

Health and Human Services Commission
Summary of Recommendations - Senate

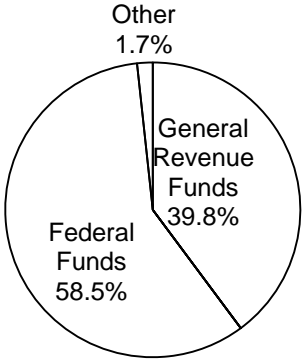
Page II - 82

Dr. Kyle Janek, Executive Commissioner

Emily Sentilles, LBB Analyst

Method of Financing	2012-13 Base	2014-15 Recommended	Biennial Change	% Change
General Revenue Funds	\$17,956,682,760	\$18,502,740,635	\$546,057,875	3.0%
GR Dedicated Funds	\$4,587,828	\$0	(\$4,587,828)	(100.0%)
Total GR-Related Funds	\$17,961,270,588	\$18,502,740,635	\$541,470,047	3.0%
Federal Funds	\$26,547,121,027	\$27,165,222,663	\$618,101,636	2.3%
Other	\$795,963,914	\$794,944,245	(\$1,019,669)	(0.1%)
All Funds	\$45,304,355,529	\$46,462,907,543	\$1,158,552,014	2.6%

RECOMMENDED FUNDING
BY METHOD OF FINANCING



	FY 2013 Budgeted	FY 2015 Recommended	Biennial Change	% Change
FTEs	12,366.7	12,375.7	9.0	0.1%

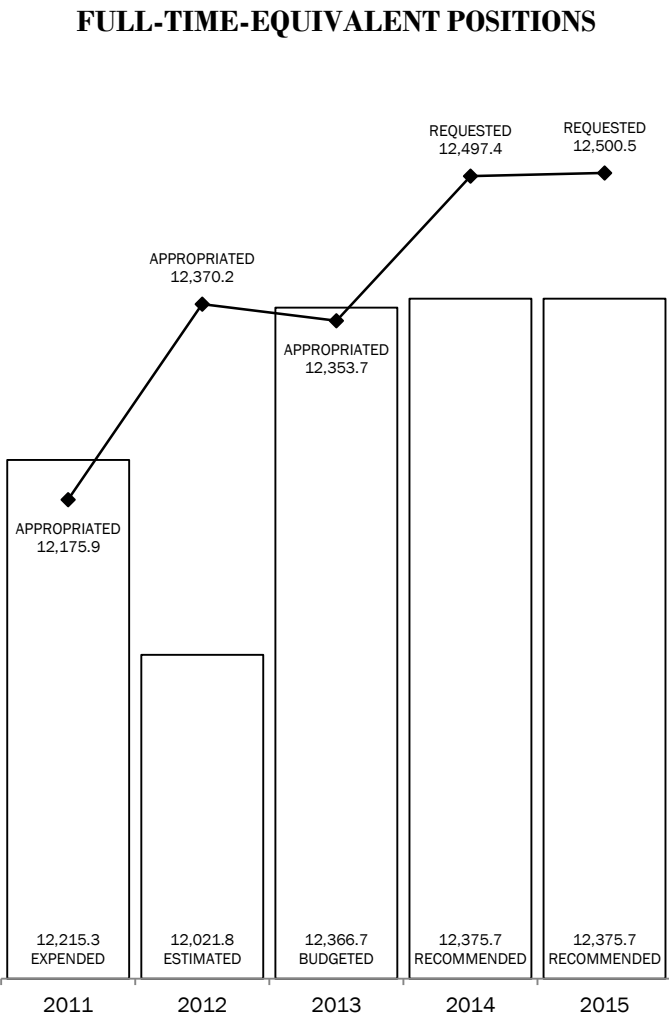
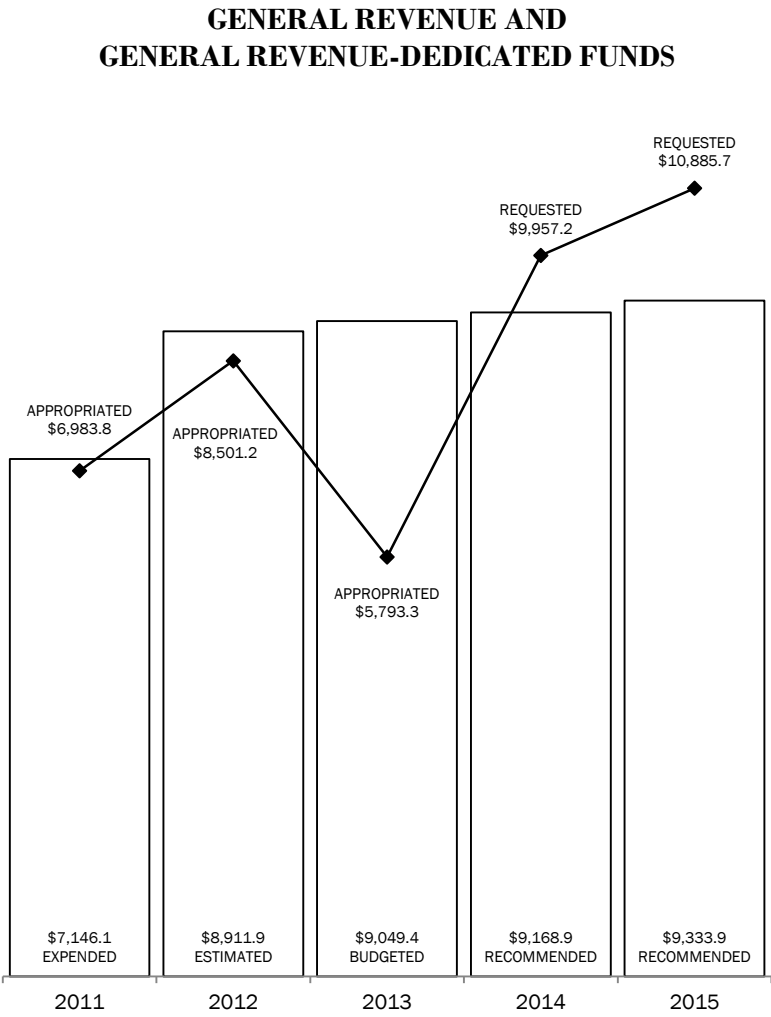
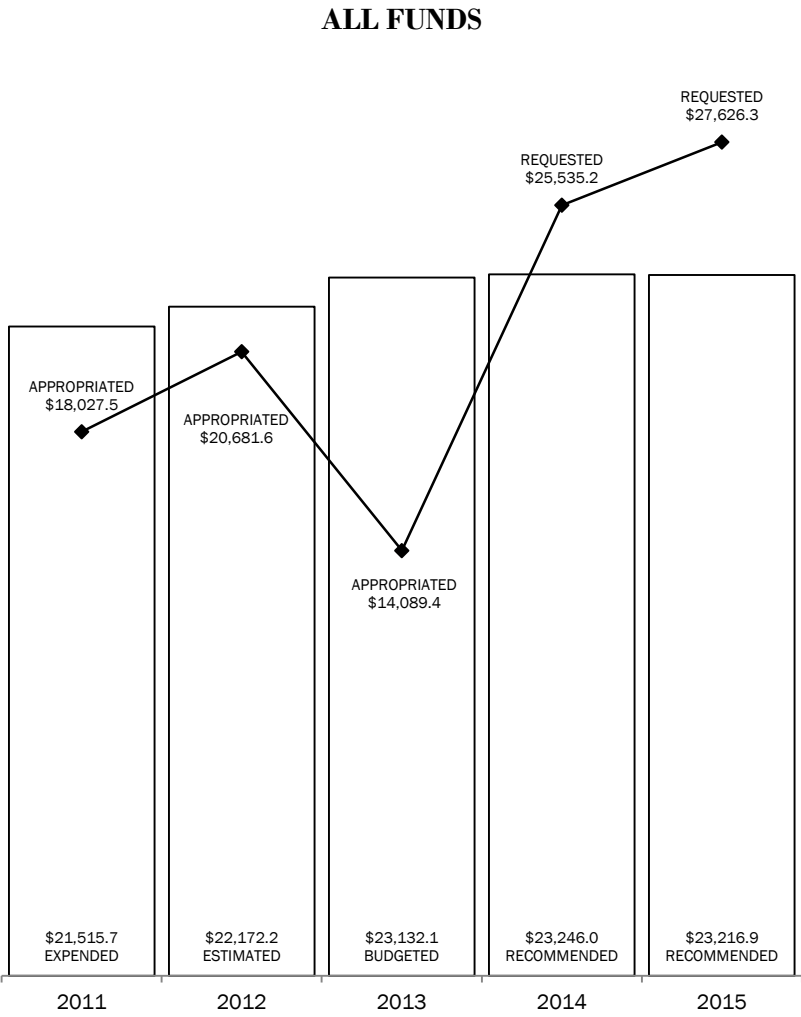
The bill pattern for this agency (2014-15 Recommended) represents an estimated 74.7% of the agency's estimated total available funds for the 2014-15 biennium.

