funding by \$1.0 billion in General Revenue Funds and increases Federal Funds by a like amount in anticipation that Texas will receive a more favorable FMAP.
63. **Contingency for Senate Bill 7 or Senate Bill 8** – Directs the agency to implement quality-based payment reform, pursue a more flexible and efficient Medicaid program, and work with the federal government to obtain greater Medicaid funding through a more favorable FMAP or a block grant waiver. Prohibits any additional appropriations or funds transfers until the Governor, Lieutenant Governor, and Speaker of the House determine that satisfactory progress toward the above initiatives has been made.

**Health and Human Services Commission
Items not Included in Recommendations - Senate**

	2012-13 Biennial Total	
	GR & GR- Dedicated	All Funds
1. Replacement of ARRA Federal Funds with General Revenue Funds	\$ 3,307,440,180	\$ 7,645,861,600
2. Funding for anticipated Medicaid-eligible caseload	\$ 930,261,438	\$ 2,221,479,610
3. Medicaid provider rates	\$ 1,317,445,733	\$ 3,131,240,111
4. CHIP provider rates	\$ 56,432,696	\$ 190,774,818
5. Optional Medicaid services and other Medicaid funding levels	\$ 556,236,973	\$ 705,368,442
a) Rider reduction		
b) Optional Medicaid services		
c) Children's hospital UPL		
d) 2010-11 Fee levels (CHIP and Medicaid)		
6. Grant program funding	\$ 19,688,490	\$ 26,005,317
7. Administrative functions and capital funding	\$ 67,179,369	\$ 149,690,166
8. Office of Inspector General funding	\$ 2,029,495	\$ 6,129,623
9. IT daily operations funding	\$ 4,000,000	\$ 8,000,000
Total, Items Not Included in the Recommendations	\$ 6,260,714,374	\$ 14,084,549,687

The agency will provide a revised list of funding requests above SB1 that may change the above amounts.