



# **Key Elements of 2012-13 Legislative Appropriation Request (LAR) Submission**

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Health and Human Services System  
August 6, 2010

## LAR “Base Request”

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- All agencies must reduce their 2012-13 Base Request by full 5% General Revenue Related (GR) amount identified for FY 2010-11
  - HHS System reduced in Base Request by \$277.8 million GR
    - HHS System reduction in 2010-11 was lowered to \$205 million by leadership exemption of some options
  - A “system” approach was permitted (as in FY 10-11 reductions), shifting some of the reduction to HHSC from the other HHS agencies
  - \$277.8 million reduction primarily achieved by continuation of FY 10-11 action (such as 1% provider rate reduction, many administrative reductions)
  - DADS Base Request includes re-basing HCS rates

## LAR “Base Request” (continued)

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- Base Request includes restoration of ARRA funds (temporary higher matching fund rate) for most programs
    - \$3.6 billion above FY 10-11 appropriation level estimated for 2012-13 biennium
    - Restoring some ARRA funds must be made in Exceptional Items
      - Examples include non-entitlement FMAP for Long-Term Care Waivers and Adoption Subsidies, TANF “one-time” funding, IDEA Part C for Early Childhood Intervention
    - Increase above 2010-11 permitted for specified programs, primarily for client services
      - Caseload estimated for FY 12-13 for acute and long-term care entitlement Medicaid
      - Foster Care
      - CHIP
      - Most eligibility determination related costs
      - Debt service



## **10% Biennial Base Reductions Options**

### **Supplemental Schedule**

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- 10% target of \$568.7 million is calculated based on estimate of FY 10-11 GR for non-entitlement programs/services
- 10% reduction would be to Base Budget request
- HHS System allocation not used, each agency must identify full 10%, but Executive Commissioner has reviewed with each agency
- Schedule is divided into two 5% increments to convey increasing severity of impact
- Supplemental schedule is not a proposed reduction by the agency, but provides required supplemental information

