

John Zerwas
Chairman



Oscar Longoria
Vice-Chair

TEXAS HOUSE OF REPRESENTATIVES COMMITTEE ON APPROPRIATIONS

AGENDA

SUBCOMMITTEE ON ARTICLE II

CHAIR SARAH DAVIS
TUESDAY, FEBRUARY 12 , 2019
10:30 A.M. OR UPON FINAL ADJOURNMENT
E1.030

I. CALL TO ORDER

II. CHAIR’S OPENING REMARKS

III. HHSC- OFFICE OF INSPECTOR GENERAL

Legislative Budget Board

- Elizabeth Prado, Manager
- Mike Diehl, Analyst

HHSC- Office of Inspector General

- Sylvia Hernandez Kauffman, Inspector General
- Kenny McLeskey, Finance Director

IV. DEPARTMENT OF STATE HEALTH SERVICES

Legislative Budget Board

- Elizabeth Prado, Manager
- Amy Ma, Analyst

Department of State Health Services

- John Hellerstedt, M.D., Commissioner
- Donna Sheppard, Chief Financial Officer

V. SPECIAL PROVISIONS RELATING TO ALL ARTICLE II AGENCIES

Legislative Budget Board

- Elizabeth Prado, Manager

VI. PUBLIC TESTIMONY

VII. ADJOURN

Health and Human Services Commission - Office of Inspector General
Summary of Recommendations - House

Page II-42
 Sylvia Kauffman, Inspector General
 Michael Diehl, LBB Analyst

Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$45,624,772	\$45,507,980	(\$116,792)	(0.3%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$45,624,772</i>	<i>\$45,507,980</i>	<i>(\$116,792)</i>	<i>(0.3%)</i>
Federal Funds	\$50,613,356	\$53,403,127	\$2,789,771	5.5%
Other	\$12,352,995	\$11,361,989	(\$991,006)	(8.0%)
All Funds	\$108,591,123	\$110,273,096	\$1,681,973	1.5%

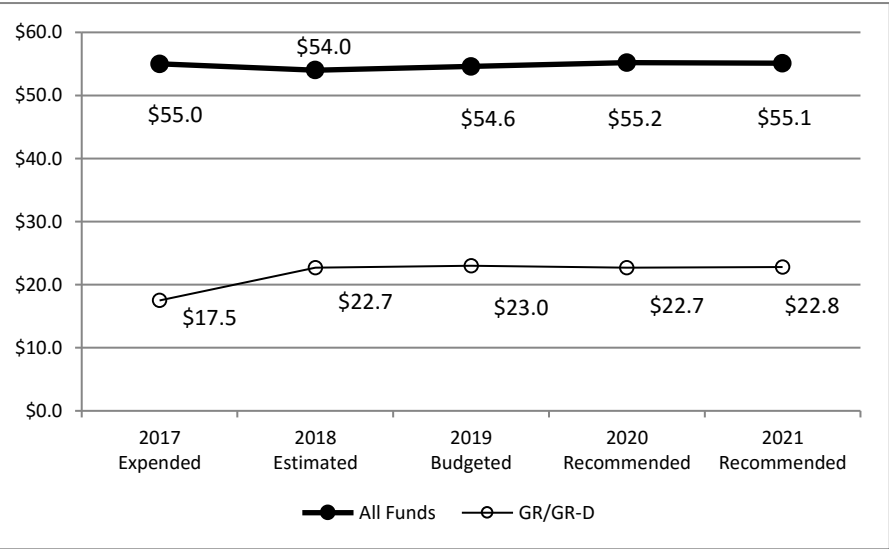
	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	751.2	602.2	(149.0)	(19.8%)

Agency Budget and Policy Issues and/or Highlights

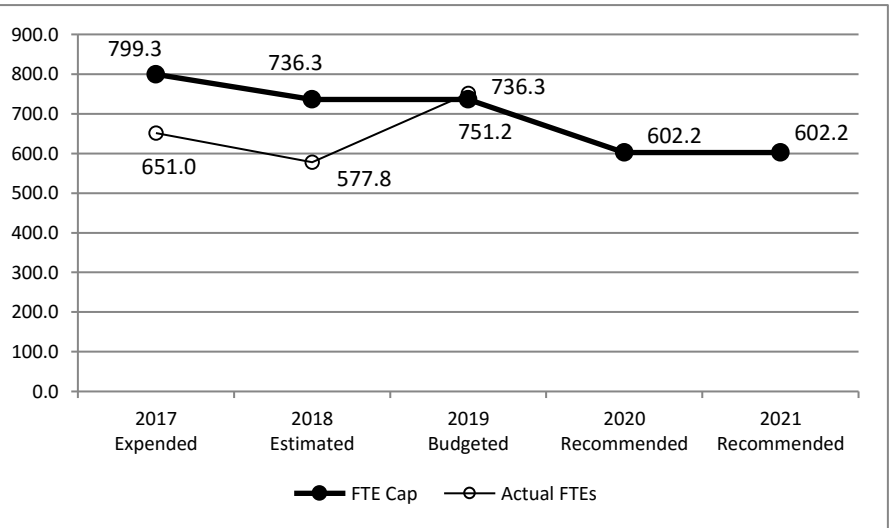
The Health and Human Services Commission Office of the Inspector General (OIG) is under Strategic Fiscal Review (SFR) for the Eighty-sixth Legislative Session. The 2020-21 recommendations for OIG incorporate SFR findings.

SFR analysis also includes an additional \$23.8 million in All Funds outside of strategies in Goal K, Office of Inspector General, including allocated indirect administrative costs from HHSC and funding in certain HHSC strategies that support functions of the OIG (such as WIC Vendor Monitoring and Disability Determination Services Investigations).

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)

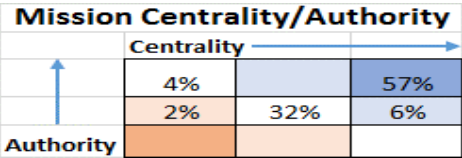


Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Program Summary - House

Section 1a

Health and Human Services Commission - Office of Inspector General

The mission of the OIG is to prevent, detect, audit, inspect, review, and investigate fraud, waste, and abuse in the provision and delivery of all state and federal health and human services, and enforce state law related to the provision of those services.



