

Summary FY2010-11 HHS General Revenue Reduction Options
Approved Targets as of May 18, 2010

HHS Agency	FY10-11 GR Budget as Adjusted*	Target Reduction Submitted February 2010	Approved Target Reduction May 2010	Amount Excluded from Original Target (see below)	Percent of Adjusted Agency GR Budget
Department of Assistive and Rehabilitative Services	\$ 187,403,531	\$ 7,348,123	\$ 7,348,123	\$ -	3.9%
Department of Family and Protective Services	\$ 802,931,677	\$ 14,693,125	\$ 14,693,125	\$ -	1.8%
Department of State Health Services	\$ 2,469,889,608	\$ 100,945,672	\$ 62,733,836	\$ 38,211,836	2.5%
Department of Aging and Disability Services	\$ 1,697,456,283	\$ 39,857,716	\$ 28,429,611	\$ 11,428,105	1.7%
Health and Human Services Commission	\$ 398,691,540	\$ 114,973,996	\$ 91,806,225	\$ 23,167,771	23.0%
Totals	\$ 5,556,372,639	\$ 277,818,632	\$ 205,010,920	\$ 72,807,712	3.7%

Items Excluded from Reduction Options

Additional 1% provider rate reduction for Medicaid long-term care residential and acute care adults	\$ 35,007,712
Indigent Health Care-UTMB (partial exemption)	\$ 5,800,000
Indigent Care Trauma (partial exemption)	\$ 5,000,000
Delay Regulatory Functions (full exemption but does not impact target)	\$ -
MH Hospital Capacity	\$ 27,000,000
Total Items Partially or Fully Reduced from Target	\$ 72,807,712

* Budgets exclude eligibility, Medicaid entitlement, CHIP, foster care, and debt services

Department of Assistive and Rehabilitative Services

Item	General Revenue			Federal Funds		
	FY 2010	FY 2011	Biennial	FY 2010	FY 2011	Biennial
Temporary Hiring Freeze	546,189	842,232	1,388,421	1,791,949	2,763,178	4,555,127
This includes anticipated savings from a merit/promotion freeze for all positions and a temporary hiring freeze on certain positions implemented January 20, 2010.						
Reduce Administrative Operating Costs	349,450	308,340	657,790	-	-	
DARS will closely manage the overhead needs and reduce professional fees, travel and other operating costs.						
Higher FY09 SSAVR Federal Earnings	665,702		665,702	-	-	
DARS earned more in Social Security Administration - Vocational Rehabilitation funds in Fiscal Year 2009 than expected. These federal funds can be used to reduce the amount of general revenue needed for the program.						
Vocational Rehabilitation FTEs Funded But Not Approved	2,075,486	2,075,486	4,150,972	3,243,604	3,243,604	6,487,208
DARS received funding for an additional 105.5 FTEs for vocational rehabilitation strategies; however, the agency did not receive approval for the actual positions during the 81st Legislative Session.						
Reduce DRS and DBS Independent Living Programs and Backfill with ARRA Funds	130,136	130,136	260,272	-	-	
Rehabilitation Services (DRS) and Blind Services (DBS) Independent Living programs would be reduced. To the extent possible, DARS will use stimulus funds for Independent Living to compensate for this reduction.						
Total	\$3,766,963	\$3,356,194	\$7,123,157	\$5,035,553	\$6,006,782	\$11,042,335

Note: Excludes rate reductions see page 10 for rate reductions

Department of Family and Protective Services

Item	General Revenue			Federal Funds		
	FY 2010	FY 2011	Biennial	FY 2010	FY 2011	Biennial
Temporary Hiring Freeze	921,047		921,047	175,438		175,438
Salary savings are derived from actual vacancies during the first four months of FY 10. The vacancies occurred due to a hiring freeze that began in FY 09 to bring filled FTEs down to the appropriated level after exceeding the third quarter FTE cap by 144.3 FTEs, and remained in effect until November 2009 when the CPS regional FTE realignment was completed.						
Savings in Other Program Administration	4,282,768		4,282,768	815,765		815,765
Savings are anticipated from recent decrease in travel reimbursement rates and from non-salary FTE costs budgeted but not incurred due to vacancies.						
Updated Contract Experience Resulting in FY10 Available Balances	4,666,309		4,666,309			
These are Prevention and Early Intervention funds and Strengthening Families Initiative funds projected to remain unspent at the end of FY 10. This option would require a method of finance swap of federal funds with general revenue in other areas of the agency's budget.						
Eliminate Pilot Enhanced In-Home Support Program in FY11		4,823,000	4,823,000			
This item would eliminate the FY 11 appropriation for the pilot program aimed at family preservation in accordance with the recent evaluation that showed mixed results for the success of the program. Families who would have been targeted for this program would instead receive traditional services. This option would require a method of finance swap of federal funds with general revenue in other areas of the agency's budget.						
Total	\$9,870,124	\$4,823,000	\$14,693,124	\$991,203	\$0	\$991,203