## Biennial and Base Reduction Options Supplemental Schedule Preliminary Options Under Consideration

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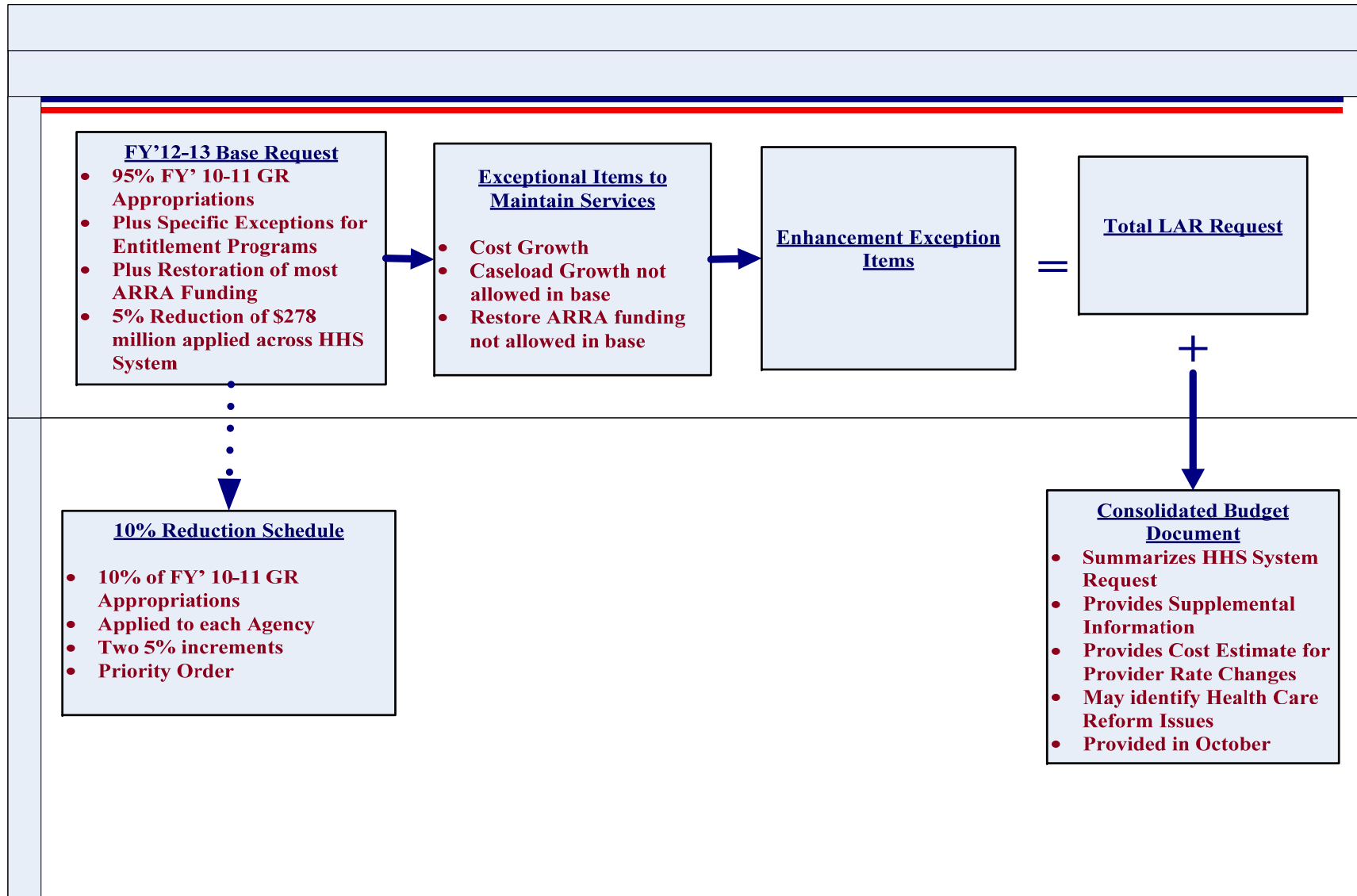
- HHS System Target \$568.7 million GR
- HHSC target \$83.5 million GR (see HHSC presentation)
- DADS target \$137.2 million GR
  - \$77.5 – Reduce Home and Community Based Services rates based on methodology change, reduce long-term care provider rates.
  - \$56.4 – Programs funded with 100% GR would be reduced between 18% - 50%. Includes In-Home and Family Support (\$4.9), MR In-Home and Family Support (\$5.7), MR Community (\$37.7), Promoting Independence (\$1.2), and Non-Medicaid services (\$6.9)
  - \$3.3 – Reduce agency administration (\$3.1) and Capital Repair and Renovations (\$0.2). This reduction item includes 25 FTEs per year in central administration
- DARS target \$24.6 million GR
  - \$23.6 million – Reduce Comprehensive Rehabilitation Services by 70% and not provide services to approximately 840 clients
  - \$1.0 million – in support and administrative savings

## Biennial and Base Reduction Options Supplemental Schedule Preliminary Options Under Consideration

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- DFPS target \$78.7 million GR
  - \$73.7 million – Reduce prevention and early intervention programs by approximately 84% including related FTEs
  - \$5.0 million – in support and administrative savings
- DSHS target \$244.7 million GR
  - \$136.7 million – Reductions in State Mental Health Hospital capacity, Community Mental Health Services for adults and children, and Substance Abuse Intervention services
  - \$60.2 million – Reductions in several programs that provide health and dental services, including vaccination, primary care and services for children with special health care needs, among others
  - \$44.8 million – Reductions in funding for uncompensated care reimbursed to counties and hospitals, as well as prevention and education programs
  - \$3.0 million – Reductions in support and administrative savings

## Key LAR Elements FY 2012-13





**FY 2012-2013  
Legislative Appropriations Request (LAR)**

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**Texas Health and Human Services Commission  
August 6, 2010**

## LAR Elements

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- **FY 2012-13 Baseline Request**
  - HHSC's baseline request assumes the 5 percent GR reduction imposed during the 2010-11 biennium with exemptions for caseload growth for Medicaid and CHIP client services and the maintenance of eligibility determination staff.
- **Exceptional Item Request**
  - The Exceptional Item Request represents any request for GR funding in excess of the baseline limit.
- **Riders**
- **Capital Budget Request**
- **Supporting Schedules**
  - A new schedule details where HHSC would reduce GR funding in the base request by 10 percent. The biennial GR target is \$83.5 million.
- **Sub-strategy Detail**