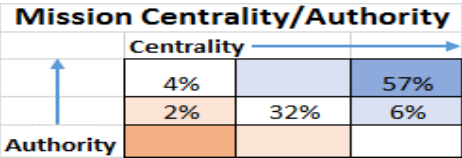
					2018-19 Base Funding	2020-21 Recommendations*	Percent Change from Base	GR-Related Percentage of Rec. Total	2020-21 Agency Total Request*
Total Budget	100%	Budget, Ordered by Mission Centrality and Authority	Strategy	Agency Ranking	\$134,351,228	\$134,034,382	-0%	40%	\$154,400,794
		System Oversight & Program Support (from HHSC)*	Goal 12, System Oversight & Program Support	20	\$19,759,671	\$17,805,548	-10%	36%	\$17,805,548
	87%	Agency Allocated Support Cost (From HHSC)	11.1.2 OIG Administrative Support	19	\$9,772,593	\$8,723,902	-11%	33%	\$8,723,902
	80%	Provider Enrollment Integrity Screening (PEIS)	11.1.1 Office Of Inspector General	15	\$1,573,266	\$1,598,144	2%	50%	\$1,598,144
	79%	Finger Print Checks*	2.1.1 Medicaid Contracts & Administration	14	\$163,244	\$163,244	0%	50%	\$163,244
	79%	Disability Determination Services Investigations*	10.1.1 Disability Determination Svcs	18	\$381,282	\$289,616	-24%	0%	\$289,616
	79%	WIC Vendor Monitoring Unit*	5.1.2 Provide WIC Services	17	\$1,103,697	\$1,071,918	-3%	0%	\$1,071,918
	78%	Internal Affairs (IA)	11.1.1 Office Of Inspector General	13	\$4,835,400	\$4,600,712	-5%	35%	\$4,600,712
	74%	Fraud Hotline	11.1.1 Office Of Inspector General	12	\$599,668	\$586,616	-2%	35%	\$586,616
	74%	Clinical Subject Matter Expert (CSME)	11.1.1 Office Of Inspector General	11	\$926,717	\$940,248	1%	25%	\$940,248
	73%	Other Support Services (Direct Support Services)	11.1.2 OIG Administrative Support	10	\$23,155,396	\$23,155,396	0%	32%	\$44,260,996
	56%	State Centers Investigative Team (SCIT)	11.1.1 Office Of Inspector General	8	\$5,586,454	\$3,993,496	-29%	78%	\$3,993,496
	53%	Inspections	11.1.1 Office Of Inspector General	6	\$3,904,429	\$3,690,922	-5%	35%	\$3,690,922
	50%	Chief Counsel	11.1.1 Office Of Inspector General	9	\$6,275,294	\$6,513,564	4%	50%	\$6,513,564

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Program Summary - House

Section 1a

Health and Human Services Commission - Office of Inspector General

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					2018-19 Base Funding	2020-21 Recommendations*	Percent Change from Base	GR-Related Percentage of Rec. Total	2020-21 Agency Total Request*
Total Budget 100%	Budget, Ordered by Mission Centrality and Authority		Strategy	Agency Ranking	\$134,351,228	\$134,034,382	-0%	40%	\$154,400,794
	45%	Medicaid Fraud Law Enforcement	11.1.1 Office Of Inspector General	16	\$1,185,980	\$1,245,140	5%	50%	\$1,245,140
	45%	Electronic Benefit Transfer (EBT) Trafficking Unit	11.1.1 Office Of Inspector General	7	\$2,136,678	\$2,090,728	-2%	50%	\$2,090,728
	43%	General Investigations (GI)	11.1.1 Office Of Inspector General	5	\$13,598,655	\$14,793,156	9%	49%	\$14,053,968
	32%	Audit*	11.1.1 Office Of Inspector General 2.1.1 Medicaid Contracts & Administration	4	\$14,602,465	\$17,126,374	17%	48%	\$17,126,374
	19%	Medicaid Provider Integrity (MPI)	11.1.1 Office Of Inspector General	3	\$10,496,196	\$10,991,268	5%	50%	\$10,991,268
	11%	Acute Care Surveillance Team (ACS)	11.1.1 Office Of Inspector General	2	\$3,149,563	\$3,256,212	3%	30%	\$3,256,212
	9%	Quality Review (QR)	11.1.1 Office Of Inspector General	1	\$11,144,580	\$11,398,178	2%	29%	\$11,398,178

Notes: Indirect administration program names are italicized, and not included in the Mission Centrality / Authority Matrix.
* Programs are partially or fully funded in certain other strategies at HHSC. Recommendations for Strategies in Goal K, Office of Inspector General, total \$110.3 million in All Funds (\$45.5 million in General Revenue). Recommended funding from other HHSC strategies totals \$23.8 million in All Funds including:

Strategy B.1.1, Medicaid Contracts and Administration
Finger Print Checks (\$0.2 million in All Funds)
Recovery Audit Contract (\$4.4 million in All Funds)

Strategy J.1.1, Disability Determination Services
Disability Determination Services Investigations (\$0.3 million in All Funds)

Strategy E.1.2, Provide WIC Services
WIC Vendor Monitoring (\$1.1 million in All Funds)

Strategies in Goal L, System Oversight & Program Support
System Oversight & Program Support (\$17.8 million in All Funds)

Health and Human Services Commission - Office of Inspector General
Summary of Funding Changes and Recommendations - House

Section 2

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A	Detail in SFR Appendix 5
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A and SFR Appendices, when applicable):</i>								
A)	Revised Public Assistance Cost Allocation Plan (PACAP)	\$3.5	\$0.0	\$4.7	\$0.4	\$8.6	K.1.2	Appendices 5j & 5s
B)	Biennialize Transfer of Subrogation and Recovery Program from HHSC	\$0.6	\$0.0	\$0.6	\$0.0	\$1.2	K.1.1	Appendix 5e
C)	Reduce Consistently Unfilled FTEs (149.0 FTEs)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	K.1.1	Appendices 5a-5p & 5s
D)	Maintain 2018-19 Base Spending Level for Direct Support Services	(\$4.2)	\$0.0	(\$2.5)	(\$1.4)	(\$8.1)	K.1.2	Appendix 5j
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		(\$0.1)	\$0.0	\$2.8	(\$1.0)	\$1.7	As Listed	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$4.1	\$0.0	\$5.3	\$0.4	\$9.8	As Listed	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		(\$4.2)	\$0.0	(\$2.5)	(\$1.4)	(\$8.1)	As Listed	As Listed

NOTE: Totals may not sum due to rounding.

**Health and Human Services Commission – Office of Inspector General
Selected Fiscal and Policy Issues - House**

1. **Strategic Fiscal Review Overview.** The Health and Human Services Commission (HHSC) Office of Inspector General (OIG) is under Strategic Fiscal Review for the Eighty-sixth Legislative Session. Significant observations and considerations include:
 - (a) All 20 of the agency programs reviewed under SFR are within statutory requirements and/or authorizations (see Section 1a and SFR appendices 1 and 3). The assessment of mission centrality and authority highlights that OIG operates two programs, Provider Enrollment Integrity Screening and Finger Print Checks, with weak mission centrality and medium authority. The agency ranks these programs number 14 and 15, respectively, out of 18 (excluding indirect administration and agency allocated support costs).
 - (b) OIG operates several programs at HHSC supported by funds outside of Strategy K.1.1, Office of Inspector General. These include Finger Print Checks (14 of 18), WIC Vendor Monitoring Unit (17 of 18), Disability Determination Services (DDS) Investigations (18 of 18), and the Recovery Audit Contract (RAC) program (part of the Audit program).
 - (c) OIG had approximately 451.6 FTEs (78.1 percent of total filled FTEs) actively engaged in activities that generate recoveries for the state in fiscal year 2018.
 - (d) OIG activities generated approximately \$115.5 million in recoveries of overpayments made by HHS program in fiscal year 2018.
 - (e) A reoccurring enhancement opportunity across multiple program areas was for resources to implement a single consolidated case management system. OIG did not provide an estimate of costs or capital budget authority necessary to implement a single consolidated case management system, nor did OIG include an Exceptional Item request for this purpose in the 2020-21 Legislative Appropriations Request. OIG did provide an estimate of \$0.5 million to modify a version of the Federal OIG case management system for state purposes.
 - (f) OIG requested an increase of \$8.0 million All Funds (\$4.2 million General Revenue) related to Direct Support Services. The baseline request reallocated from other programs including the State Centers Investigative Team and from other programs at HHSC. Recommendations maintain funding for Direct Support Services at the 2018-19 base spending level.
2. **OIG Administrative Support Strategy.** Recommendations include new Strategy K.1.2, OIG Administrative Support, which would include agency allocated support costs from HHSC and OIG direct administrative costs. Direct costs include training, legislative analysis, communications, policy development, data and technology, budget, and direct program support. Recommendations would reallocate funding in Strategy K.1.1, Office of Inspector General, of \$31.9 million All Funds (\$10.4 million in General Revenue Funds) and 95.3 FTEs to Strategy K.1.2, OIG Administrative Support. Recommendations maintain SFR Program 10, Direct Support Services, at the 2018-19 base spending level.
3. **OIG Audit Functions.** The OIG Audit Division conducts risk-based performance, compliance, and financial audits of contractors, providers, administrative services, and programs within the Health and Human Services (HHS) system and the Department of Family and Protective Services (DFPS) pursuant to Government Code Chapter 531. Audits: (a) assess the efficiency and effectiveness of programs and operations, (b) evaluate whether federal and state funds were used as intended, (c) identify overpayments and disallowed costs, and (d) identify and make recommendations to mitigate performance gaps and risks that could prevent HHS agency programs from achieving their goals and objectives. The audit universe for the HHSC OIG includes all departments, programs, functions, and processes within HHSC, the Department of State Health Services (DSHS), and DFPS as well as services delivered through managed care, providers, and contractors.