Health and Human Services Commission

2014-2015 BIENNIUM

IN MILLIONS

TOTAL= \$46,462.9 MILLION



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

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
Total, Goal A, HHS ENTERPRISE OVERSIGHT & POLICY	\$1,896,885,885	\$1,871,160,850	(\$25,725,035)	(1.4%)	
GENERAL REVENUE FUNDS	\$752,094,855	\$759,489,892	\$7,395,037	1.0%	Increase of \$4.5 million to fund HHSC's request to Maintain DCS Current Services and \$1.0 million for HHSC's request for Vehicle Replacement. The remaining increase is related to the IT Division reorganization and an increase in General Revenue tied to eligibility determination costs for the Texas Women's Health Program.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$939,233,693	\$911,675,018	(\$27,558,675)	(2.9%)	Decrease primarily related to the expiration of the following federal grants: Stimulus-related Health Information Technology grants, Comprehensive Community Mental Health, Maternal and Child Health, Traumatic Brain Injury, and Affordable Care Act (ACA) Home Visitation Competitive Grant.
OTHER FUNDS	\$205,557,337	\$199,995,940	(\$5,561,397)	(2.7%)	Decrease related to the IT reorganization and related changes in cost-pool allocations.
Total, Goal B, MEDICAID	\$40,144,104,602	\$41,829,811,164	\$1,685,706,562	4.2%	
GENERAL REVENUE FUNDS	\$16,232,825,506	\$16,847,356,754	\$614,531,248	3.8%	Increase related to net less favorable 2014-15 FMAP, restoration of the 2% rate reduction for primary care physician (PCP) rates to July 2009 levels, transfer of certain children from CHIP into Medicaid pursuant to the ACA, restoration of payment of Medicare deductibles for dual eligibles, maintaining caseload at August 2013 levels, and full 24 months of STAR+PLUS expansion, offset by decrease related to Balancing Incentive Program (BIP).
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$23,618,345,075	\$24,654,018,101	\$1,035,673,026	4.4%	Increase related to expenditure growth for the transfer of certain children from CHIP into Medicaid, restoration of Medicare deductibles for dual eligibles, 24 months of STAR+PLUS expansion, and 100% federal funding for PCP rate increase up to the Medicare level, offset by decrease related to net less favorable 2014-15 FMAP.
OTHER FUNDS	\$292,934,021	\$328,436,309	\$35,502,288	12.1%	Increase related to the biennialization of the interagency contract funding from the Higher Education Coordinating Board used to match Federal Funds for transformation payments under the 1115 waiver.

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

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
Total, Goal C, CHIP SERVICES	\$2,351,300,678	\$1,833,697,204	(\$517,603,474)	(22.0%)	
GENERAL REVENUE FUNDS	\$685,052,412	\$539,913,386	(\$145,139,026)	(21.2%)	Decrease related to the transfer of certain children from CHIP into Medicaid beginning January 2014, pursuant to the ACA.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,666,248,266	\$1,293,783,818	(\$372,464,448)	(22.4%)	Decrease related to the transfer of certain children from CHIP into Medicaid beginning January 2014, pursuant to the ACA.
OTHER FUNDS	\$0	\$0	\$0	0.0%	
Total, Goal D, ENCOURAGE SELF SUFFICIENCY	\$358,542,373	\$394,867,677	\$36,325,304	10.1%	
GENERAL REVENUE FUNDS	\$151,755,779	\$227,581,093	\$75,825,314	50.0%	Increase related to funding Texas Women's Health Program with General Revenue Funds only (\$68.3 million), to the method of finance swap for Crime Victims Compensation Account 469 and Social Services Block Grant Federal Funds in Family Violence Services (\$8.1 million), and to maintaining TANF current level of services (\$0.2 million), offset by decrease in disaster assistance state matching funds (\$0.7 million).
GR DEDICATED	\$4,587,828	\$0	(\$4,587,828)	(100.0%)	Decrease related to method of finance swap for Family Violence Services that replaced Crime Victims Compensation Account 469 funds with General Revenue Funds.
FEDERAL FUNDS	\$175,521,115	\$167,286,584	(\$8,234,531)	(4.7%)	Decrease related to reduction in one-time disaster funding and method of finance swap for Family Violence Services that replaced Social Services Block Grant funds with General Revenue Funds.
OTHER FUNDS	\$26,677,651	\$0	(\$26,677,651)	(100.0%)	Decrease related to one-time approval for funding the Texas Women's Health Program with Medicaid Subrogation Receipts in the 2012-13 biennium.
Total, Goal E, PROGRAM SUPPORT	\$319,042,197	\$309,127,471	(\$9,914,726)	(3.1%)	
GENERAL REVENUE FUNDS	\$39,482,386	\$34,898,320	(\$4,584,066)	(11.6%)	Decrease for IT reorganization and one-time expenditures offset by increase for maintaining funding for legal defense of Children's Rights, Inc. lawsuit (\$4.5 million in General Revenue Funds above the base request).
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$37,329,599	\$32,094,122	(\$5,235,477)	(14.0%)	
OTHER FUNDS	\$242,230,212	\$242,135,029	(\$95,183)	(0.0%)	

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

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
Total, Goal F, INFORMATION TECHNOLOGY PROJECTS	\$141,235,333	\$127,691,872	(\$13,543,461)	(9.6%)	Decreases related to the completion of the rollout of TIERS.
GENERAL REVENUE FUNDS	\$66,121,457	\$62,610,513	(\$3,510,944)	(5.3%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$70,680,646	\$65,081,359	(\$5,599,287)	(7.9%)	
OTHER FUNDS	\$4,433,230	\$0	(\$4,433,230)	(100.0%)	
Total, Goal G, OFFICE OF INSPECTOR GENERAL	\$93,244,461	\$96,551,305	\$3,306,844	3.5%	
GENERAL REVENUE FUNDS	\$29,350,365	\$30,890,677	\$1,540,312	5.2%	Increase related to IT Division reorganization, funding HHSC request for Vehicle Replacement, and funding for additional 9.0 FTEs for STAR+PLUS utilization reviews, in conjunction with GEER recommendation.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$39,762,633	\$41,283,661	\$1,521,028	3.8%	Increase related to IT Division reorganization and funding for additional 9.0 FTEs for STAR+PLUS utilization reviews, in conjunction with GEER recommendation.
OTHER FUNDS	\$24,131,463	\$24,376,967	\$245,504	1.0%	Increase related to IT Division reorganization.
Grand Total, All Agency	\$45,304,355,529	\$46,462,907,543	\$1,158,552,014	2.6%	
GENERAL REVENUE FUNDS	\$17,956,682,760	\$18,502,740,635	\$546,057,875	3.0%	
GR DEDICATED	\$4,587,828	\$0	(\$4,587,828)	(100.0%)	
FEDERAL FUNDS	\$26,547,121,027	\$27,165,222,663	\$618,101,636	2.3%	
OTHER FUNDS	\$795,963,914	\$794,944,245	(\$1,019,669)	(0.1%)	

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

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
ENTERPRISE OVERSIGHT & POLICY A.1.1	\$116,492,864	\$91,228,631	(\$25,264,233)	(21.7%)	
GENERAL REVENUE FUNDS	\$29,461,839	\$29,606,167	\$144,328	0.5%	Increase related to IT Division reorganization at HHSC and cost pool allocation adjustments.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$66,905,833	\$41,411,256	(\$25,494,577)	(38.1%)	Decrease related to the expiration of the following federal grants: Stimulus-related Health Information Technology grants, Comprehensive Community Mental Health, Maternal and Child Health, Traumatic Brain Injury, and Affordable Care Act (ACA) Home Visitation Competitive Grant.
OTHER FUNDS	\$20,125,192	\$20,211,208	\$86,016	0.4%	Increase related to cost-pool allocation adjustments.
INTEGRATED ELIGIBILITY & ENROLLMENT A.1.2	\$1,526,608,737	\$1,524,895,741	(\$1,712,996)	(0.1%)	
GENERAL REVENUE FUNDS	\$689,914,738	\$690,055,164	\$140,426	0.0%	Increase related to method of finance changes for Texas Women's Health Program that no longer includes federal matching funds. The increase is offset by a reduction for one-time merit awards for eligibility determination staff using the SNAP performance bonus funds in fiscal years 2012-13.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$815,483,603	\$813,720,385	(\$1,763,218)	(0.2%)	Decrease related to cost-pool allocation adjustments.
OTHER FUNDS	\$21,210,396	\$21,120,192	(\$90,204)	(0.4%)	Decrease related to cost-pool allocation adjustments.
CONSOLIDATED SYSTEM SUPPORT A.2.1	\$253,784,284	\$255,036,478	\$1,252,194	0.5%	
GENERAL REVENUE FUNDS	\$32,718,278	\$39,828,561	\$7,110,283	21.7%	Includes \$4.5 million increase related to HHSC's request to Maintain DCS Current Services, and \$1.0 million for HHSC's request for Vehicle Replacement. There is also a \$1.6 million increase related to the IT reorganization at HHSC and ongoing costs for the Centralized Accounting and Payroll/Personnel System (CAPPS) at the Comptroller of Public Accounts.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$56,844,257	\$56,543,377	(\$300,880)	(0.5%)	
OTHER FUNDS	\$164,221,749	\$158,664,540	(\$5,557,209)	(3.4%)	Decrease related to cost-pool allocation adjustments.