# Exceptional Item Assumptions

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## Key Assumptions

- Exceptional Item funding is for GR funding in excess of the 2010-11 biennial limit
- Program Staff Identified the Purpose of Requested Funding
  - Maintain Current Services
  - Annualize Costs for a full 24 month Period
  - Address Increasing Workload
  - Expand Programs
  - Create New Programs
  - Address Technological and Infrastructure Needs
  - Enhance the Recruitment and or Retention of Critical Staff Positions
- Request GR share on behalf of the other HHS agencies when the HHSC-incurred cost would be billed out.

# Exceptional Item Development

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## Enterprise Exceptional Items

- IT, Wait List, and HHS Staffing Items had inter-agency work group participation
- Other Items were coordinated across the affected agencies by HHSC Program staff.

## External Influences and Decisions

- Policy Guidance Letter from LBB and GOBP
- Stakeholder and Forum Input
- Audit Findings
- Comptroller's Enterprise Resource Planning Project
- Department of Information Resources Future Cost Estimates
- Federal Health Care Reform (HCR)
  - The development of HCR costs is still in progress and HHSC anticipates inclusion of some FY 2012-13 costs in the HHS Consolidated Budget submitted October 2010
  - There is an estimate of the current HCR impact on Medicaid drug rebates and it is primarily in the Base Request

## Exceptional Item Review

### HHSC Internal Review Process

- All submitted requests for Exceptional Item required Deputy approval
- Items receiving Deputy approval were reviewed by HHSC Executive Management
- Those requests amended and approved are reflected in the 29 Exceptional Items listed on the next few pages

### Summary

<b>HHSC Exceptional Items</b>	<b>\$1.7 billion GR</b>	<b>\$3.9 billion AF</b>
<b>HHSC Managed Care Expansion Savings</b>	<b>TBD</b>	<b>TBD</b>
<b>HHS Enterprise Exceptional Items</b>	<b>\$0.3 billion GR</b>	<b>\$0.7 billion AF</b>

- Before the savings reductions, exceptional items total \$2.0 billion GR and \$4.6 billion AF. FTE increases over current biennial levels would be 1,097 in FY 2012 and 1,760 in FY 2013.

## Summary of HHSC Exceptional Items

Reference	LISTING of UN-PRIORITIZED EXCEPTIONAL ITEMS	BIENNIAL TOTAL		FY12	FY 13
		GR/GRD	All Funds	FTEs	FTEs
<b>Essential Services</b>					
1	Maintain Medicaid Cost Trends for Current Services	\$ 1,333.0	\$ 3,341.7		
2	Maintain CHIP Cost Trends for Current Services	41.8	140.7		
3	Maintain TANF Grant Amounts for Current Services	60.0	60.0		
4	Maintain Funding for Frew Strategic Initiatives Current Services	91.4	96.9	3.0	3.0
5	Annualize Costs and Maintain Current Services	20.7	27.5		
6	Increase Retention of Eligibility Staff	28.6	59.5		
<b>Critical Services</b>					
7	Increase Eligibility Resources for Caseload Growth	66.2	137.9	979.0	1,547.0
8	Improve Staffing and Supports for the Office of Inspector General	2.4	4.4	35.0	35.0
9	Increase Family Violence Services Funding	4.5	4.5		
10	Expand Food Bank Collaboration Pilot Statewide	2.2	4.5		
11	Establish Texas Autism Research and Resource Center	1.6	1.6	4.2	4.2
12	Increase State Assistance to 2-1-1 Information Centers	1.7	3.5	2.1	2.1
13	Implement MEPD Asset Verification System	0.8	1.5		
<b>System Improvements</b>					
14	Implement Eligibility Customer Flow Management System	3.6	7.6		
15	Improve Employee and Manager Supports for HHS Workers	2.2	3.1	2.1	2.1
16	Capitate Medicaid in Urban Contiguous Counties (Savings)	TBD	TBD		
17	Expand STAR+Plus to Lubbock & El Paso (Savings)	TBD	TBD		
18	Expand Medicaid Managed Care in South Texas STARStep (Savings)	TBD	TBD		
19	Expand Medicaid Exclusive Provider Organization Model (Savings)	TBD	TBD		
20	Capitate dental services for Medicaid (Savings)	TBD	TBD		
21	STAR+Plus Hospital Carve-In (Savings)	TBD	TBD		
22	Capitate Medicaid and CHIP Vendor Drug Programs (Savings)	TBD	TBD		
<b>Total, HHSC Exceptional Items</b>		<b>\$ 1,660.6</b>	<b>\$ 3,894.9</b>	<b>1,025.3</b>	<b>1,593.3</b>