The HHS System Internal Audit Division and the DFPS Internal Audit Division each operate an internal audit program required under the Texas Internal Auditing Act (Government Code Chapter 2102). The Act defines an audit to mean a financial audit, a compliance audit, an economy and efficiency audit, an effectiveness audit, or an investigation. The audit universe for the HHS System Internal Audit Division includes all departments, programs, functions, and processes at both HHSC and DSHS. The audit universe for the DFPS Internal Audit Division includes all departments, programs, functions, and processes at DFPS. In addition to OIG Audit

and HHSC internal audit, the State Auditor's Office is also authorized to perform financial, compliance, and effectiveness audits of HHS programs and managed care organizations.

Due to the statewide transition of the Medicaid program into managed care and the overlapping audit universes of OIG Audit with HHSC and DFPS Internal Audit, some resources currently allocated to the OIG for audits could be redirected to another state agency to develop additional Medicaid managed care program expertise and audit coverage. Even though the majority of Medicaid recipients received services through managed care beginning in fiscal year 2006, OIG is disproportionately focused on preventing fraud, waste, and abuse in fee-for-service Medicaid. While OIG has a unit designed to modernize OIG business functions to align with the managed care delivery model, the unit was not implemented until fiscal year 2018.

4. **Performance Measures.** Recommendations include two new key performance measures selected from current OIG internal performance measures and one new key performance measure that consolidates OIG internal performance measures for several programs:
 - a. *Number of Trainings Delivered.* A consistent theme of audit findings and organizational assessments of the OIG since 2015 has been a lack of adequate and consistent training for staff engaged in the heavily technical audit, review, and investigative work the OIG does of complex health and human services programs. A performance measure for the number of trainings delivered provides a measure of agency resources dedicated to staff training.
 - b. *Average Number of Clients in the Lock-In program.* This new measure would report the number of clients enrolled in the pharmacy Lock-In program, which can be used as a measure of OIG efforts to proactively prevent fraud, waste, and abuse, and can be used as a basis to determine potential cost avoidance of the Lock-in program.
 - c. *Total Recoveries Identified.* Dollars identified for recovery would include overpayments identified for recovery during an OIG investigation, audit, inspection, or review that have not been collected. This new measure would facilitate tracking of potential future recoveries, as well as a measure of actual success rate in recovering funds that have been identified as having been paid in error.
5. **Disposition of OIG Recoveries.** The majority of recoveries resulting from activities of the OIG are returned to the program area from which the overpayment was originally made. In some cases, HHSC pursues the recovery once informed of the overpayment by OIG. Recoveries are deposited and spent based on the HHSC program area that originally made the overpayment. OIG does not keep or have authority to expend any recoveries that are collected as a result of recovery activities. For example, certain cash payments related to Medicaid fraud and abuse are deposited by HHSC as General Revenue Medicaid Program Income Account No. 705 to HHSC Strategy A.1.5, Children. HHSC Accounting splits cash payments between the state and the federal government based on current Federal Medical Assistance Percentage (FMAP) rates. Recoveries are then available for expenditure in the Medicaid program, which would reduce the potential Medicaid supplemental need. The same is true for most other types of recoveries.

However, certain recoveries of SNAP client overpayments are collected as Earned Federal Funds (EFF). EFF are dollars received in connection with a federal program, but by governing agreement are not required to be spent on that program. HHSC receives General Revenue and is required to collect EFF at the level established in Article IX, Sec. 13.11, Definition, Appropriation, Reporting and Audit of Earned Federal Funds, or must return General Revenue to the treasury in an amount equal to the amount not collected. Amounts collected above the target are appropriated to HHSC by Article IX, Sec. 13.11, contingent upon prior written notification to the LBB and the Governor.

House Bill 2379, Eighty-fifth Legislature, Regular Session, 2017, requires managed care organizations (MCOs) to remit one-half of recoveries to OIG when the MCO identifies and recovers provider fraud or abuse. These recoveries are deposited to unappropriated General Revenue. Rider 44, Contingency for SB 1787,

(2018-19 General Appropriations Act), assumes reductions in Medicaid client services of \$16.8 million in General Revenue as a result of these additional recoveries.

See the table on below for the types and amounts of recoveries resulting from OIG activities, by quarter, for fiscal year 2018. See Supplemental Schedule 3-1 for additional information on the process for collecting and logging recoveries.

Type of Recovery (millions)	Fiscal Year 2018				
	Q1	Q2	Q3	Q4	Total
OIG, Medicaid Program Integrity Contractor (MIC), or Recovery Audit Contractor (RAC) Audit Collections	\$6.7	\$6.4	\$10.9	\$8.7	\$32.7
Inspections Collections	\$1.0	\$0.0	\$1.9	\$0.1	\$3.0
WIC Retailer Collections	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Client Collections	\$4.1	\$3.2	\$21.1	\$5.4	\$33.8
EBT Trafficking	\$0.0	\$0.0	\$0.1	\$0.0	\$0.1
Medicaid Provider Collections	\$0.9	\$0.8	\$2.1	\$2.0	\$5.8
Acute Care Provider Collections	\$2.8	\$0.3	\$2.7	\$0.3	\$6.1
Hospital Collections	\$4.3	\$8.5	\$8.6	\$11.1	\$32.5
Nursing Facility Collections	\$0.9	\$0.1	\$0.1	\$0.0	\$1.1
Voluntary repayments and self-reports	\$0.1	\$0.0	\$0.1	\$0.0	\$0.2
Total	\$20.8	\$19.4	\$47.5	\$27.7	\$115.3

Source: Office of Inspector General

Note: Dollars recovered do not include calculations for cost avoidance, nor do they include dollars that have been identified as an overpayment during an investigation, audit, inspection, or review but have not been collected.

6. **HHSC Public Assistance Cost Allocation Plan (PACAP).** Recommendations include an increase of \$3.5 million in General Revenue to reflect changes in the method of financing for certain administrative costs at the OIG as a result of changes in the HHSC Public Assistance Cost Allocation Plan (PACAP) as outlined in the HHSC

Summary of Recommendations packet. While the revised PACAP primarily impacts strategies in Goal L, HHS Enterprise Oversight and Policy, because the PACAP allocates all direct and indirect administrative costs, changes in certain administrative costs at the OIG also result from revisions to the PACAP.