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

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
Total, Goal A, HHS ENTERPRISE OVERSIGHT & POLICY	\$1,896,885,885	\$1,871,160,850	(\$25,725,035)	(1.4%)	
GENERAL REVENUE FUNDS	\$752,094,855	\$759,489,892	\$7,395,037	1.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$939,233,693	\$911,675,018	(\$27,558,675)	(2.9%)	
OTHER FUNDS	\$205,557,337	\$199,995,940	(\$5,561,397)	(2.7%)	
AGED AND MEDICARE-RELATED B.1.1	\$3,377,592,889	\$3,874,975,167	\$497,382,278	14.7%	Maintains projected August 2013 caseload; increase related to 24 months of STAR+PLUS expansion (includes long term care costs formerly reflected at DADS), net less favorable FMAP, primary care physician (PCP) rate increase pursuant to the ACA, and beginning January 2013, restoration of the payment of Medicare deductibles for dual eligibles; offset by decrease for Balancing Incentive Program (BIP) freed-up GR transferred to DADS.
GENERAL REVENUE FUNDS	\$1,358,334,134	\$1,536,633,322	\$178,299,188	13.1%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$2,019,258,755	\$2,338,341,845	\$319,083,090	15.8%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
DISABILITY-RELATED B.1.2	\$8,262,319,810	\$8,720,596,499	\$458,276,689	5.5%	Maintains projected August 2013 caseload; increase related to 24 months of STAR+PLUS expansion (includes long term care costs formerly reflected at DADS), net less favorable FMAP, PCP rate increase pursuant to the ACA; offset by decrease for BIP freed-up GR transfer to DADS.
GENERAL REVENUE FUNDS	\$3,368,732,990	\$3,543,783,165	\$175,050,175	5.2%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$4,893,586,820	\$5,176,813,334	\$283,226,514	5.8%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
PREGNANT WOMEN B.1.3	\$2,053,482,686	\$2,063,361,899	\$9,879,213	0.5%	Maintains average FY2013 caseload; increase related to net less favorable FMAP, and PCP rate increase; average costs maintained at FY 2013 level.
GENERAL REVENUE FUNDS	\$842,245,574	\$850,932,653	\$8,687,079	1.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,211,237,112	\$1,212,429,246	\$1,192,134	0.1%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

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

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
OTHER ADULTS B.1.4	\$1,070,814,264	\$1,157,154,847	\$86,340,583	8.1%	Maintains projected August 2013 caseload; increase for net less favorable FMAP, and PCP rate increase; average costs maintained at FY 2013 level.
GENERAL REVENUE FUNDS	\$437,924,154	\$475,075,274	\$37,151,120	8.5%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$632,890,110	\$682,079,573	\$49,189,463	7.8%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
CHILDREN B.1.5	\$10,694,430,943	\$10,651,449,219	(\$42,981,724)	(0.4%)	Maintains projected August 2013 caseload; decrease related to cost containment rider (rider 51) that reduces \$250.0 million in GR, \$602.0 million All Funds (will be allocated across Goal B by the agency). Decrease offset by growth from transfer of children up to 138% FPL from CHIP into Medicaid.
GENERAL REVENUE FUNDS	\$4,128,630,559	\$4,056,206,003	(\$72,424,556)	(1.8%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$6,345,350,659	\$6,384,353,750	\$39,003,091	0.6%	CHIP transfer children continue to received Enhanced FMAP (approximately 71%).
OTHER FUNDS	\$220,449,725	\$210,889,466	(\$9,560,259)	(4.3%)	Decrease related to projected Subrogation Receipts collection.
NON-FULL BENEFIT PAYMENTS B.2.1	\$1,342,869,716	\$1,351,211,444	\$8,341,728	0.6%	Maintains projected August 2013 caseload with exception of Emergency Medicaid, which maintains average 2013 caseload. Increase related to net less favorable FMAP. This increase has been offset by the movement of the Women's Health Program out of Goal B, Medicaid, beginning January 2013.
GENERAL REVENUE FUNDS	\$411,511,802	\$427,448,694	\$15,936,892	3.9%	Increase related to net less favorable FMAP.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$902,462,696	\$892,772,679	(\$9,690,017)	(1.1%)	Decrease related to net less favorable FMAP, end of 90% federal match for Women's Health Program, and a decline in School Health and Related Services (SHARS).
OTHER FUNDS	\$28,895,218	\$30,990,071	\$2,094,853	7.2%	Increase related to projected Appropriated Receipts - Match for Medicaid for Graduate Medical Education.

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

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
MEDICAID PRESCRIPTION DRUGS B.2.2	\$5,840,365,430	\$6,211,043,203	\$370,677,773	6.3%	Maintains Aug 2013 caseload; increase related to the transition of children up to 138% FPL from CHIP into Medicaid pursuant to the ACA, and prescription drug cost growth in fiscal year 2013. Prescription drug costs for women enrolled in the Texas Women's Health Program have been allocated to Strategy D.2.3, Texas Women's Health Program. Increase also related to net less favorable FMAP.
GENERAL REVENUE FUNDS	\$2,397,808,391	\$2,559,279,532	\$161,471,141	6.7%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$3,442,527,549	\$3,651,734,181	\$209,206,632	6.1%	
OTHER FUNDS	\$29,490	\$29,490	\$0	0.0%	
MEDICAL TRANSPORTATION B.2.3	\$391,668,290	\$391,416,092	(\$252,198)	(0.1%)	Maintains August 2013 caseload. Decrease related to slight decrease in cost for transportation broker model. All services are matched at regular FMAP in the introduced bill.
GENERAL REVENUE FUNDS	\$161,382,834	\$162,573,901	\$1,191,067	0.7%	Increase related to net less favorable FMAP.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$230,285,456	\$228,842,191	(\$1,443,265)	(0.6%)	Decrease related to net less favorable FMAP.
OTHER FUNDS	\$0	\$0	\$0	0.0%	
HEALTH STEPS (EPSDT) DENTAL B.2.4	\$2,772,901,516	\$2,793,343,756	\$20,442,240	0.7%	Increase related to transition of children up to 138% FPL from CHIP to Medicaid. The All Funds increase is offset by decrease related to dental premium cost decline in fiscal year 2013.
GENERAL REVENUE FUNDS	\$1,142,652,031	\$1,141,529,025	(\$1,123,006)	(0.1%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,630,249,485	\$1,651,814,731	\$21,565,246	1.3%	Increase due to the movement of children up to 138% FPL from CHIP into Medicaid who will be matched at Enhanced FMAP.
OTHER FUNDS	\$0	\$0	\$0	0.0%	
MEDICARE PAYMENTS B.2.5	\$2,988,384,680	\$3,178,968,131	\$190,583,451	6.4%	Increase related to certain Medicare reimbursements set at the projected federal level. Maintains August 2013 caseload.
GENERAL REVENUE FUNDS	\$1,636,945,834	\$1,746,731,031	\$109,785,197	6.7%	Increase also related to net less favorable FMAP.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,351,438,846	\$1,432,237,100	\$80,798,254	6.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

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

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
TRANSFORMATION PAYMENTS B.2.6	\$111,351,300	\$206,932,387	\$95,581,087	85.8%	Increase related to biennialization of the interagency contract with the Texas Higher Education Coordinating Board to leverage federal dollars under the Medicaid 1115 Waiver, Healthcare Transformation and Quality Improvement Program.
GENERAL REVENUE FUNDS	\$2,500,000	\$0	(\$2,500,000)	(100.0%)	Decrease for the expiration of the Children's Hospital Upper Payment Limit program.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$65,883,606	\$120,996,999	\$55,113,393	83.7%	
OTHER FUNDS	\$42,967,694	\$85,935,388	\$42,967,694	100.0%	
MEDICAID CONTRACTS & ADMINISTRATION B.3.1	\$1,237,923,078	\$1,229,358,520	(\$8,564,558)	(0.7%)	
GENERAL REVENUE FUNDS	\$344,157,203	\$347,164,154	\$3,006,951	0.9%	Increase related to the transfer of certain CHIP children into Medicaid pursuant to the ACA and transfer of related administrative costs.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$893,173,981	\$881,602,472	(\$11,571,509)	(1.3%)	Decrease related to loss of one-time grant for planning healthcare access for the uninsured.
OTHER FUNDS	\$591,894	\$591,894	\$0	0.0%	
Total, Goal B, MEDICAID	\$40,144,104,602	\$41,829,811,164	\$1,685,706,562	4.2%	
GENERAL REVENUE FUNDS	\$16,232,825,506	\$16,847,356,754	\$614,531,248	3.8%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$23,618,345,075	\$24,654,018,101	\$1,035,673,026	4.4%	
OTHER FUNDS	\$292,934,021	\$328,436,309	\$35,502,288	12.1%	
CHIP C.1.1	\$1,536,722,190	\$1,128,368,567	(\$408,353,623)	(26.6%)	Maintains August 2013 caseloads; decrease related to the transition of children up to 138% FPL from CHIP into Medicaid pursuant to the ACA.
GENERAL REVENUE FUNDS	\$450,286,676	\$334,999,590	(\$115,287,086)	(25.6%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,086,435,514	\$793,368,977	(\$293,066,537)	(27.0%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