Department of State Health Services

Item	General Revenue			Federal Funds		
	FY 2010	FY 2011	Biennial	FY 2010	FY 2011	Biennial
Temporary Hiring Freeze	2,700,000	1,673,116	4,373,116	-	-	
Salary savings are derived from actual vacancies. Also includes anticipated savings from a temporary freeze on one-time merits and hiring for certain positions implemented January 20, 2010.						
One-time Revenue Streams (Settlements, Reimbursements)	5,250,000		5,250,000	-	-	
Includes one-time savings related to Ike/Dolly reimbursement and available revenue collected for print shop services. Funds available in Fiscal Year 2010 only.						
Savings from Contract Changes/Re-negotiations	584,277	898,602	1,482,879	-	-	
Assumes cost reductions resulting from changes in contracts related to parcel postage, laptop costs, and cost of the subscription for the Microsoft Enterprise agreement.						
Delay Replacing Computer Equipment	550,000		550,000	-	-	
Assumes delay in replacing a number of desktops and laptops for which DSHS has received full funding for the current biennium. Extended negotiation of a new contract resulted in delay of the agency's ability to replace the equipment.						
Improve Medicaid Reimbursements		1,730,000	1,730,000	-	-	
DSHS will hire an employee to bill Medicaid for laboratory kits for children enrolled in Medicaid. This will increase federal funding and reduce state funding needed to provide services.						
County Indigent - Updated Estimate of County Demand	2,500,000	2,500,000	5,000,000	-	-	
DSHS projects that some counties will spend less than 8 percent of their general tax levy on the indigent health care programs, which is the threshold that qualifies the counties for state assistance.						
Immunizations	8,000,000	4,000,000	12,000,000	-	-	
Texas received additional federal stimulus funds for immunizations. General revenue for these services will be needed in the 2012-13 biennium after the stimulus funding ends. This item would require DSHS to submit a modified grant proposal and seek CDC approval.						
Kidney Health Care Rebates	4,500,000	650,000	5,150,000	-	-	
Most of this funding represents one-time settlements on vendor drug rebates. DSHS anticipates that in 2012-13 biennium program funding needs will increase due to increases in prices and drug costs.						

Item	General Revenue			Federal Funds		
	FY 2010	FY 2011	Biennial	FY 2010	FY 2011	Biennial
Indigent Health Care- UTMB	1,500,000	-	1,500,000	-	-	
This reduction assumes that UTMB will not serve as many indigent individuals as a result of Hurricane Ike. Restoration of facilities and services are underway.						
Diabetes Prevention Pilot		200,000	200,000	-	-	
Reduces funds for the UTMB/Stark Diabetes Center. Total of \$3 million was appropriated each year for the diabetes center. The reduction will be implemented during the start-up of the project.						
Site visits to Texas Vaccine for Children Providers		300,000	300,000	-	-	
Reduces contract with Texas Medical Foundation for site visits to Texas Vaccine for Children Providers. DSHS will mitigate the impact by concentrating on visiting new providers or those providers with performance issues.						
FQHC Incubator Grants	TBD	TBD	TBD	-	-	
Reduces general revenue funding for expansion of existing and development of new Federally Qualified Health Clinics. The federal American Recovery and Reinvestment Act provided significant federal funding to existing FQHCs for construction, expansion and workforce.						
Hospital Indigent Health Care Reimbursement - Trauma Funds	-	5,000,000	5,000,000	-	-	
Reduces trauma funds available for allocation to trauma centers. This amount represents a 5 percent of the funds available to allocate to hospitals for indigent care.						
Contract Monitoring and Technical Assistance	376,476	219,157	595,633	-	55,000	55,000
Reduces funds for temporary staff to assist with contract monitoring and review. Reduction in methadone education media campaign. Eliminates training for Microsoft Assist to providers.						
Regional Health Services		1,790,486	1,790,486	-	-	
Reduces funding for DSHS regional offices. In some cases, these offices also serve as local health departments by working on immunization capacity, tuberculosis control and the investigation of certain diseases. This could affect the state's ability to meet the higher match requirement for CDC preparedness funding. The match requirement increases from 5 percent in FY09 to 10 percent in FY10.						
Children with Special Health Care Needs	-	3,500,000	3,500,000	-	-	
Reductions in funding will mean that the agency is not able to remove approximately 285 clients from the waiting list in FY 2011.						
Hospital Administrative Costs	100,000	1,100,000	1,200,000	-	-	
Reduces administrative and support staff and operating costs at state hospitals, such as grounds keeping, administrative and data support services.						