7. **Subrogation and Recovery Program.** Recommendations include an increase of \$1.2 million All Funds (\$0.6 million General Revenue) to biennialize certain Subrogation and Recovery program FTEs and funding that transferred from HSHC to OIG in fiscal year 2019. Recommendations reflect the transfer of 12.0 FTEs and \$0.4 million in General Revenue from Strategy B.1.1, Medicaid Contracts and Administration, and 3.0 FTEs and \$0.2 million in General Revenue transferred from Strategy I.2.1, Long-term Care Intake and Access. The Subrogation and Recovery program (SRP) includes the Medicaid Estate Recovery Program (MERP), Third Party Liability (TPL), and certain cost recovery services. HHSC and OIG indicate that the transfer of the SRP promotes efficiencies by allowing staff to work more closely with OIG subject matter experts in audit, investigation, inspection, and other reviews.
8. **FTE Adjustment.** Recommendations for HHSC's FTE cap remove a portion of FTEs in certain strategies that were consistently vacant in fiscal year 2018 according to HHSC's Monthly Financial Reports. Recommendations for the OIG assume the FTE allocation of the recommended FTE cap would reflect 105 percent of the average fill level for Strategy K.1.1, Office of Inspector General, in fiscal year 2018. This would result in an FTE allocation reduction of 149.0 FTEs in each fiscal year of the 2020-21 biennium. The average fill level for fiscal year 2018 totaled 577.8 FTEs. This adjustment would not affect overall funding levels. The FTE reduction was allocated proportionally between all programs funded out of Strategy K.1.1, Office of Inspector General based on the program's percentage of total FTEs.
9. **Medicaid Fraud Abuse Detection System (MFADS).** Recommendations for MFADS total \$5.0 million All Funds (\$1.3 million in General Revenue) for the 2020-21 biennium, which maintains 2018-19 base spending levels. OIG requested \$10.0 million in the 2018-19 biennium to initiate a request for proposal (RFP) to procure a replacement system for MFADS. OIG was appropriated \$5.0 million for the 2018-19 biennium for this purpose. OIG indicates that, given the amount appropriated, they pursued a modular design structure to develop and implement functionality and processes to transition operations to other state-owned infrastructure and tools. The recommended funding level would allow OIG to continue to develop and implement modular functionality for MFADS.