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

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
CHIP PERINATAL SERVICES C.1.2	\$410,550,890	\$408,523,750	(\$2,027,140)	(0.5%)	Maintains August 2013 caseloads; decrease related to savings from average cost decrease.
GENERAL REVENUE FUNDS	\$118,371,551	\$118,757,854	\$386,303	0.3%	Increase for net less favorable EFMAP.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$292,179,339	\$289,765,896	(\$2,413,443)	(0.8%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
CHIP PRESCRIPTION DRUGS C.1.3	\$364,977,767	\$267,492,216	(\$97,485,551)	(26.7%)	Decrease related to the movement of children up to 138% FPL from CHIP into Medicaid pursuant to the ACA.
GENERAL REVENUE FUNDS	\$105,204,017	\$77,642,992	(\$27,561,025)	(26.2%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$259,773,750	\$189,849,224	(\$69,924,526)	(26.9%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
CHIP CONTRACTS & ADMINISTRATION C.1.4	\$39,049,831	\$29,312,671	(\$9,737,160)	(24.9%)	Decrease related to the movement of children up to 138% FPL from CHIP into Medicaid pursuant to the ACA.
GENERAL REVENUE FUNDS	\$11,190,168	\$8,512,950	(\$2,677,218)	(23.9%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$27,859,663	\$20,799,721	(\$7,059,942)	(25.3%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
Total, Goal C, CHIP SERVICES	\$2,351,300,678	\$1,833,697,204	(\$517,603,474)	(22.0%)	
GENERAL REVENUE FUNDS	\$685,052,412	\$539,913,386	(\$145,139,026)	(21.2%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,666,248,266	\$1,293,783,818	(\$372,464,448)	(22.4%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
TANF (CASH ASSISTANCE) GRANTS D.1.1	\$190,034,820	\$193,228,675	\$3,193,855	1.7%	Increase related to maintaining monthly grant amount at 17% FPL.
GENERAL REVENUE FUNDS	\$132,351,744	\$132,503,052	\$151,308	0.1%	Meets TANF Maintenance of Effort requirements.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$57,683,076	\$60,725,623	\$3,042,547	5.3%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

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

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
REFUGEE ASSISTANCE D.1.2	\$71,655,310	\$70,801,975	(\$853,335)	(1.2%)	Refugee assistance is fully federally funded; these funds are estimated. Recommendations maintain agency's baseline request.
GENERAL REVENUE FUNDS	\$0	\$0	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$71,655,310	\$70,801,975	(\$853,335)	(1.2%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
DISASTER ASSISTANCE D.1.3	\$8,238,958	\$0	(\$8,238,958)	(100.0%)	Fiscal Year 2012 expenditures are related to central Texas wildfires that occurred in 2011. Federally funded disaster assistance usually requires a 25% state match. Social Services Block Grant (SSBG) Supplemental Disaster Assistance grants are 100% federally funded.
GENERAL REVENUE FUNDS	\$687,500	\$0	(\$687,500)	(100.0%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$7,388,612	\$0	(\$7,388,612)	(100.0%)	
OTHER FUNDS	\$162,846	\$0	(\$162,846)	(100.0%)	
FAMILY VIOLENCE SERVICES D.2.1	\$50,805,823	\$51,268,373	\$462,550	0.9%	Maintains FY 2013 expenditure levels related to grant allocations, resulting in an increase over 2012-13 biennium.
GENERAL REVENUE FUNDS	\$13,423,878	\$21,509,387	\$8,085,509	60.2%	Increase to replace the one-time appropriation of Crime Victims Compensation (CVC) Account 469 Funds and use of federal SSBG Funds during the 2012-13 biennium.
GR DEDICATED	\$4,587,828	\$0	(\$4,587,828)	(100.0%)	Decrease related to method of finance swap for one-time appropriation of CVC Account 469 Funds.
FEDERAL FUNDS	\$32,794,117	\$29,758,986	(\$3,035,131)	(9.3%)	Decrease related to 2012-13 federal SSBG funds that were used to replace the lapse of CVC funding related to anticipated shortfalls of CVC funds at the Office of the Attorney General.
OTHER FUNDS	\$0	\$0	\$0	0.0%	
ALTERNATIVES TO ABORTION D.2.2	\$8,300,000	\$8,300,000	\$0	0.0%	
GENERAL REVENUE FUNDS	\$2,300,000	\$2,300,000	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$6,000,000	\$6,000,000	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

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

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
TEXAS WOMEN'S HEALTH PROGRAM D.2.3	\$29,507,462	\$71,268,654	\$41,761,192	141.5%	Increase related to 24 months of funding for the Texas Women's Health Program, compared to 8 months in fiscal year 2013.
GENERAL REVENUE FUNDS	\$2,992,657	\$71,268,654	\$68,275,997	2,281.5%	Increase for funding Texas Women's Health Program with General Revenue only.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$26,514,805	\$0	(\$26,514,805)	(100.0%)	Decrease related to one-time approval for funding the Texas Women's Health Program with Medicaid Subrogation Receipts in the 2012-13 biennium.
Total, Goal D, ENCOURAGE SELF SUFFICIENCY	\$358,542,373	\$394,867,677	\$36,325,304	10.1%	
GENERAL REVENUE FUNDS	\$151,755,779	\$227,581,093	\$75,825,314	50.0%	
GR DEDICATED	\$4,587,828	\$0	(\$4,587,828)	(100.0%)	
FEDERAL FUNDS	\$175,521,115	\$167,286,584	(\$8,234,531)	(4.7%)	
OTHER FUNDS	\$26,677,651	\$0	(\$26,677,651)	(100.0%)	
CENTRAL PROGRAM SUPPORT E.1.1	\$34,159,021	\$34,795,203	\$636,182	1.9%	Recommendations include continuing funding for legal defense of Children's Rights, Inc. litigation at the fiscal year 2013 funding level, totaling \$4.5 million in General Revenue Funds above the base request.
GENERAL REVENUE FUNDS	\$16,309,024	\$16,744,041	\$435,017	2.7%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$12,680,670	\$12,832,267	\$151,597	1.2%	
OTHER FUNDS	\$5,169,327	\$5,218,895	\$49,568	1.0%	
IT PROGRAM SUPPORT E.1.2	\$31,077,359	\$27,574,051	(\$3,503,308)	(11.3%)	Decrease related to the IT Division reorganization.
GENERAL REVENUE FUNDS	\$12,534,961	\$11,067,847	(\$1,467,114)	(11.7%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$13,224,003	\$11,650,858	(\$1,573,145)	(11.9%)	
OTHER FUNDS	\$5,318,395	\$4,855,346	(\$463,049)	(8.7%)	
REGIONAL PROGRAM SUPPORT E.1.3	\$253,805,817	\$246,758,217	(\$7,047,600)	(2.8%)	Decrease related to the IT Division reorganization.
GENERAL REVENUE FUNDS	\$10,638,401	\$7,086,432	(\$3,551,969)	(33.4%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$11,424,926	\$7,610,997	(\$3,813,929)	(33.4%)	
OTHER FUNDS	\$231,742,490	\$232,060,788	\$318,298	0.1%	

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

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
Total, Goal E, PROGRAM SUPPORT	\$319,042,197	\$309,127,471	(\$9,914,726)	(3.1%)	
GENERAL REVENUE FUNDS	\$39,482,386	\$34,898,320	(\$4,584,066)	(11.6%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$37,329,599	\$32,094,122	(\$5,235,477)	(14.0%)	
OTHER FUNDS	\$242,230,212	\$242,135,029	(\$95,183)	(0.0%)	
TIERS & ELIGIBILITY TECHNOLOGIES F.1.1	\$141,235,333	\$127,691,872	(\$13,543,461)	(9.6%)	Decreases related to the completion of the rollout of TIERS. Continued capital project financing is assumed in the introduced bill for system maintenance and upgrades.
GENERAL REVENUE FUNDS	\$66,121,457	\$62,610,513	(\$3,510,944)	(5.3%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$70,680,646	\$65,081,359	(\$5,599,287)	(7.9%)	
OTHER FUNDS	\$4,433,230	\$0	(\$4,433,230)	(100.0%)	
Total, Goal F, INFORMATION TECHNOLOGY PROJECTS	\$141,235,333	\$127,691,872	(\$13,543,461)	(9.6%)	
GENERAL REVENUE FUNDS	\$66,121,457	\$62,610,513	(\$3,510,944)	(5.3%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$70,680,646	\$65,081,359	(\$5,599,287)	(7.9%)	
OTHER FUNDS	\$4,433,230	\$0	(\$4,433,230)	(100.0%)	
OFFICE OF INSPECTOR GENERAL G.1.1	\$93,244,461	\$96,551,305	\$3,306,844	3.5%	Increase related to cost-pool adjustments for the IT Division reorganization, HHSC's requested Vehicle Replacement, and funding for additional 9.0 FTEs for STAR+PLUS utilization reviews, in conjunction with GEER recommendation.
GENERAL REVENUE FUNDS	\$29,350,365	\$30,890,677	\$1,540,312	5.2%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$39,762,633	\$41,283,661	\$1,521,028	3.8%	
OTHER FUNDS	\$24,131,463	\$24,376,967	\$245,504	1.0%	
Total, Goal G, OFFICE OF INSPECTOR GENERAL	\$93,244,461	\$96,551,305	\$3,306,844	3.5%	
GENERAL REVENUE FUNDS	\$29,350,365	\$30,890,677	\$1,540,312	5.2%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$39,762,633	\$41,283,661	\$1,521,028	3.8%	
OTHER FUNDS	\$24,131,463	\$24,376,967	\$245,504	1.0%	

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

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
Grand Total, All Agency	\$45,304,355,529	\$46,462,907,543	\$1,158,552,014	2.6%	
GENERAL REVENUE FUNDS	\$17,956,682,760	\$18,502,740,635	\$546,057,875	3.0%	
GR DEDICATED	\$4,587,828	\$0	(\$4,587,828)	(100.0%)	
FEDERAL FUNDS	\$26,547,121,027	\$27,165,222,663	\$618,101,636	2.3%	
OTHER FUNDS	\$795,963,914	\$794,944,245	(\$1,019,669)	(0.1%)	

The Health and Human Services Commission
Selected Fiscal and Policy Issues

MEDICAID

- 1. **Supplemental Need in Fiscal Year 2012-13:** Based on LBB caseload and cost assumptions, the shortfall in Medicaid at the Health and Human services Commission (HHSC) is **\$3.4 billion** in General Revenue Funds. This supplemental funding is included in the 2012-13 base.
- 2. **Medicaid funding in 2014-15.** Recommendations include funding for Medicaid client services and direct administrative costs in Goal B, Medicaid, totaling \$41,829.8 million in All Funds, **\$16,847.4 million** in General Revenue Funds.
- 3. **Cost.** Cost is held to the 2013 average cost with the exception of Medicare premiums, Medicare deductibles, and Medicare Giveback, which are all set at the projected federal level. Due to the restoration of Medicare deductible payments in January 2013, average costs for affected clients maintain a full fiscal year of restoration in fiscal years 2014-15.
- 4. **Federal Medical Assistance Percentage (FMAP).** Federal participation rates for state-administered programs are more favorable in federal fiscal year 2014 than fiscal year 2012 and less favorable in federal fiscal year 2015 than fiscal year 2013. The adjustment is an increase of **\$140.7 million** in General Revenue Funds. The final federal fiscal year 2015 rate has not been established and may change.