Item	General Revenue			Federal Funds		
	FY 2010	FY 2011	Biennial	FY 2010	FY 2011	Biennial
Environmental Health		930,000	930,000	-	-	
Delays filling vacancies and hiring of additional staff authorized during the 81st Texas Legislature to improve inspections which protect the public's health. Workload in most regulatory programs has continued to increase, therefore delay in implementation of the new compliance FTEs will result in inspection intervals and complaint turnaround remaining at current extended timeframes and possibly increasing.						
Central Office Administration Reduction Including Contracted Services and Web Support	367,227	1,195,871	1,563,098	-	-	
Reduces funding for vehicle maintenance, fuel costs, building security and other contracted services. Also reduces available funds for temporary staffing in vital records. This option also relies on gaining additional efficiencies at the central office in licensing, collecting and analysis of health care information, specimen processing, development of rules and vital records.						
Regulation of Health Care Professionals		500,000	500,000	-	-	
Delays hiring of additional staff authorized during the 81st Texas Legislature to improve compliance with state regulations which protect the public's health. Workload in most regulatory programs has continued to increase, therefore delay in implementation of the new compliance FTEs will result in inspection intervals and complaint turnaround remaining at current extended timeframes and possibly increasing.						
Radiation Control		480,000	480,000	-	-	
Delays hiring of additional staff authorized during the 81st Texas Legislature to improve compliance with regulations which protect the public's health. Workload in most regulatory programs has continued to increase, therefore delay in implementation of the new compliance FTEs will result in inspection intervals and complaint turnaround remaining at current extended timeframes and possibly increasing.						
Food and Drug Regulation		455,000	455,000	-	-	
Delays hiring of additional staff authorized during the 81st Texas Legislature to improve compliance with regulations which protect the public's health. Workload in most regulatory programs has continued to increase, therefore delay in implementation of the new compliance FTEs will result in inspection intervals and complaint turnaround remaining at current extended timeframes and possibly increasing.						
Remaining amount to meet target	3,406,537	5,043,463	8,450,000			
Analysis is underway to identify additional savings						
Total	\$29,834,517	\$32,165,695	\$62,000,212	\$0	\$55,000	\$55,000

Note: Excludes rate reductions see page 10 for rate reductions

Department of Aging and Disability Services

Item	General Revenue			Federal Funds		
	FY 2010	FY 2011	Biennial	FY 2010	FY 2011	Biennial
Temporary Hiring Freeze	789,245	5,595,383	6,384,628	1,107,974	7,854,710	8,962,684
Salary savings are derived from actual vacancies and savings from filling positions at lower salaries than the position was budgeted for during the first four months of FY 2010. Also includes anticipated savings from a temporary hiring freeze on certain positions implemented January 20, 2010. There are no reductions to salaries in the State Supported Living Centers.						
Reduced Travel	834,209	421,352	1,255,561	939,131	474,417	1,413,548
DADS will closely manage travel to meet required needs.						
Reduce Overhead	821,610	543,304	1,364,914	1,358,918	839,197	2,198,115
DADS will closely manage overhead to meet essential needs.						
Personal Care Service - Hours Management	998,035	4,998,368	5,996,403	2,404,742	8,756,085	11,160,827
DADS is working to ensure greater consistency in the authorization of Personal Assistance Service hours (Primary Home Care, Community Attendant Services, and Community Based Alternatives) for a given condition/situation. Currently, there are wide regional variations in the average hours of service authorized per individual. The focus of this option is on ensuring consistency.						
Utilization Review of Home and Community-Based Services (HCS)	-	2,000,000	2,000,000	-	3,503,577	3,503,577
DADS will expand its utilization review efforts in HCS to focus on service areas where limited utilization review currently occurs. This option is in response to the State Auditors recommendation that DADS review plans of care that exceed service level thresholds established in HCS guidelines.						
Total	\$3,443,099	\$13,558,407	\$17,001,506	\$5,810,765	\$21,427,986	\$27,238,751