OIG RECOVERY PROCESS OVERVIEW

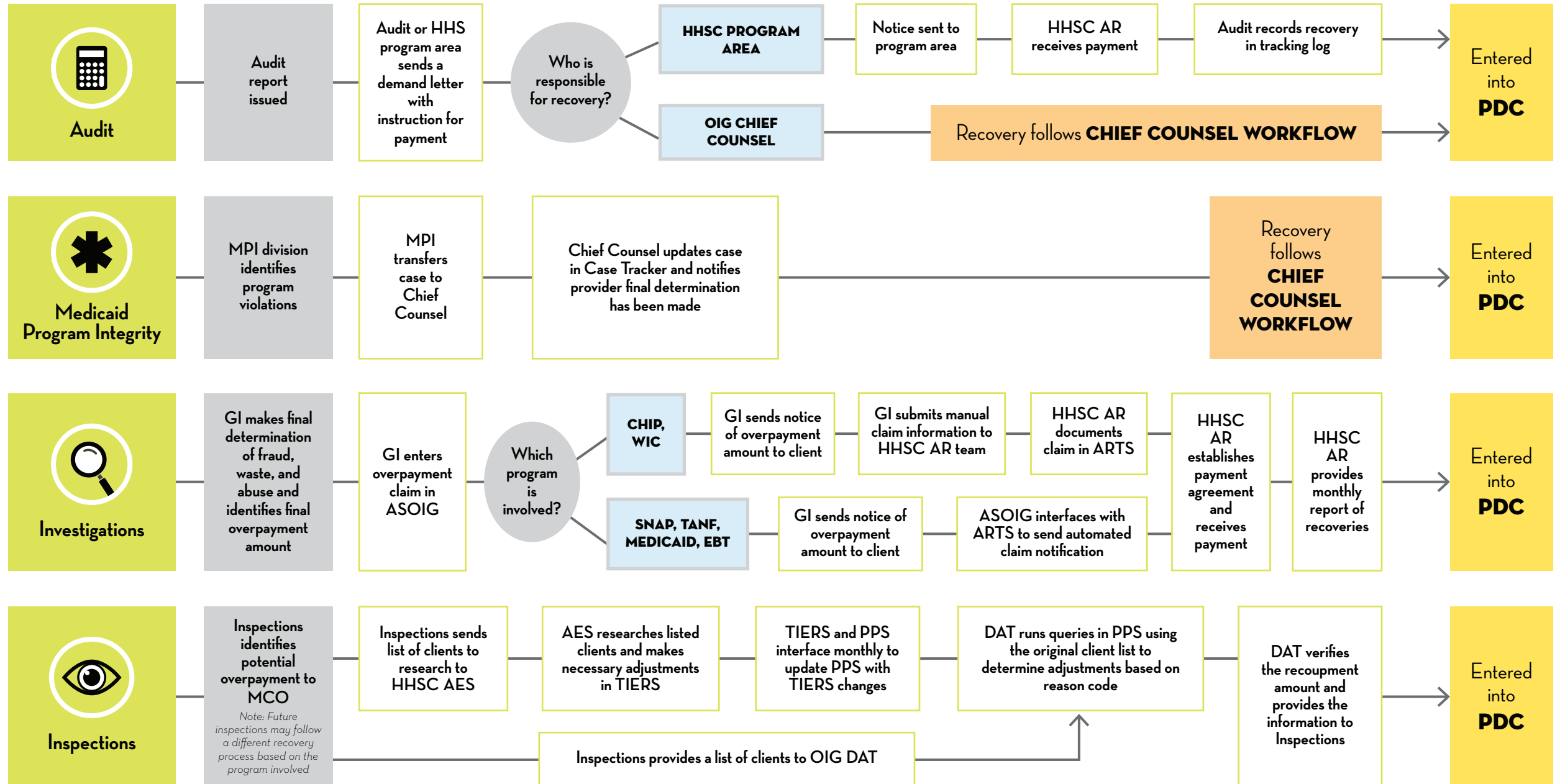


ACRONYMS

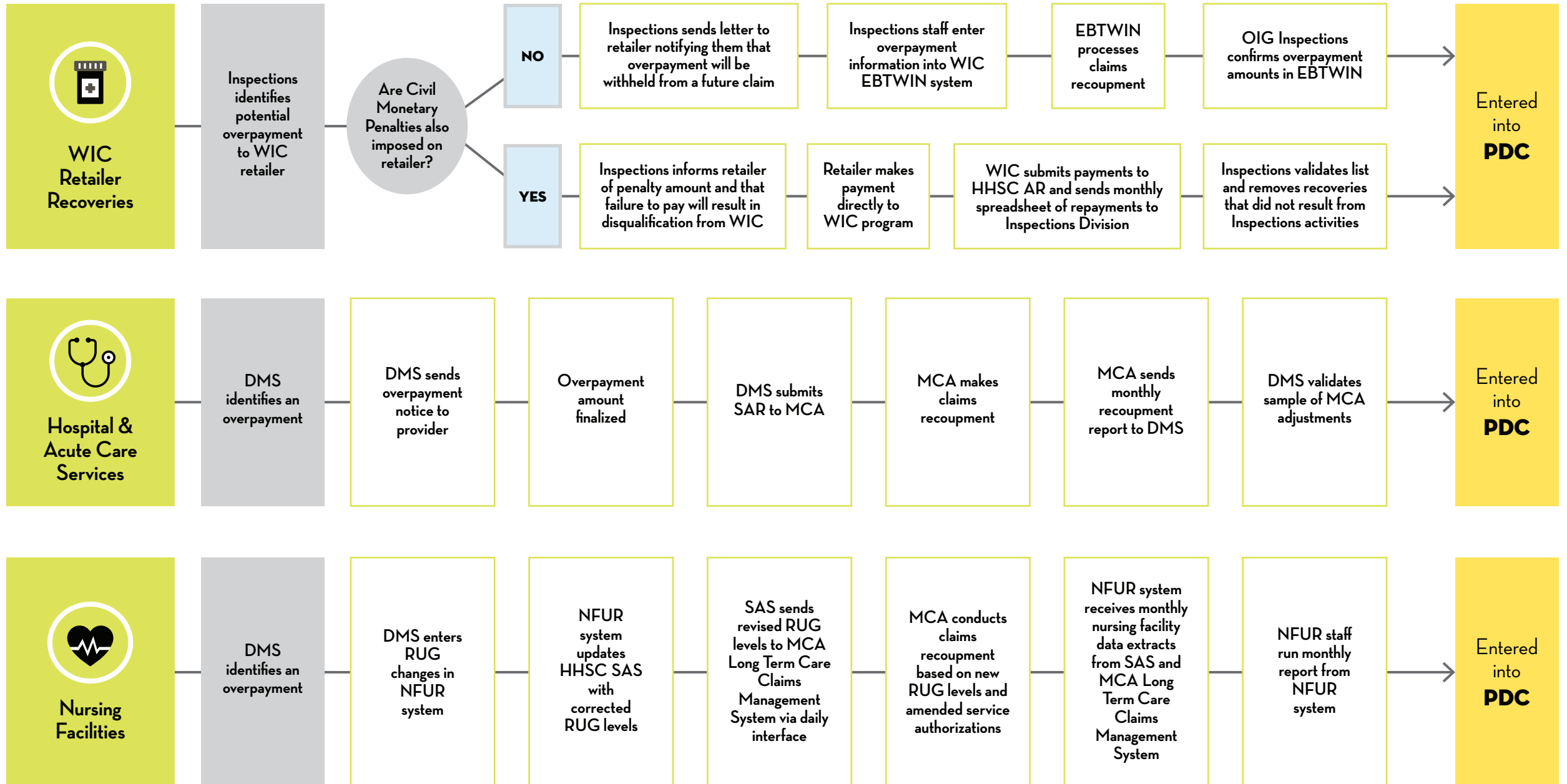
Access and Eligibility Services (AES)	Division of Medical Services (DMS)	Medicaid Program Integrity (MPI)	State Action Request (SAR)
Accounts Receivable (AR)	EBT WIC Information Network (EBTWIN)	Nursing Facility Utilization Review (NFUR)	Service Authorization System (SAS)
Accounts Receivable Tracking System (ARTS)	General Investigations (GI)	Office of Inspector General (OIG)	Supplemental Nutrition Assistance Program (SNAP)
Automated System for OIG (ASOIG)	Health & Human Services Commission (HHSC)	Performance Data Compiler (PDC)	Temporary Assistance for Needy Families (TANF)
Children's Health Insurance Program (CHIP)	Medicaid Claims Administrator (MCA)	Premium Payment System (PPS)	Texas Integrated Eligibility Redesign System (TIERS)
Data and Technology (DAT)	Managed Care Organization (MCO)	Resource Utilization Group (RUG)	Women, Infants, & Children (WIC)