State Fiscal Year FMAP Assumed in the Recommendations

Actual 2012	Actual 2013	Actual 2014	Estimated 2015
58.42	59.21	58.74	58.20

- 5. **Caseload.** The introduced Senate bill maintains caseload growth that occurred during fiscal years 2012-13, but does not include funding to support continued growth during fiscal years 2014-15 (estimated to be **\$334.9 million** in General Revenue funds, \$805.3 million in All Funds). Performance measures in the bill, however, reflect the anticipated number of eligible clients who will seek services in the 2014-15 biennium.
 - **Children moving from the Children’s Health Insurance Program (CHIP) into Medicaid.** Recommendations include a caseload shift from CHIP into Medicaid required by the Patient Protection and Affordable Care Act (ACA). The ACA sets Medicaid eligibility levels for all children to 133% of the Federal Poverty Level (FPL), eliminates the Medicaid and CHIP asset tests, and instead allows for a standard 5% income disregard whereby 5% of an applicant’s income is not counted toward the eligibility threshold. Current Medicaid eligibility requirements in Texas cover children ages 6 to 18 years up to 100% of FPL. Children ages 6 to 18 years between 100% and 133% are currently served in CHIP. All children up to 138% of FPL will be covered in Medicaid instead of CHIP, including those currently income-eligible for Medicaid who are enrolled in CHIP because of the Medicaid asset test. These children will continue to receive the CHIP

Enhanced Federal Medical Assistance Percentage (EFMAP) matching rate. Despite the enhanced matching rate, recommendations include an increase in Medicaid of \$682.1 million All Funds, **\$198.1 million** General Revenue Funds because the requirements for Medicaid include more benefits. The net cost of the transfer is \$147.6 million All Funds, **\$42.1 million** General Revenue Funds. (See supplemental schedule, Transition of Certain Children from CHIP to Medicaid)

- Recommendations do not assume any caseload growth from an increase in enrollment of clients currently eligible for Medicaid but not enrolled as a result of the ACA. Funding levels also do not assume any impact to caseloads due to changes in the basis of eligibility determination to the Modified Adjusted Gross Income (MAGI). It is assumed that HHSC will adjust MAGI eligibility levels to the extent possible to maintain similar caseloads.

6. **Primary Care Physician Rates.**

- The ACA requires a rate increase up to the Medicare rate for certain services provided by primary care physicians (PCP) in Medicaid from January 1, 2013 through December 31, 2014. The rate increase is 100% federally funded from the rates that were in effect in July 2009. There has been a 2% rate reduction since July 2009 at HHSC; as such, HHSC is required to fund at regular FMAP matching levels the restoration of the 2% reduction before financing the additional increase to Medicare rates with 100% Federal Funds.
- The cost of restoring the 2% rate reduction in fiscal year 2013 is \$8.3 million in All Funds, **\$3.4 million** in General Revenue Funds; the cost of restoring the 2% rate reduction for the remainder of the ACA-required time frame is \$17.3 million in All Funds, **\$7.2 million** in General Revenue Funds. The increase for the specific PCP rate increase for the required two year period is \$531.0 million in All Funds, **\$10.5 million** in General Revenue Funds.

7. **Medicaid 1115 Waiver: Texas Healthcare Transformation and Quality Improvement Program.** During the 2012-13 biennium, the Centers for Medicare and Medicaid Services (CMS) approved the Texas application for an 1115 Waiver in the Medicaid program. The 1115 waiver, which waives the respective section of the Social Security Act, authorized the expansion of the managed care model of the provision of services in Medicaid and created new supplemental funding programs to replace the Upper Payment Limit program. Hospitals and healthcare providers have joined Regional Healthcare Partnerships (RHPs) that will work together “to develop and maintain a coordinated care delivery system... and provide a mechanism for investment in delivery system reform.” The RHPs are anchored around a publicly-funded entity (i.e. hospital district or county) that will transfer public dollars through an intergovernmental transfer (IGT) to HHSC to be matched with Federal Funds at FMAP matching rates. Those IGT and Federal Funds will be pooled and distributed for two purposes: (1) Uncompensated Care (UC) payments to reimburse hospitals and providers for uncompensated care, and (2) Delivery System Reform Incentive Payments (DSRIP) to pay for approved projects that will increase and improve healthcare delivery and outcomes. Like the former Upper Payment Limit program and the Disproportionate Share Hospital supplemental payments, the 1115 Waiver payments are in the treasury but, for the most part, are not appropriated through the General Appropriations Act.

- A new strategy, B.2.6, Transformation Payments, was created in the HHSC bill pattern during the strategic planning process. There is the potential to draw down more Federal Funds under the 1115 waiver than those allocated to the previous UPL program, but those funds must be matched with public dollars. HHSC requested the inclusion of a strategy in the budget structure in order to have a location to show the historical children’s hospital UPL expenditures (General Revenue Funds were used as match) and in the event that state appropriations or revenues are used to leverage increased Federal Funds.

- In the current biennium, HHSC is contracting with the Texas Higher Education Coordinating Board to assist Baylor University Medical School in participating in the 1115 Waiver and leveraging Federal Funds. Recommendations assume the continuation of an interagency contract with the Texas Higher Education Coordinating Board and reflect an All Funds expenditure of \$206.9 million in the 2014-15 biennium.
8. **Cost Containment Initiatives.** Recommendations assume the continuation of cost containment initiatives implemented in Medicaid in the 2012-13 biennium. In addition, the introduced bill includes a cost containment rider (see Rider 51 in the bill pattern) that directs HHSC to pursue other cost containment initiatives. The bill includes a reduction of \$602.0 million in All Funds, **\$250.0 million** in General Revenue Funds, for these cost containment items.
- **Medicare Equalization.** Recommendations assume the restoration of payments of deductibles for clients dually eligible for Medicare and Medicaid. As part of the implementation of the Medicare Equalization policy in the 2012-13 biennium, HHSC reduced deductible payments for these clients. In response to provider complaints, HHSC resumed paying the deductibles at the Medicare rate in January 2013. This increases costs in fiscal years 2013-2015 in Strategy B.1.1, Aged and Medicare-related, and Strategy B.2.5, Medicare Payments, above fiscal year 2012 expenditure levels.
9. **Balancing Incentive Program.** Texas qualified to earn a 2 percent enhanced FMAP on Medicaid non-institutional long-term services and supports from October 1, 2012 to September 30, 2015. Freed-up General Revenue as a result of the enhanced federal funds may be used for “new or expanded offerings of non-institutionally based long-term services and supports under the State Medicaid program.” The General Revenue freed-up due to the enhanced federal funds at HHSC, estimated to be \$125.0 million in fiscal years 2014-15, has been removed from the HHSC strategies where it will be generated and deposited in strategy A.10.1, Balancing Incentive Program in the Department of Aging and Disability Services (DADS) bill pattern.
10. **Prescription Drug Rebates.** Senate Bill 7, 82nd Legislature, 1st Called Session includes a sunset provision for the requirement that Managed Care Organizations and Pharmacy Benefits Managers are required to follow the single state formulary and the preferred drug list. Under current law, HHSC collects prescription drug rebates directly. It is unknown at this time how vendor drug rebate revenues will be collected in the Medicaid program once the sunset provision takes effect at the conclusion of this biennium. Since there is no alternative proposal at this time, recommendations assume the continuation of the current rebate methodology.

CHILDREN’S HEALTH INSURANCE PROGRAM (CHIP)

11. **Supplemental Need in Fiscal Year 2012-13:** Based on LBB caseload and cost assumptions, the shortfall in CHIP is **\$74.7 million** in General Revenue Funds. The supplemental need is primarily related to higher costs than those assumed in the General Appropriations Act due to HHSC not fully achieving cost containment initiatives. The supplemental funding is included in the 2012-13 base.