## Summary of HHS Enterprise Exceptional Items

Reference	LISTING of UN-PRIORITIZED EXCEPTIONAL ITEMS	BIENNIAL TOTAL GR/GRD	BIENNIAL TOTAL All Funds	FY12 FTEs	FY 13 FTEs
<b>Essential Services</b>					
23	Maintain IT Services for HHS Provided by DIR Data Center Services	13.9	19.0		
<b>Critical Services</b>					
24	Increase Capacity of HHS-Funded Community Services (Reduce Waiting and Interest Lists)	272.4	560.8	67.6	159.2
25	Support a Veteran's Health Initiative	6.4	6.4		
26	Implement Acquired Brain Injury Waiver	0.9	1.7	4.1	8.1
27	Enhance Technological Supports of State Hospitals & State Supported Living Centers	8.8	12.4		
28	Improve Security in IT Systems	11.0	16.1		
29	Increase Retention and Recruitment of Targeted HHS Staff	41.7	70.3		
<b>Total, HHS Enterprise Exceptional Items</b>		<b>\$ 355.1</b>	<b>\$ 686.7</b>	<b>71.7</b>	<b>167.3</b>
<b>Total, HHSC LAR Exceptional Items</b>		<b>\$ 2,015.8</b>	<b>\$ 4,581.7</b>	<b>1,097.0</b>	<b>1,760.6</b>

# HHSC LAR Exceptional Items

## ESSENTIAL SERVICES

- 1. MAINTAIN MEDICAID COST TRENDS FOR CURRENT SERVICES** **\$1,333.0 GR / \$3,341.7 AF**

This request represents cost and utilization increases forecasted for FY 2012-13 in the Medicaid program that are not allowed in the base request. Caseload growth is assumed to be in the base request at FY 2011 cost levels and FMAP rates of 60.55 percent for FY 2012 and 60.55 percent for FY 2013. The one percent provider reduction imposed in FY 2011 is assumed to be continued through FY 2012-13.
- 2. MAINTAIN CHIP COST TRENDS FOR CURRENT SERVICES** **\$41.8 GR / \$140.07 AF**

This request represents cost and utilization increases forecasted for FY 2012-13 in the CHIP program that are not allowed in the base request. Caseload growth is assumed to be in the base request at FY 2011 cost levels and FMAP rates of 72.39 percent for FY 2012 and 72.39 percent for FY 2013. The one percent provider reduction imposed in FY 2011 is assumed to be continued through FY 2012-13.
- 3. MAINTAIN TANF CASH GRANT AMOUNTS FOR CURRENT SERVICES** **\$60.0 GR / \$60.0 AF**

This request would continue funding the monthly cash grant awards for the basic and two-parent family programs at the projected caseload levels assumed in the base request. The current period of economic down-turn and high unemployment impacting Texas families has caused the TANF basic assistance caseload to increase and HHSC has experienced an upswing in caseload, underscoring the need to project continued growth. The requested state general revenue for the basic program could also be TANF federal funds.
- 4. MAINTAIN FREW STRATEGIC INITIATIVES FUNDING** **\$91.4 GR / \$96.9 AF**