Source: Office of the Inspector General

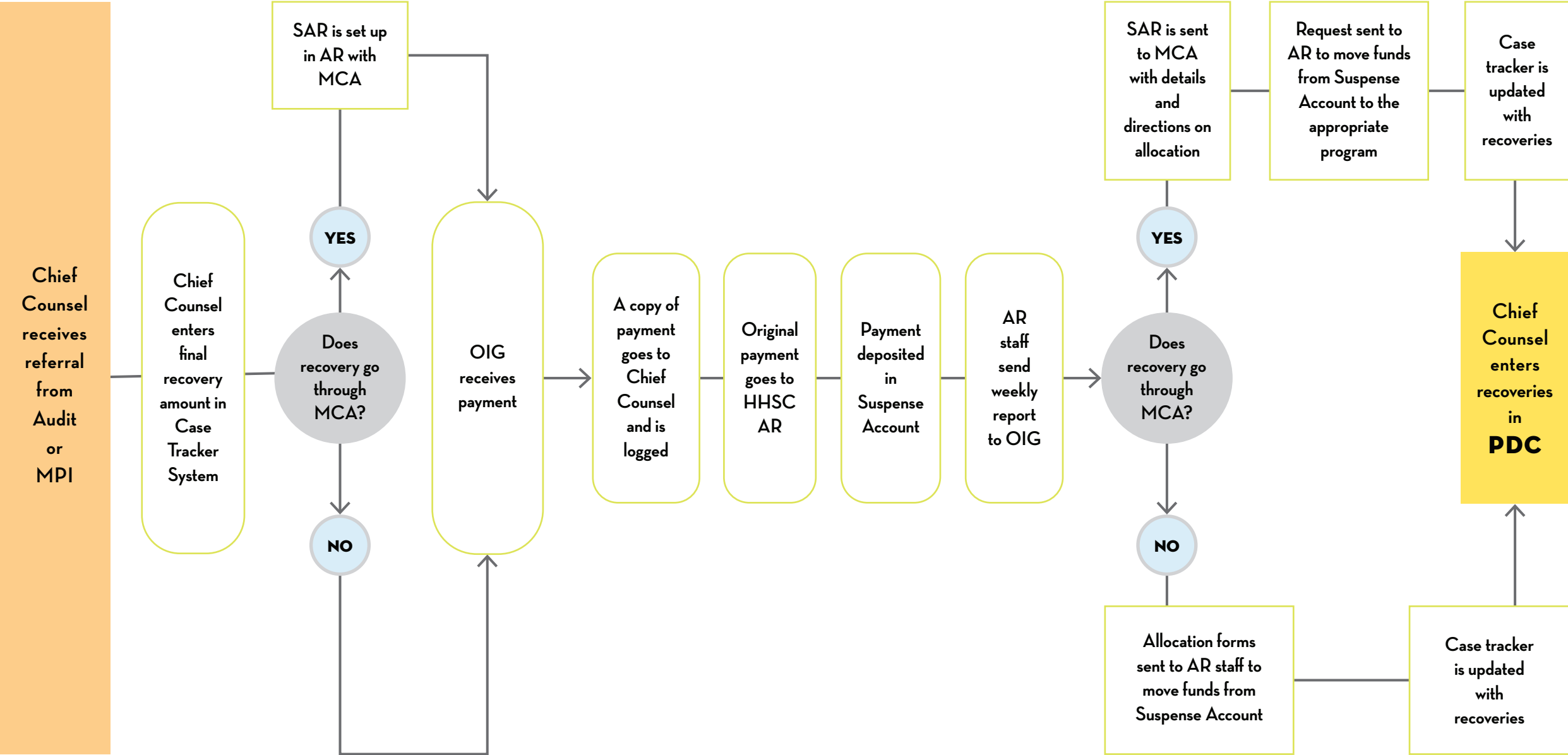
OIG RECOVERY PROCESS CONTINUED



OIG RECOVERY PROCESS CONTINUED

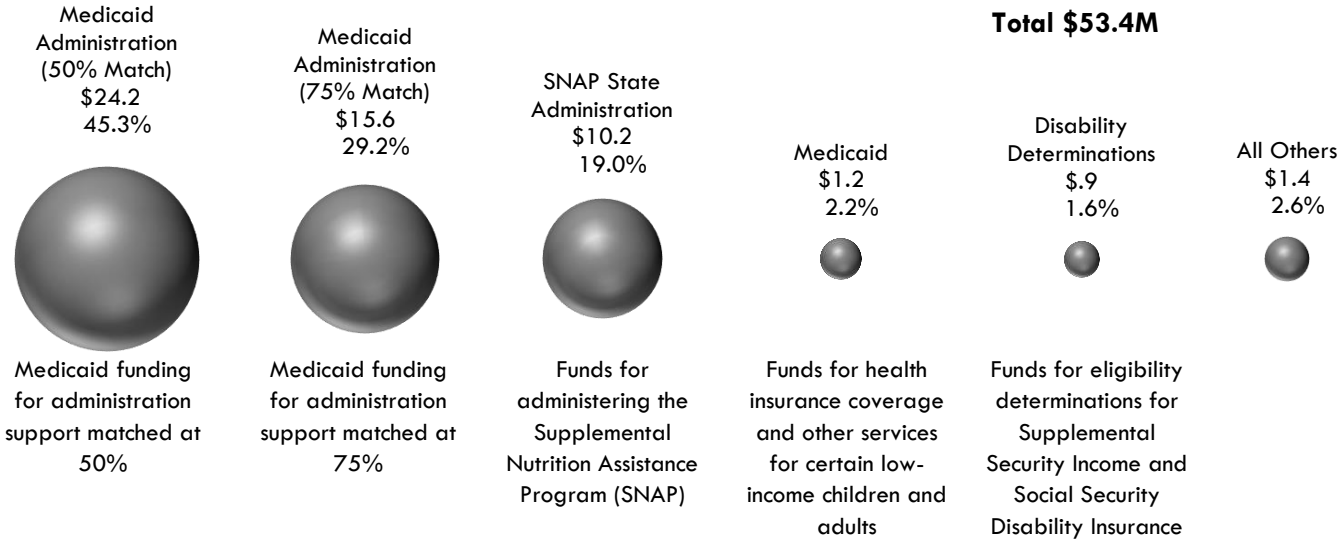


OIG RECOVERY PROCESS ★ CHIEF COUNSEL WORKFLOW



Health and Human Services Commission - Office of the Inspector General

Summary of Federal Funds (2020 - 21)

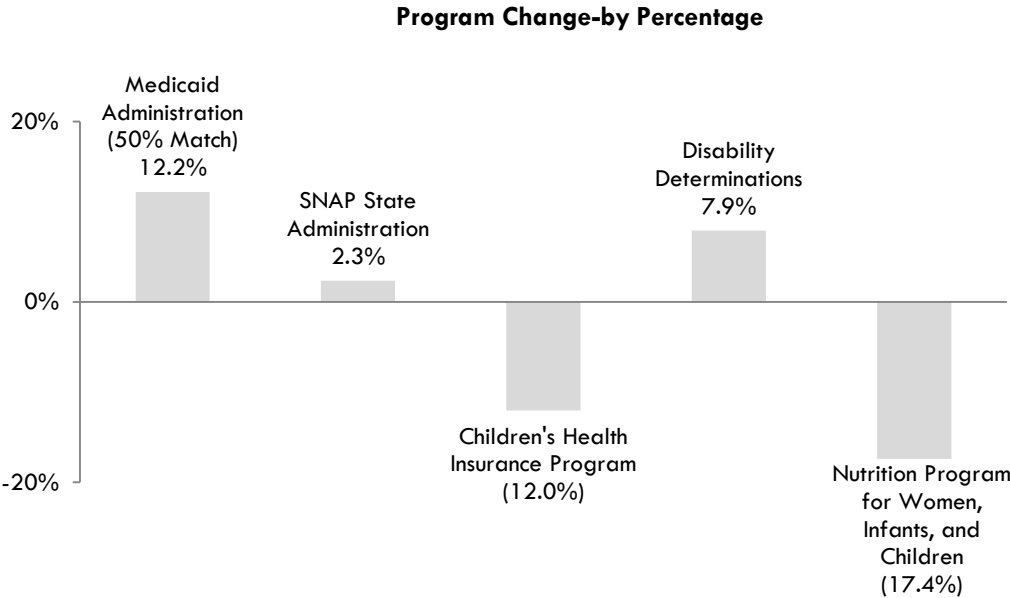
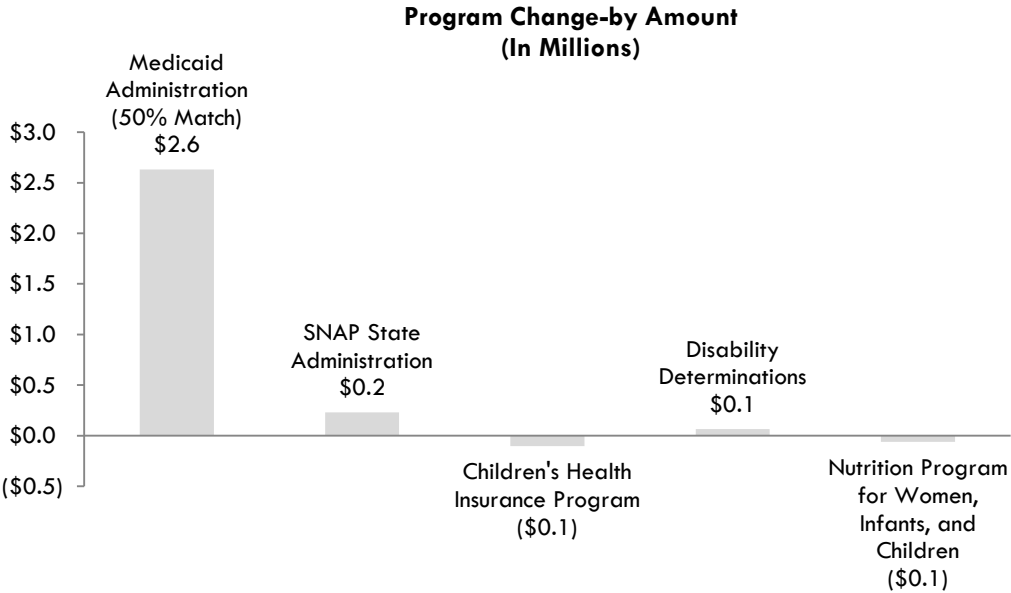


Selected Federal Fiscal and Policy Issues

Federal funding changes at the Office of the Inspector General (OIG) primarily reflect changes in the Health and Human Service Commission's Public Assistance Cost Allocation Plan.