12. **CHIP funding in 2014-15.** Recommendations include funding for CHIP client services and direct administrative costs in Goal C, CHIP, totaling \$1,833.7 million in All Funds, **\$539.9 million** in General Revenue Funds.
13. **Cost.** Cost is held to the 2013 average cost. The recommendations do not include cost growth for fiscal years 2014-15.
14. **Caseload.** The introduced Senate bill maintains caseload growth that occurred during fiscal years 2012-13, but does not include funding to support continued growth during fiscal years 2014-15 (estimated to be **\$3.7 million** in General Revenue funds, \$12.7 million in All Funds). Performance measures in the bill, however, reflect the anticipated number of eligible clients who will seek services in the 2014-15 biennium.
 - **Children moving from the Children's Health Insurance Program (CHIP) into Medicaid.** Recommendations include a caseload shift from CHIP into Medicaid required by the Patient Protection and Affordable Care Act (ACA). The ACA sets Medicaid eligibility levels for all children to 133% of the Federal Poverty Level (FPL), eliminates the Medicaid and CHIP asset tests, and instead allows for a standard 5% income disregard whereby 5% of an applicant's income is not counted toward the eligibility threshold. Current Medicaid eligibility requirements in Texas cover children ages 6 to 18 years up to 100% of FPL. Children ages 6 to 18 years between 100% and 133% are currently served in CHIP. All children up to 138% of FPL will be covered in Medicaid instead of CHIP, including those currently income eligible for Medicaid who are enrolled in CHIP because of the Medicaid asset test. These children will continue to receive the CHIP Enhanced Federal Medical Assistance Percentage (EFMAP) matching rate, approximately 71%. The Introduced Bill includes a reduction to CHIP funding of \$534.5 million All Funds, **\$156.0 million** General Revenue Funds. The net cost of the transfer is \$147.6 million All Funds, **\$42.1 million** General Revenue Funds.

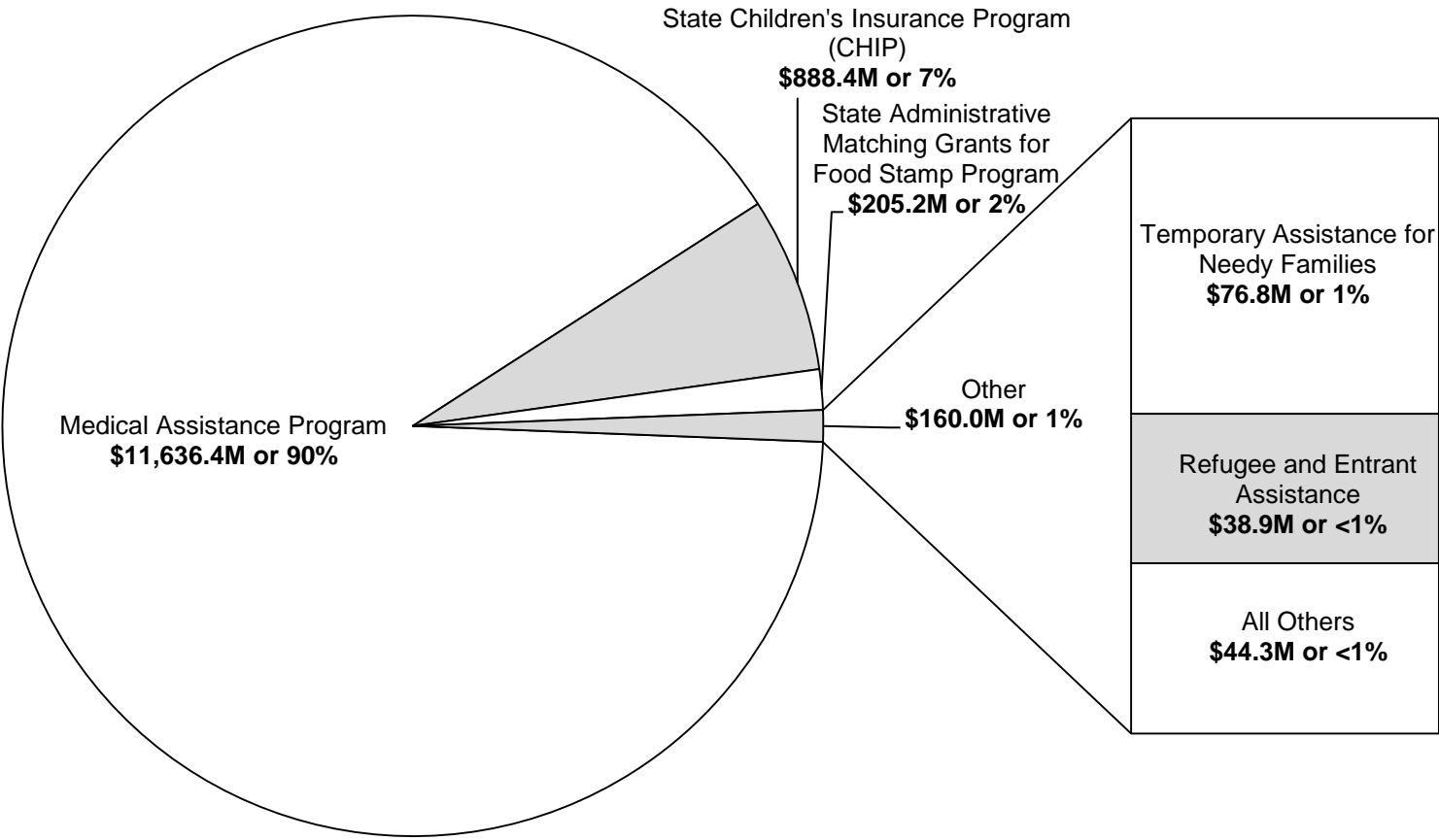
OTHER HHSC PROGRAMS

15. **Temporary Assistance for Needy Families (TANF).** Caseloads in the TANF programs declined in fiscal years 2011 and 2012 and are projected to decline further in fiscal year 2013, leaving a surplus in the TANF Cash Assistance program of TANF Federal Funds (HHSC has utilized most of the Funds in A.1.2, Integrated Eligibility and Enrollment). Recommendations continue funding the Maintenance of Effort (MOE) level of \$62.9 million in General Revenue MOE for TANF and continue the TANF State Program for two-parent families. Recommendations maintain the average grant per TANF recipient at 17% of FPL. Caseloads are projected to return to growth in 2014-15. Recommendations assume an increase above 2012-13 expenditure levels of \$3.2 million in All Funds, **\$0.2 million** in General Revenue Funds.
16. **Vehicle Replacement.** Recommendations assume the replacement of 32 vehicles over the course of the 2014-15 biennium. With one exception, each vehicle is over 10 years old (average age of 15 years) or will reach the Comptroller's fleet management suggested replacement mileage of 110,000 miles for cargo vehicles or 100,000 miles for passenger vehicles. The cost of the scheduled vehicle replacement is **\$1.0 million** in General Revenue Funds.
17. **Women's Health Program.** Recommendations move the Women's Health Program funding from Goal B, Medicaid, into a new strategy, D.2.3, Texas Women's Health Services. Texas stopped receiving the 90% matching Federal Funds for the program beginning January 1, 2013. HHSC received approval to continue Women's Health Program services in the current biennium with state-only funding from increased Subrogation

Receipts and General Revenue within existing fiscal year 2013 appropriations. Recommendations assume General Revenue funding for the Texas Women's Health Program in 2014-15; subrogation receipts are only authorized by rider to be expended on Medicaid programs. Recommendations hold funding for the Texas Women's Health Program to the 2013 approved level of **\$35.6 million** in General Revenue Funds each fiscal year for client services, sexually transmitted infection (STI) treatments, prescription drug costs and administrative costs. Funding for eligibility determination costs related to the Texas Women's Health Program (totaling **\$2.4 million** in General Revenue Funds each fiscal year) is continued in Strategy A.1.2, Integrated Eligibility and Enrollment.

18. **Data Center Services.** Recommendations increase funding in order to meet current demand for Data Center Services provided by the Department of Information Resources. The cost for maintaining current obligations, including \$2.0 million in application remediation, is **\$10.8 million** in All Funds, **\$4.5 million** in General Revenue Funds.
19. **Family Violence Services.** Recommendations maintain the 2012-13 adjusted level of spending, but replace one-time appropriations of General Revenue-Dedicated Crime Victim's Compensation (CVC) Account Number 469 and Social Services Block Grant (SSBG) Federal Funds with General Revenue, an increase of **\$8.1 million** in General Revenue Funds. HHSC submitted an updated request for Strategy D.2.1, Family Violence Services, upon realizing the ability to sustain current contract levels in the 2012-13 biennium, after agreeing to lapse a portion of one-time appropriations of CVC Funds, required more SSBG funding; this increased the SSBG federal funding in the base by \$0.5 million.
20. **Legal Defense for Children's Rights Lawsuit.** HHSC requested \$5.6 million in General Revenue Funds for the 2014-15 biennium to maintain support for the legal defense of the Governor's Office, HHSC, and the Department of Family and Protective Services (DFPS). HHSC received approval in the current biennium to expend up to \$5.0 million in General Revenue Funds to support the legal defense of these agencies. The Introduced Bill maintains the fiscal year 2013 level of expenditures (\$2.2 million in General Revenue Funds), resulting in an increase over the 2012-13 biennium of **\$0.3 million** in General Revenue Funds.
21. **IT Division Reorganization.** In the baseline funding request, HHSC moved funding around between Goal A, Goal E and Goal G related to a restructuring of the IT Division. HHSC has combined Enterprise IT and HHSC IT with the goal of improving IT organizational efficiency, improving process efficiency, strengthening IT governance, and ensuring customer needs and priorities are addressed. The realignment resulted in a shift between direct and indirect (cost pool) costs as well as strategies. Cost pool expenses are based on strategy FTEs. The net impact of the reorganization is a decreased cost of \$1.8 million in All Funds, **\$0.9 million** in General Revenue Funds in 2014-15.