This funding request would complete and continue those Frew Strategic Initiatives initiated during the current biennium. This funding would complete two initiatives during FY 2012 and provide on-going funding for continuing the courier service for TH Steps lab testing, physician and dentist loan repayment program, mobile dental units, health home and developmental calendars. No Strategic Initiative funding is requested in the base request. No Strategic Initiative funding from the original \$150 million is available for FY 2012-13.
- 5. ANNUALIZE AND MAINTAIN CURRENT OPERATING LEVELS FOR HHSC PROGRAMS & SERVICES** **\$20.7 GR / \$27.5 AF**

During the 2010-11 biennium, HHSC acquired office space for which there is not 24 months of expenditures. This request would fund \$19.4 million GR and \$25.5 million for the balance of those facility costs as well as \$1.3 million GR and \$2.0 million AF for increased transaction costs associated with the Electronic Benefit Card due to SNAP caseload growth.

# HHSC LAR Exceptional Items (Continued)

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**6. INCREASE RETENTION OF ELIGIBILITY STAFF**

**\$28.6 GR / \$59.5 AF**

This request would provide funding to increase retention of Office of Eligibility Services (OES) regional field office staff by providing a salary increase and performance incentives. A 10 percent salary increase would be allocated for clerks, workers, supervisors and program managers. There would also be performance incentives for OES staff as recommended by a State Auditors Office audit report.

**CRITICAL SERVICES**

**7. INCREASE ELIGIBLY RESOURCES FOR CASELOAD AND WORKLOAD GROWTH**

**\$66.2 GR / \$137.9 AF**

This request for funding would support additional eligibility staff associated with the caseload forecasts for Medicaid, TANF, SNAP, and CHIP- 979.0 FTES in FY 2012 and 1,547.0 FTES in FY 2013.

**8. IMPROVE STAFFING AND SUPPORTS FOR THE OFFICE OF INSPECTOR GENERAL (OIG)**

**\$2.4 GR / \$4.4 AF**

This funding request would increase the staff for the OIG by 35 positions each year, adding investigators and support positions to address the increasing workload of the Office and reduce backlog. Most of the requested staff would be in General Investigations to conduct recipient fraud investigations, establish overpayment claims, and research data matches in HHS programs and within federally mandated timeframes. Four positions would support Internal Affairs to investigate alleged criminal activity including abuse, neglect, sexual assault, and exploitation of client/residents within State Supported Living Centers (SSLC). The GR amount also includes the GR share that would be billed to other HHS agencies but would eventually be Interagency Contracts in HHSC's method of finance.

**9. INCREASE FAMILY VIOLENCE SERVICES FUNDING**

**\$4.5 GR / \$4.5 AF**

This request would enhance family violence services for existing service providers to expand services in four areas: economic stability (including but not limited to transitional housing, job training and educational support), legal services (to address complex issues such as custody, immigration, and protective orders), primary prevention and Domestic Violence Fatality Review. Funding would also allow for new providers and initiatives to implement evidence-based primary prevention models and Domestic Violence Fatality Review efforts across Texas.

**10. EXPAND FOOD BANK COLLABORATION PILOT STATEWIDE**

**\$2.2 GR / \$4.5 AF**

This request would allow statewide expansion of the Food Bank Collaboration Pilot implemented during FY 2010. USDA approved an HHSC waiver request for the Community Partner Interviewer (CPI) demonstration project enabling HHSC to expand application assistance services provided through a strategic public partnership with Texas Food Bank Network (TFBN) which includes the SNAP eligibility interview process.

# HHSC LAR Exceptional Items (Continued)

**11. ESTABLISH TEXAS AUTISM RESEARCH AND RESOURCE CENTER** **\$1.6 GR / \$1.6 AF**

Senate Bill 1574, 81<sup>st</sup> Legislature Regular Session 2009, requires HHSC to establish and administer an autism spectrum disorders resource center to coordinate resources for individuals with autism and other pervasive developmental disorders and their families. Funding would enable HHSC (through a contract with DADS) to begin to provide some of the training and development activities that are central to the mandates required of the center. It would also support further development and on-going implementation of the web-based resource tools, as well as the development of some of the coordination and support activities described in legislation.