The decrease in Children's Health Insurance Program expenditures is also attributable to a phase-down of the 23-percentage point increase to the EFMAP, the matching rate for the program, beginning in FFY 2020 pursuant to the federal HEALTHY KIDS Act. There is an 11.5-percentage point increase in EFMAP for FFY 2020 and no increase in FFY 2021.

Programs with Federal Funding Changes from 2018 - 19



Health and Human Services Commission - Office of Inspector General
FTE Highlights - House

Full-Time-Equivalent Positions	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
FTE Allocation from HHSC	799.3	736.4	736.2	602.2	602.2
Actual/Budgeted	651.0	577.8	751.2	NA	NA

Schedule of Exempt Positions (Cap)

None.

Notes:

- a) OIG's FTE allocation for fiscal year 2019 was increased by 15.0 FTEs to account for the transfer of the Subrogation and Recovery Program from HHSC Strategy B.1.1, Medicaid Contracts and Administration, and Strategy I.2.1, Intake and Access.
- b) The recommended FTE allocation for the 2020-21 biennium includes an adjustment from the 2018-19 base to reflect an 18.0 percent reduction (149.0 FTEs) to remove a portion of FTEs that were consistently vacant in fiscal year 2018 according to HHSC's Monthly Financial Reports (MFR). The OIG was reduced to 105.0 percent of the actual fiscal year 2018 fill level as reported in the MFR.

Health and Human Services Commission - Office of Inspector General
Performance Measure Highlights - House

Appendix D

	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
Number of Completed Provider and Recipient Investigations Measure Explanation: This is a measure of the Medicaid Program Integrity and the General Investigations sections of Office of Inspector General (OIG) that is responsible for investigating allegations, complaints, and referrals of Medicaid, CHIP, TANF, SNAP, and WIC fraud, abuse, or waste.	19,406	27,192	19,175	19,175	19,175
Total Dollars Recovered (Millions) Measure Explanation: This is a measure of the effectiveness of OIG programs and activities in generating recoveries of overpayments in health and human services programs.	97.5	115.5	90.0	90.0	90.0
Total Medicaid Overpayments Recovered with Special Investigation Units Measure Explanation: This measure reports the amount of Medicaid overpayments identified by the OIG through collaborative efforts with Special Investigation Units operated by Managed Care Organizations.	0	0	6,500,000	6,500,000	6,500,000
Total Recoveries Identified (Millions) Measure Explanation: This new key measure reports includes overpayments identified for recovery during an OIG investigation, audit, inspection, or review that have not been collected. The target is set at the average of identified recoveries in fiscal year 2017 and fiscal year 2018, not including funds identified for recovery by the Inspections Division in fiscal year 2018. Recoveries identified by Inspections are highly dependent on the types of inspections conducted and are not the primary focus of the Inspections Division.	87.1	122.9	105.0	105.0	105.0
Number of Trainings Delivered Measure Explanation: This new key measure reports the internal courses developed and presented by OIG Professional Development Team staff including training sessions, workshops, seminars, employee orientations, and webinars.	100	142	121	121	121
Average Number of Clients in Pharmacy Lock-in Program Measure Explanation: This new key measure reports the number of clients enrolled in the Pharmacy Lock-In program and can be used as a factor to calculate cost avoidance activities of the OIG.	1,052	1,222	1,222	1,222	1,222

**Health and Human Services Commission – Office of Inspector General
Rider Highlights - House**

Deleted Riders (original number)

- 148. **Dental and Orthodontia Providers in the Texas Medicaid Program.** Recommendations delete rider for one-time directive to the agency.
- 151. **Office of Inspector General: Managed Care Organization Performance, Reporting Requirement.** Recommendations delete rider for one-time reporting requirement.
- 152. **Office of Inspector General: Special Investigation Unit Guidance, Reporting Requirement.** Recommendations delete rider for one-time reporting requirement.
- 153. **Office of Inspector General Accountability.** Recommendations delete rider for one-time reporting requirement.

Health and Human Services Commission - Office of Inspector General
Items Not Included in Recommendations - House

		2020-21 Biennial Total					
		GR & GR-D	All Funds	FTEs	Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
Agency Exceptional Items Not Included (in agency priority order)							
1)	Medicaid Fraud and Abuse Detection System (MFADS)	\$6,822,100	\$10,000,000	20.2	Yes	Yes	\$2,513,536
2)	Automated System for the Office of Inspector General (ASOIG)	\$1,819,300	\$3,080,119	15.2	Yes	Yes	\$736,184
3)	Improper Payment Recoveries	\$751,597	\$1,523,488	0.0	No	No	\$1,293,435
TOTAL Items Not Included in Recommendations		\$9,392,997	\$14,603,607	35.4	\$4,543,155		

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendices - House

SFR Table of Contents		
SFR Appendix	Appendix Title	Page
1	SFR Program Listing – Services and Administration	19
2	SFR Program Listing – Fiscal	21
3	SFR Mission Centrality/Authority	23
4	SFR Constitutional, General Revenue-Dedicated and Funds Outside the Treasury	*
5	SFR Program Summaries	24
6	SFR Program and Strategy Crosswalk	66

* Appendix is not included - no significant information to report

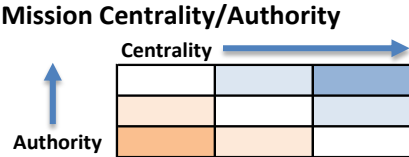
Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 1 Program Listing -- Services and Administration - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority



Agency Submission		LBB Staff Review and Analysis								
Agency Ranking	Program Name	Year Implemented	State Authority	Federal Authority	Authority	Mission Centrality	State Service	Service Area	Significant Audit and/or Report Findings	Contracts for Outsourced Services
1	Quality Review (QR)	2004	Admin Code, Statute	Public Law, Rules	Strong	Strong	Business & Workforce Development & Regulation	Statewide	Yes	Partial
2	Acute Care Surveillance Team (ACS)	2004	Admin Code, Statute	Public Law, Rules	Strong	Strong	Business & Workforce Development & Regulation	Statewide	N/A	N/A
3	Medicaid Provider Integrity (MPI)	2004	Admin Code, Statute	Public Law	Strong	Strong	Business & Workforce Development & Regulation	Statewide	Yes	No
4	Audit	2003	Admin Code, Other, Statute	Executive Order, Other, Public Law, Rules	Strong	Strong	Business & Workforce Development & Regulation	Statewide	No	Partial
5	General Investigations (GI)	2003	Admin Code, Statute	Rules	Strong	Strong	Business & Workforce Development & Regulation	Statewide	Yes	No
6	Inspections	2016	Admin Code, Statute	No Federal Requirement	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	Yes	No
7	Electronic Benefit Transfer (EBT) Trafficking Unit	2015	Admin Code, Statute	Other, Rules	Strong	Strong	Business & Workforce Development & Regulation	Statewide	N/A	No
8	State Centers Investigative Team (SCIT)	2016	Admin Code, Statute	No Federal Requirement	Strong	Weak	Business & Workforce Development & Regulation	Statewide	N/A	No
9	Chief Counsel	2003	Admin Code	No Federal Requirement	Moderate	Strong	Business & Workforce Development & Regulation	Statewide	No	No
10	Other Support Services (Direct Support Services)	2003	Admin Code, Statute	No Federal Requirement	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	Yes	No
11	Clinical Subject Matter Expert (CSME)	2003	Admin Code, Statute	No Federal Requirement	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	Yes	N/A
12	Fraud Hotline	2003	Statute	No Federal Requirement	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	N/A	N/A
13	Internal Affairs (IA)	2018	Admin Code, Statute	Rules	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	Yes	No
14	Finger Print Checks	2017	Statute	Public Law, Rules	Moderate	Weak	Business & Workforce Development & Regulation	Statewide	N/A	No