Health and Human Services Commission
Summary of Federal Funds (Estimated 2012)
TOTAL = \$12,890.0M



Transition of Certain Children from CHIP to Medicaid

Section 1902(l)(2)(C) of the Social Security Act, as amended by Section 2001(a)(5)(B) of the Patient Protection and Affordable Care Act (PPACA) and Section 205(b) of the Medicare and Medicaid Extenders Act of 2010, increases Medicaid income eligibility for children ages 6 to 18 from 100 percent to 133 percent of the Federal Poverty Level (FPL) effective January 1, 2014. Texas currently provides insurance coverage for these children in the Children's Health Insurance Program (CHIP). Recommendations assume these children will transition from CHIP to Medicaid at the time they are due for renewal in the CHIP program, beginning in January 2014 and ending in December 2014. Recommendations assume all children up to 138 percent FPL will be covered in Medicaid instead of CHIP, accounting for the increase to Medicaid income eligibility as well as elimination of the Medicaid assets test and the establishment of a five percent income disregard for Medicaid. It is anticipated that children will have higher monthly costs in the Medicaid program due to a more generous benefit package. Pursuant to Sections 1905(b) and 1905(u)(2) of the Social Security Act, recommendations assume client services expenditures will continue to be matched using the Enhanced Federal Medical Assistance Percentage (EFMAP) and that Federal Funds expended for these children will count against the state's federal CHIP allotment; administrative expenditures are assumed to qualify for the 50/50 Medicaid administrative matching rate.

	FY2014	FY2015	2014-15
Reductions to CHIP			
CHIP Enrollment, Average Monthly	(68,117)	(261,521)	
Average Monthly Cost, Medical	\$ 84.22	\$ 84.22	
Average Monthly Cost, Dental	\$ 22.34	\$ 22.34	
Average Monthly Cost, Prescription Drugs	\$ 26.53	\$ 26.53	
Total Average Monthly Cost	\$ 133.09	\$ 133.09	
All Funds Reduction, Client Services	\$ (108,784,661)	\$ (417,656,877)	\$ (526,441,537)
All Funds Reduction, Administration	\$ (1,869,527)	\$ (6,150,273)	\$ (8,019,800)
Total All Funds Reduction	\$ (110,654,188)	\$ (423,807,150)	\$ (534,461,337)
Total General Revenue Reduction	\$ (32,000,521)	\$ (124,030,624)	\$ (156,031,145)

Increases to Medicaid			
Medicaid Enrollment, Average Monthly	68,117	261,521	
Average Monthly Cost, Medical	\$ 99.92	\$ 96.05	
Average Monthly Cost, Dental	\$ 38.30	\$ 38.30	
Average Monthly Cost, Prescription Drugs	\$ 35.25	\$ 35.26	
Total Average Monthly Cost	\$ 173.47	\$ 169.61	
All Funds Increase, Client Services	\$ 141,793,777	\$ 532,282,840	\$ 674,076,618
All Funds Increase, Administration	\$ 1,869,527	\$ 6,150,273	\$ 8,019,800
Total All Funds Increase	\$ 143,663,304	\$ 538,433,113	\$ 682,096,418
Total General Revenue Increase	\$ 40,640,012	\$ 157,504,048	\$ 198,144,059

Net Increase			
Enrollment	\$ -	\$ -	
Average Monthly Cost	\$ 40.38	\$ 36.53	
All Funds, Client Services	\$ 33,009,117	\$ 114,625,964	\$ 147,635,080
All Funds, Administration	\$ -	\$ -	\$ -
Total All Funds	\$ 33,009,117	\$ 114,625,964	\$ 147,635,080
Total General Revenue	\$ 8,639,490	\$ 33,473,424	\$ 42,112,914

Primary Care Rate Increase

Section 1902(a)(13)(C) of the Social Security Act, as added by Section 1202(a)(1)(A)(iii) of the Health Care and Education Reconciliation Act of 2010 (HCERA), increases Medicaid rates for primary care services provided in 2013 and 2014 by certain providers to no less than 100 percent of the Medicare rate. Section 1905(dd) of the Social Security Act, as added by Section 1202(b) of HCERA, increases federal financial participation to 100 percent for expenditures attributable to increasing rates for these services above the rate in place on July 1, 2009. HHSC implemented two rate reductions in fiscal year 2011 (a one percent reduction effective September 1, 2010 and a second one percent reduction effective February 1, 2011), which put current rates two percent below those in place on July 1, 2009. Recommendations assume the increase to 100 percent of Medicare rates will result in an increase to the July 1, 2009 level to be matched at regular FMAP and an increase from this level to 100 percent of Medicare that is 100 percent federally funded. Recommendations assume that the rate increase will end in December 2014. Assumptions related to average monthly cost are based on those included in the Health and Human Services Commission's 2014-15 Legislative Appropriations Request.

	FY2013	FY2014	FY2015	2014-15
<i>Increase to July 1, 2009 level</i>				
Number of Months	8	12	4	
Medicaid Enrollment, Average Monthly	3,693,692	3,810,861	4,026,541	
Average Monthly Cost	\$ 0.28	\$ 0.28	\$ 0.28	
All Funds Increase	\$ 8,273,871	\$ 12,804,494	\$ 4,509,725	\$ 17,314,219
General Revenue Increase	\$ 3,367,465	\$ 5,283,027	\$ 1,884,877	\$ 7,167,905
<i>Increase from July 1, 2009 level to 100% Medicare</i>				
Number of Months	8	12	4	
Medicaid Enrollment, Average Monthly	3,693,692	3,810,861	4,026,541	
Average Monthly Cost	\$ 5.53	\$ 5.53	\$ 5.53	
All Funds Increase	\$ 163,408,945	\$ 252,888,747	\$ 89,067,076	\$ 341,955,823
General Revenue Increase	\$ -	\$ -	\$ -	\$ -
<i>Total Impact</i>				
Number of Months	8	12	4	
Medicaid Enrollment, Average Monthly	3,693,692	3,810,861	4,026,541	
Average Monthly Cost	\$ 5.81	\$ 5.81	\$ 5.81	
All Funds Increase	\$ 171,682,816	\$ 265,693,241	\$ 93,576,801	\$ 359,270,042
General Revenue Increase	\$ 3,367,465	\$ 5,283,027	\$ 1,884,877	\$ 7,167,905

Section 4

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

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
Reduce Unnecessary In-Office Diagnostic Ancillary Services in the Texas Medicaid Program to Control Costs	143					
1. Include a rider that directs HHSC to take steps to reduce unnecessary in-office diagnostic ancillary services in the Texas Medicaid program, including analyzing in-office diagnostic ancillary service use and submitting a report on service use and strategies implemented by the agency to reduce unnecessary diagnostic ancillary services to the Legislative Budget Board and the Governor by December 1, 2014.					Rider 61	
Provide Oversight of Managed Care Organizations to Ensure Appropriate Use of State Funds	131					
1. Amend statute to require the Office of Inspector General to establish an annual utilization review process for managed care organizations in the STAR+PLUS program that includes review of functional assessment activities. Include a contingency rider to provide the agency with an appropriation of \$761,741 (General Revenue) and increase the full-time equivalent cap by 9 persons. The net fiscal impact of the recommendations is assumed to be zero due to offsetting premium reductions.		\$0		GR	Contingency Rider 66	Amend Statute
Maximize Federal Funding To Texas Hospitals Receiving Medicaid Supplemental Payments	167					
1. Amend current rider 11 in HHSC's bill pattern to ensure that any Section 1115 Waiver uncompensated care payments for clinic, pharmacy, and physician services to state-owned hospitals are excluded from being transferred to unappropriated GR to certify the bill.					Rider 11	

Section 4

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

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
Identify State Costs Related to Determining Client Eligibility for Entitlement Programs	125					
1. Include a rider that directs the Health and Human Services Commission to include the fiscal impact of the federal Eligibility Modernization Program from fiscal year 2012 through fiscal year 2015 in Section 2.2 (Description of Method Used to Track Progress) of the Texas Project Delivery Framework, Project Monitoring Report to the Quality Assurance Team.					Rider 63	

Section 5

Health and Human Services Commission Rider Highlights

DELETED RIDERS (Old Rider Numbers)

- 26. **Texas Integrated Eligibility Redesign Systems (TIERS).** Appropriations for debt in the Master Lease Purchase Program (MLPP) related to TIERS are limited by authority provided in the HHSC Rider 2, Capital Budget. This rider is duplicative.
- 39. **Payments to Health Centers for Medicaid Family Planning.** Provisions of the rider have been implemented by rule.
- 44. **SAVERR to TIERS.** Provisions of the rider have been implemented; TIERS rollout is complete.
- 47. **Nurse Family Partnership Federal Funding.** Provisions of the rider have been implemented and are expected to continue in the 2014-15 biennium.
- 51. **Managed Care Expansion.** Provisions of the rider have been implemented.
- 55. **Report on Telemonitoring in the Texas Medicaid Program.** Enabling legislation did not pass.
- 57. **Finger Imaging Contract.** Provisions of the rider have been implemented.
- 58. **Contingency For Senate Bill 8.** Provisions of the rider have been implemented.
- 59. **Federal Flexibility.** Provisions of the rider have been implemented to allowable extent.
- 60. **Upper Payment Limit Reimbursement for Children's Hospitals.** Provisions of the rider have been implemented, and there is no longer an Upper Payment Limit program. Children's hospitals can participate in supplemental payment programs through Regional Health Partnerships under the Medicaid 1115 Waiver.
- 62. **Contingency for Medicaid Women's Health Program.** With implementation of Texas Women's Health Program, this rider is no longer necessary.
- 66. **Office of Acquired Brain Injury.** Federal funding grant has expired. HHSC requested General Revenue and matching Federal Funds as an exceptional item in the LAR.