**12. INCREASE STATE ASSISTANCE TO 2-1-1 INFORMATION CENTERS** **\$1.7 GR/ \$3.5 AF**

The requested funding would increase support of 2-1-1 Area Information Centers (AICs). Included in the request are funds to implement telephony improvements to increase call capacity needed for daily increased call volumes and especially during natural disasters. The AICs would also be able to increase their staffing to better achieve targeted service levels. Due to increasing call volume, an increasing number of AICs are not meeting the monthly service level of 80 percent of calls answered within 60 seconds. Additionally, two FTEs are needed to support the HHSC expanding 2-1-1 workload in the areas of contract management and routine administrative (clerical) duties.

**13. IMPLEMENT MEPSD ASSET VERIFICATION SYSTEM** **\$0.8 GR / \$1.5 AF**

This request funds the development of an Asset Verification System for the Medicaid Eligibility for the Elderly and People with Disabilities (MEPD) Program. Development of this system is mandated by the Supplemental Appropriations Act of 2008 which added section 1940 to the Social Security Act (Sec. 1940.[42 U. S. C, 1396w]). This system would be used to verify applicants' assets by electronically matching client provided information with information obtained from financial institutions.

## SYSTEM IMPROVEMENTS

**14. IMPLEMENT OES CUSTOMER FLOW MANAGEMENT SYSTEM** **\$3.6GR / \$7.6 AF**

This request would allow for the Office of Eligibility Services' (OES) statewide expansion of a customer flow management system for certain regional field offices. This system would help improve client services, decrease client waiting time, and increase customer flow efficiency. The system would also help provide reports to help OES managers track the customer flow within an office to identify processes that need to be improved.

# HHSC LAR Exceptional Items (Continued)

**15. IMPROVE EMPLOYEE AND MANAGER SUPPORTS FOR HHS WORKERS \$2.1 GR / \$3.1 AF**

This request would provide additional HHSC program and administrative staff to support increasing workload and increasing number of HHS employees across the enterprise. Staffing increase would be in Civil Rights (2.1 FTEs) to support HHS agencies in ensuring equal employment opportunity in the workplace and equal access to the delivery of programs and services to our clients. This request would provide the ability to perform tenant improvements to address wear and tear on regional facilities that exceed contractual obligations of the lessors, improvements and maintenance to free space where HHS is responsible for internal and/or external maintenance, security enhancements for regional HHS client delivery facilities, and state owned space where needed improvements are not funded by the Texas Facilities Commission. The GR amount also includes the GR share that would be billed to other HHS agencies but would eventually be Interagency Contracts in HHSC's method of finance.

**16. CAPITATE MEDICAID SERVICES IN URBAN CONTIGUOUS COUNTIES \$ TBD GR / \$ TBD AF**

This request is still under development. It represents the costs incurred by HHSC to implement capitated managed care services in certain contiguous counties to the managed care service delivery areas of Lubbock, San Antonio, Austin, Houston, Corpus Christi and El Paso by September 2011. Managed care programs would include STAR and STAR+Plus where these programs currently exist. The estimate reflects the impact of improved utilization management in the affected service areas, long-term savings of client services at DADS, and the revenue gain in Insurance Premium Tax to the State Treasury so all of the identified savings cannot be reduced from HHSC. Administrative impacts have not yet been calculated.

**17. EXPAND STAR+PLUS TO REMAINING URBAN AREAS \$ TBD GR / \$ TBD AF**

This request is still under development. It represents the costs incurred by HHSC to provide managed care services in the Lubbock and El Paso service delivery areas by March 2012. The estimate reflects the impact of improved utilization management in the affected service areas, long-term savings of client services at DADS and the revenue gain in Insurance Premium tax to the State Treasury so all of the identified savings cannot be reduced from HHSC. Administrative impacts have not yet been calculated.

**18. EXPAND MEDICAID MANAGED CARE (STAR STEP) IN SOUTH TEXAS \$ TBD GR / \$ TBD AF**

This request is still under development. It represents the costs incurred by HHSC to implement capitated managed care services in South Texas by March 2012. Managed care services would include STAR and STAR+Plus in 10 counties in South Texas. The estimate reflects the impact of improved utilization management in the affected service areas, long-term savings of client services at DADS and the revenue gain in Insurance Premium Tax to the State Treasury. Administrative impacts have not yet been calculated. This action would also require a statutory change in order to implement managed care programs in Hidalgo, Cameron and Maverick counties.