Note: Excludes rate reductions see page 10 for rate reductions

Health and Human Services Commission

Item	General Revenue			Federal Funds		
	FY 2010	FY 2011	Biennial	FY 2010	FY 2011	Biennial
Savings in Capital Projects	46,831	2,957	49,788	28,623		28,623
Most of the savings would be achieved by reducing contractor hours. Capital projects affected include those supporting medical transportation, accessibility and removable data encryption.						
Reduce GR for Refugee Assistance	266,070	266,070	532,140	-	-	-
The refugee program has state funding set aside in case the state must repay the federal government for refugee clients later found to be ineligible for services provided with federal funds. In recent years, the state has had minimal utilization of this funding. Federal funds supporting the program were excluded from reductions. In the event that an ineligible refugee receives services, general revenue would have to be redirected from elsewhere in the agency.						
Savings in Other Program Administration	2,600,270	1,666,687	4,266,957	2,690,033	1,758,257	4,448,289
Savings are anticipated from reducing travel, cutting back on trainings or seminars for staff, and canceling subscriptions and reference materials. There also would be savings from additional efforts to reduce the costs of utilities and consumables.						
Actual and Anticipated Salary Savings	1,912,168	420,865	2,333,034	2,184,865	498,260	2,683,125
Salary savings are derived from actual vacancies and savings from filling positions at lower salaries than the position was budgeted for during the first four months of FY 2010. Also includes anticipated savings from a temporary hiring freeze on certain positions implemented January 20, 2010.						
Savings in Contracts and Grants	7,950,605	7,187,437	15,138,042	3,512,839	4,362,627	7,875,466
The items captures savings where contracts, rates and payments came in lower than expected, or the contract start date was later than expected. Contracts for studies, evaluations, and certain pilots associated with the Frew settlement account for \$12.7 million of the GR savings. Other contracted functions affected by this option include enhanced criminal history background checks for Medicaid providers, document imaging, and business continuity functions in the event of disasters.						

Health and Human Services Commission

Item	General Revenue			Federal Funds		
	FY 2010	FY 2011	Biennial	FY 2010	FY 2011	Biennial
Delays in Implementation of Medicaid Buy-In for Children	-	10,291,791	10,291,791	-	11,740,643	11,740,643
HHSC received funding to implement a new program that would allow families to buy into Medicaid coverage to cover the critical health needs of their children. The program implementation has been experiencing delays and will not meet the original start date of September 1, 2010 as agency staff is still working out the program details with the federal government and there are extensive technology implications. The program will be implemented as soon as technically feasible but no later than January 1, 2011, subject to federal approval.						
National Corrective Coding initiative (NCCI)		2,822,531	2,822,531		6,015,838	6,015,838
Implementing the National Corrective Coding initiative (NCCI) would standardize medical coding rules to more closely align Medicaid claim adjudication rules with those enforced by Medicare and private sector payers.						
Electronic eligibility verification transactions		2,549,235	2,549,235			
Additional revenue related to charging for use of interactive eligibility request that non-provider third party Value Added Networks use. This is already happening for single transactions (\$0.075) but this item expands to batch request. This would primarily impact companies who work for large providers and search for retroactive payers.						
Federally Qualified Health Centers		1,885,363	1,885,363		3,302,757	3,302,757
Adjust rates to align with incurred cost in Medicaid program. Current cost reports indicate costs are consistently below established rates.						
Total	\$12,775,944	\$27,092,936	\$39,868,880	\$8,416,360	\$27,678,382	\$36,094,742

Note: Excludes rate reductions see page 10 for rate reductions

Estimated Impact of Provider Rate Options

Agency	Service Categories	General Revenue			Federal Funds		
		FY 2010	FY2011	Biennial	FY 2010	FY2011	Biennial
	One percent provider rate reduction		49,748,546	49,748,546		89,305,008	89,305,008
One-percent provider rate reduction for all HHS programs except Medicaid community care, Foster Care, and Adoption Subsidies. Effective September 1, 2010.							
HHSC	Acute Care Medical Services, Dental Services, Vendor Drug Dispensing Fees - includes both Medicaid and CHIP		37,586,817			68,234,903	
DADS	Nursing Facilities, Hospice, ICF-MR		11,428,105			20,019,625	
DSHS	Children with Special Health Care Needs, Maternal and Child Health, Family Planning, Targeted Case Management, and Rehab Services		733,624			1,050,480	
	Additional Managed care rates		14,575,494	14,575,494		25,533,185	25,533,185
Additional provider rate reduction for Medicaid managed care organizations at HHSC. Effective September 1, 2010.							
HHSC			14,575,494			25,533,185	
Total			\$64,324,040	\$64,324,040		\$114,838,193	\$114,838,193