Section 5

- 67. **Statewide Hospital SDA.** Provisions of the rider have been implemented.
- 68. **Medicaid Cost and Quality: Physician Payment for Quality.** Provisions of the rider have been implemented.
- 69. **Medicaid Cost and Quality: Use of Nurse Practitioner/Physician Extenders.** Provisions of the rider have been implemented and are expected to continue in the 2014-15 biennium.
- 71. **Medicaid Cost and Quality: Comprehensive Follow-up Care for High-risk Infants.** Provisions of the rider have been implemented and are expected to continue in the 2014-15 biennium.
- 72. **Medicaid Vitamin Coverage.** Provisions of the rider have been implemented.
- 75. **Unexpended Balance Authority for Human Resource Upgrade.** Provisions of the rider have been implemented.
- 76. **STAR+PLUS.** Provisions of the rider have been implemented under the 1115 Transformation Waiver.
- 77. **STAR.** Provisions of the rider have been implemented under the 1115 Transformation Waiver.
- 80. **Durable Medical Equipment Savings Initiatives.** Provisions of the rider have been implemented. Funding levels in the introduced bill assume the continuation of cost containment initiatives implemented in the 2012-13 biennium.
- 81. **Prescription Drug Carve in to Managed Care Organizations.** Provisions of the rider have been implemented. Certain statutory requirements related to the carve-in of the prescription drug benefit to managed care premiums will expire at the end of fiscal year 2013.

MODIFIED RIDERS (New Numbers)

- Multiple Updates multiple riders to adjust dates and funding levels to the 2014-15 biennium, to align references with the new budget structure and strategy names, or to correct the name used in reference to the agency.
- 4. **Reimbursement of Advisory Committee Members.** Updates rider to include one new advisory committee, but there is no associated increase in appropriation authority.
 - 9. **Authorization to Receive, Administer, and Disburse Federal Funds.** Amends rider to align with revisions recommended for Article IX, Section 8.02 (k) that require the Single State Agency responsible for Temporary Assistance for Needy Families and Social Services Block Grant Federal Funds to request authority for any unencumbered balances or new federal grants of these specific federal funding streams in order to better track the revenues and expenditures.

Section 5

11. **Disposition of Appropriation Transfers from State-Owned Hospitals.** Amends rider to align with HHSC request related to the expiration of the Upper Payment Limit (UPL) program and the new supplemental funding authority under the Medicaid 1115 Waiver: Texas Healthcare Transformation and Quality Improvement Program. Authorizes state-owned hospitals to keep revenue for items newly authorized for match under the 1115 Waiver.
43. **Local Reporting on DSH, Uncompensated Care, Delivery System Reform Incentive Payments, and Indigent Care Expenditures.** Updates rider in alignment with the expiration of the Upper Payment Limit (UPL) program and the establishment of new supplemental payments under the Medicaid 1115 Waiver, Texas Healthcare Transformation and Quality Improvement Program.
44. **Texas Women's Health Program: Savings and Performance Reporting.** Aligns the previous reporting requirements with the new state-only funded program and adds new reporting element to help monitor access to services.
45. **Medication Therapy Management.** Amends rider to remove the provision of the rider that has already been implemented by HHSC.
46. **Use of PARIS Data and Appropriation of Savings to the Texas Veterans Commission Realized from the Use of PARIS Data.** Amends rider to remove the provision of the rider that has already been implemented by HHSC.
47. **Unexpended Balances: Social Services Block Grant Funds.** Amends rider to align with revisions recommended for Article IX, Section 8.02 (k) that require the Single State Agency responsible for Temporary Assistance for Needy Families and Social Services Block Grant Federal Funds to request authority for any unencumbered balances or new federal grants of these specific federal funding streams in order to better track the revenues and expenditures.
49. **Capitated Managed Care Model of Dental Services Reporting.** Amends rider to account for implementation of a capitated managed care model for the provision of dental services and maintains reporting requirement.
51. **Medicaid Funding Reduction and Cost Containment.** Amends rider to direct HHSC to pursue additional cost containment initiatives in the Medicaid program in the 2014-15 biennium and reflects appropriation reduction in Goal B, Medicaid, of \$250.0 million in General Revenue Funds (\$602.0 million in All Funds).
54. **Office for the Prevention of Developmental Disabilities.** Amends rider to clarify source of funding and method of finance.
56. **Prevent Eligibility Determination Fraud.** Update to remove reference to the completion date of the statewide rollout of TIERS; TIERS rollout was completed in fiscal year 2012.

Section 5

57. **Improve Efficiencies in Benefit Applications.** Update to remove reference to the completion date of the statewide rollout of TIERS; TIERS rollout was completed in fiscal year 2012.

NEW RIDERS

NEW 61 **Medicaid In-Office Diagnostic Ancillary Services.** Directs HHSC to collect data on use of in-office ancillary services and to provide a report to the LBB and Governor, in alignment with Government Effectiveness and Efficiency Report (GEER) recommendation.

NEW 62 **CHIP Premium Co-Pays.** Provides HHSC with appropriation authority for CHIP premium co-pays for receipts above the amounts estimated in the appropriations.

NEW 63 **Reporting Fiscal Impact of the Federal Eligibility Modernization Program on the Texas Integrated Eligibility Redesign System.** Directs HHSC to report the fiscal impact of the federal Eligibility Modernization Program to the Quality Assurance Team.

NEW 64 **Federal Provider Enrollment and Screening Fee.** In alignment with agency request, the rider provides appropriation authority for HHSC to collect and expend the Provider Enrollment and Screening Fee. The ACA requires all providers and suppliers to register with Medicaid and CHIP; under federal law, HHSC is authorized to collect the fee and expend it on the costs of conducting the enrollment and screening.

NEW 65 **Contract Management and Oversight.** Directs HHSC to conduct a thorough review of the agency’s contract management and oversight functions for Medicaid and CHIP managed care and Fee For Service contracts in order to recommend improvements that can be made to identify anomalies in service utilization and their underlying cause.

NEW 66 **Contingency for STAR+PLUS Utilization Review.** Contingent on enactment of legislation authorizing utilization review for STAR+PLUS managed care organizations, the rider transfers General Revenue Funds and associated Federal Funds from Goal B, Medicaid, to Goal G, Office of Inspector General to fund 9.0 FTEs to implement the utilization reviews, in alignment with GEER recommendation. This transfer is reflected in the Introduced Bill.

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

Agency Exceptional Items - In Agency Priority Order	2014-15 Biennial Total			
	GR & GR-Dedicated		All Funds	
1. Maintain Medicaid Current Services	\$	1,953,342,299	\$	4,211,723,677
2. Maintain CHIP Current Services	\$	49,908,269	\$	171,478,958
3. Maintain Medicaid Services Associated with Certain ACA Provisions includes 128.5 FTEs in FY 2014 and 288.7 FTEs in FY 2015	\$	760,096,113	\$	1,837,868,282
4. Implement Fraud Integrity Initiative and Improve OIG Staffing includes 105.7 FTEs in FY 2014 and 105.6 FTEs in FY 2015	\$	18,750,799	\$	62,178,061
5. Support Office of Acquired Brain Injury (OABI) and Implement Acquired Brain Injury Waiver Services includes 4.0 FTEs in FY 2014 and 5.1 FTEs in FY 2015	\$	2,824,594	\$	5,578,169
6. Implement Information Security Improvements and Application Provisioning Enhancements	\$	5,674,078	\$	8,631,882
7. Improve Security Infrastructure for Regional Health and Human Services Client Delivery Facilities	\$	1,197,682	\$	1,691,365
8. Expand PCP Rate Increase for XIX Ob/Gyns and Maintain 2% Restoration for PCPs	\$	43,988,073	\$	105,809,366
9. Attendant Care Wage Increases - \$0.50 per Hour	\$	178,473,917	\$	433,375,702
10. Increase HHS Recruitment and Retention of Direct Care Workers	\$	28,541,488	\$	47,511,698
11. Expand Family Violence Prevention and Victim Services	\$	2,500,000	\$	2,500,000
12. Upgrade Winters Data Center Facilities	\$	2,220,800	\$	4,000,000
13. Maintain Support of State-Operated Facilities includes 1.0 FTE in each fiscal year	\$	3,403,690	\$	5,148,140

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

Agency Exceptional Items - In Agency Priority Order	2014-15 Biennial Total	
	GR & GR-Dedicated	All Funds
14. Retire Legacy CARE System across Enterprise Agencies includes 2.0 FTEs in FY 2014 and 4.0 FTEs in FY 2015	\$ 16,404,634	\$ 33,272,185
15. Continue International Classification of Diseases (ICD-10)	\$ 793,541	\$ 2,323,164
16. Secure Mobile Infrastructure and Enterprise Communications	\$ 11,420,258	\$ 17,359,770
17. Complete Enterprise Data Warehouse Medicaid Initiative includes 13.1 FTEs in each fiscal year	\$ 6,552,248	\$ 35,631,380
18. Upgrade HHSAS Financials - Hardware Remediation (HHS Agencies)	\$ 1,171,971	\$ 1,616,622
19. Improve Community Resources Coordination Group (CRCG) Program Support includes 2.0 FTEs in each fiscal year	\$ 307,552	\$ 545,761
20. Increase Support of Healthy Marriage Program (HMP)	\$ 1,186,697	\$ 1,186,880
21. Implement Initiatives to Address Disproportionality and Disparities Across HHS System includes 2.0 FTEs in each fiscal year	\$ 451,676	\$ 623,234
22. PLACEHOLDER: Dual Eligibles Integrated Care Project - ACA	\$ -	\$ -
Total, Items Not Included in the Recommendations	\$ 3,089,210,379	\$ 6,990,054,296