# HHSC LAR Exceptional Items (Continued)

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**19. EXPAND MEDICAID EXCLUSIVE PROVIDER ORGANIZATION MODEL** **\$ TBD GR / \$ TBD AF**

This request is still under development. It represents the costs incurred by HHSC replacing Medicaid PCCM service delivery with a capitated managed care EPO program that would include all Acute Care services for all Adults (Aged and Disability-Related, as well as current HMO) in 164 counties by March 2012. The estimate reflects the long-term savings of client services at DADS and the revenue gain in Insurance Premium tax to the State Treasury so all of the identified savings cannot be reduced from HHSC. Administrative impacts have not yet been calculated.

**20. CAPITATE MEDICAID DENTAL SERVICES** **\$ TBD GR / \$ TBD AF**

This request is still under development. It represents the net impact incurred by HHSC to capitate children's dental services through a DMO or HMO dental carve-in by March 2012. The estimate also reflects the revenue gain in Insurance Premium Tax to the State Treasury. Administrative impacts have not yet been calculated.

**21. CARVE-IN HOSPITAL COSTS IN STAR+PLUS** **\$ TBD GR / \$ TBD AF**

This request is still under development. The funding represents the net impact to HHSC by including in-patient hospital costs in the capitation rates for STAR+Plus by March 2012. Currently, these costs are excluded from the capitation and paid fee-for-service for STAR+PLUS members. The estimate reflects the revenue gain in Insurance Premium tax to the State Treasury. Administrative impacts have not yet been calculated.

**22. CAPITATE MEDICAID AND CHIP VENDOR DRUGS** **\$ TBD GR / \$ TBD AF**

This request is still under development. It represents the impact incurred by HHSC to capitate vendor drug costs for Medicaid and CHIP recipients enrolled in managed care by September 2011. The estimate reflects estimated lost vendor drug supplemental rebates by the State, the net costs/savings associated with HMO management of these benefits, and the revenue gain in Insurance Premium tax to the State Treasury. Administrative impacts have not yet been calculated. It is assumed that the capitation rate paid to managed care organizations would be reduced for their collection of supplemental rebates.

# HHS Enterprise Exceptional Items

## ESSENTIAL SERVICES

### **23. MAINTAIN IT SERVICES FOR HHS PROVIDED BY DIR DATA CENTER SERVICES** **\$13.9 GR / \$19.0 AF**

This request would provide funding to all five HHS agencies in support of Data Center Services consolidation managed by the Department of Information Resources (DIR). Funding would cover increased billings from DIR for HHSC, DARS, and DSHS as well as internal agency costs (DADS, DFPS, DSHS, and HHSC) to transform and remediate existing systems to be supported by DIR.

## CRITICAL SERVICES

### **24. INCREASE CAPACITY OF HHS-FUNDED COMMUNITY SERVICES** **\$272.4 GR / \$560.8 AF**

This exceptional item would request funding to increase capacity of HHS community services as part of a continue the effort to reduce and/or eliminate programs with waiting or interest lists at the Department of Aging and Disability Services (DADS), the Department of Assistive and Rehabilitative Services (DARS) and the Department of State Health Services (DSHS).

### **25. SUPPORT A VETERAN'S HEALTH INITIATIVE** **\$6.4 GR / \$6.4 AF**

This funding request would address HHS efforts to fill some of the gaps and enhance veterans' services at HHSC, DADS, and DSHS. The initiative includes contracting with Local Mental Health Authorities to develop veterans resource networks, contracting with certain 2-1-1 providers to expand the Texas Military Family Access Project, contracting with three local government entities with high concentration of veterans and service members to expand the military-focused CRCG, and supporting an Aging and Disability Resource Center site the assists veterans.

### **26. IMPLEMENT AN ACQUIRED BRAIN INJURY WAIVER** **\$0.9 GR / \$1.7 AF**

This request would fund the development and implementation of a Medicaid waiver to provide support and respite services to individuals who have acquired a brain injury. The waiver would require federal approval and is assumed to be implemented during FY 2013. Initially 100 slots would be funded with expansion to 200 slots by FY 2015. Acute costs would be funded at HHSC and long-term costs would be funded at DADS.

# HHS Enterprise Exceptional Items (Continued)

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**27. ENHANCE TECHNOLOGICAL SUPPORTS OF STATE HOSPITALS AND STATE-SUPPORTED LIVING CENTERS**

**\$8.8 GR / \$12.4 AF**

This request represents all enterprise IT funding supporting existing initiatives supporting both State Hospitals and State Supported Living Centers, such as integrated enhanced reporting initiatives to allow an increase in the efficiency of real time reporting of clinical information to make patient treatment and care decisions, implementation of failover infrastructure of software suites to support pharmacy and medication administration applications, client trust fund (CTF) application upgrade (which does not meet software requirements for the Data Center Services (DCS) contract), and the consumable inventory management system (MIMS) upgrades.

**28. IMPROVE SECURITY FOR IT SYSTEMS**

**\$11.0 GR / \$16.1 AF**

This project would use technology to find and protect client confidential data and would put the HHS agencies in compliance with state and federal law and policy. The agencies can be fined significant penalties for failure to comply with these protection policies. Additionally, this request includes Winters building data center power infrastructure and physical security upgrades.

**29. INCREASE RETENTION AND RECRUITMENT OF TARGETED HHS STAFF**

**\$41.7 GR / \$70.4 AF**

This funding would provide salary increases to medical personnel at DADS and DSHS working in the state-supported living centers and state hospitals to address high turnover. Funding would provide salary increase for Mental Retardation and Psychiatric Nursing Assistants by 10 percent, Licensed Vocational Nurses by 15 percent, direct-care nurses by 7.5 percent, and non-direct care nurses by 5 percent. The requested biennial funding would be allocated \$19.2 million GR and \$47.5 million AF to DADS and \$22.5 million GR and \$22.8 million AF to DSHS. This funding request only addresses retention funding for classified positions common across more than one HHS agency. Other HHS agencies may also have requested employee retention funding for positions unique to their agency.

## The 10% GR Reduction

- The reduction is calculated on the remaining FY 2010-11 GR appropriations for HHSC programs less the exemptions
 

Total HHSC Biennial GR	\$ 14.0 billion
<b>Exemptions:</b>	
Medicaid Client Services	\$ 11.8 billion
CHIP Client Services	0.7 billion
Eligibility Determination Staff	<u>\$ 0.7 billion</u>
Total, GR Subject to 10% Reduction	\$ 0.8 billion
- The 10 percent biennial target is \$83.5 million.
- The LAR Supporting Schedule requires HHSC to show in which appropriation the reduction is made, type of reduction, and impact to the FY 2012-13 Base Request.

## **Approach to the Reduction**

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- Although all remaining HHSC programs derive the reduction calculation, Budget staff and management are reviewing options to avoid a true across-the-board approach.
- Because most of HHSC's entitlement programs were exempt, minimizing the reduction impact is challenge.
- All non-exempted programs were asked to identify the impact of a 10 percent GR reduction

## Summary of Reductions

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- **Administration, Programs, & IT** **\$45.9 million**

  - Reduces 200-300 staff positions. Will attempt through attrition
  - Reductions to contractors limits ability for some contractors to provide special requested information
  - Reduces grants awards to communities and providers in following programs such as Guardianship, CRCG/TIFI, OEHD, and Healthy Marriage
  - Eliminates grants for Faith and Community- Based Program.
  - Requires renegotiation of some contracted lease and warehouse space with the Texas Facilities Commission
  
- **TANF Cash Assistance** **\$15.6**  
**million**

  - Jeopardizes portion of federal TANF grant to State for failure to maintain MOE requirement
  - Further reduces monthly and annual cash amounts to families
  
- **Eliminate Frew Rewards to Providers & MCOs** **\$22.0**  
**million**
  
- Total** **\$83.5 million**