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 1 Program Listing -- Services and Administration - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)



Agency Submission		LBB Staff Review and Analysis								
Agency Ranking	Program Name	Year Implemented	State Authority	Federal Authority	Authority	Mission Centrality	State Service	Service Area	Significant Audit and/or Report Findings	Contracts for Outsourced Services
15	Provider Enrollment Integrity Screening (PEIS)	2003	Admin Code, Statute	Policy Guidance, Public Law, Rules	Moderate	Weak	Business & Workforce Development & Regulation	Statewide	N/A	No
16	Medicaid Fraud Law Enforcement	2014	Statute	Other, Rules	Strong	Strong	Business & Workforce Development & Regulation	Regional	N/A	N/A
17	WIC Vendor Monitoring Unit	2003	Other, Statute	Rules	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	N/A	No
18	DDS Investigations	2018	Statute	Public Law, Rules	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	N/A	N/A
Indirect Administration Programs										
19	Agency Allocated Support Cost (From HHSC)	2003			N/A	N/A	Business & Workforce Development & Regulation	Statewide	N/A	N/A
20	System Oversight & Program Support (from HHSC)	2003			N/A	N/A	Business & Workforce Development & Regulation	Statewide	N/A	N/A

Note: **Significant Audit and/or Report Findings.** Qualified indicates that there may be issues relating to agency operations that have not been documented in formal audits, reviews or reports, or LBB Staff cannot verify whether recommendations have been implemented. There were no Qualified audit or report findings for OIG.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 2: Program Listing -- Fiscal - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Agency Submission				LBB Staff Review and Analysis							
Agency Ranking	Program Name	2014-15 Expended	2016-17 Expended	2018-19 Est / Budg	2019 FTEs Budg	2020-21 Recommended*	2021 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?	Appropriate Use of Constitutional and GR-Dedicated Funds?
1	Quality Review (QR)	\$ 10,045,431	\$ 10,693,959	\$ 11,144,580	93.5	\$ 11,398,178	74.8	2.3%	-18.7	No	N/A
2	Acute Care Surveillance Team (ACS)	\$ 630,145	\$ 3,594,774	\$ 3,149,563	29.2	\$ 3,256,212	23.4	3.4%	-5.8	No	N/A
3	Medicaid Provider Integrity (MPI)	\$ 11,573,338	\$ 10,545,873	\$ 10,496,196	98.7	\$ 10,991,268	79.1	4.7%	-19.6	No	N/A
4	Audit*	\$ 13,140,363	\$ 11,824,219	\$ 14,602,465	70.1	\$ 17,126,374	68.8	17.3%	-1.3	No	N/A
5	General Investigations (GI)	\$ 14,789,173	\$ 14,549,279	\$ 13,598,655	141.6	\$ 14,793,156	108.2	8.8%	-33.4	No	N/A
6	Inspections	\$ -	\$ 2,071,861	\$ 3,904,429	30.5	\$ 3,690,922	22.5	-5.5%	-8.0	No	N/A
7	Electronic Benefit Transfer (EBT) Trafficking Unit	\$ -	\$ 1,470,210	\$ 2,136,678	15.5	\$ 2,090,728	12.2	-2.2%	-3.3	No	N/A
8	State Centers Investigative Team (SCIT)	\$ -	\$ 3,374,484	\$ 5,586,454	50.0	\$ 3,993,496	28.8	-28.5%	-21.2	No	N/A
9	Chief Counsel	\$ 3,631,053	\$ 4,730,315	\$ 6,275,294	36.2	\$ 6,513,564	29.0	3.8%	-7.2	No	N/A
10	Other Support Services (Direct Support Services)	\$ 21,122,715	\$ 25,677,733	\$ 23,155,396	92.4	\$ 23,155,396	92.4	0.0%	0.0	No	N/A
11	Clinical Subject Matter Expert (CSME)	\$ 812,339	\$ 1,011,388	\$ 926,717	3.6	\$ 940,248	2.9	1.5%	-0.7	No	N/A
12	Fraud Hotline	\$ -	\$ 752,974	\$ 599,668	8.7	\$ 586,616	6.5	-2.2%	-2.2	No	N/A
13	Internal Affairs (IA)	\$ 8,012,852	\$ 5,407,465	\$ 4,835,400	43.5	\$ 4,600,712	32.3	-4.9%	-11.2	No	N/A
14	Finger Print Checks*	\$ -	\$ 25,677	\$ 163,244	0.0	\$ 163,244	0.0	0.0%	0.0	No	N/A
15	Provider Enrollment Integrity Screening (PEIS)	\$ 797,137	\$ 1,911,288	\$ 1,573,266	15.4	\$ 1,598,144	12.3	1.6%	-3.1	No	N/A
16	Medicaid Fraud Law Enforcement	\$ -	\$ 977,877	\$ 1,185,980	7.7	\$ 1,245,140	6.1	5.0%	-1.6	No	N/A
17	WIC Vendor Monitoring Unit*	\$ 1,065,173	\$ 987,358	\$ 1,103,697	9.2	\$ 1,071,918	9.2	-2.9%	0.0	No	N/A
18	DDS Investigations*	\$ -	\$ -	\$ 381,282	1.8	\$ 289,616	1.8	-24.0%	0.0	No	N/A
Indirect Administration Programs											
19	Agency Allocated Support Cost (From HHSC)	\$ 16,539,817	\$ 16,635,662	\$ 9,772,593	3.6	\$ 8,723,902	2.9	-10.7%	-0.7	No	N/A
20	System Oversight & Program Support (from HHSC)*	\$ 32,217,234	\$ 43,194,015	\$ 19,759,671	48.6	\$ 17,805,548	45.9	-9.9%	-2.7	No	N/A
Total		\$ 134,376,770	\$ 159,436,411	\$ 134,351,228	799.8	\$ 134,034,382	659.1	-0.2%	-140.7		

	2018-19 Est/Budg	2020-21 Recommended
Inside the Treasury	\$ 134,351,228	\$ 134,034,382
Outside the Treasury	\$ -	\$ -
Total	\$ 134,351,228	\$ 134,034,382

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 2: Program Listing -- Fiscal - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Agency Submission				LBB Staff Review and Analysis							
Agency Ranking	Program Name	2014-15 Expended	2016-17 Expended	2018-19 Est / Budg	2019 FTEs Budg	2020-21 Recommended*	2021 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?	Appropriate Use of Constitutional and GR-Dedicated Funds?

Notes: **Revenue Supported** includes fees, tuition set asides and donations. The OIG has no programs that fall under this criteria.

* Programs are partially or fully funded through other strategies at HHSC. Total recommended funding for Goal K, Office of Inspector General is \$110.3 million in All Funds (\$45.5 million in General Revenue). Funding from other HHSC strategies totals \$23.8 million in All Funds including:

Strategy B.1.1, Medicaid Contracts and Administration

Finger Print Checks (\$0.2 million in All Funds)
Recovery Audit Contract (\$4.4 million in All Funds)

Strategy J.1.1, Disability Determination Services

Disability Determination Services Investigations (\$0.3 million in All Funds)

Strategy E.1.2, Provide WIC Services

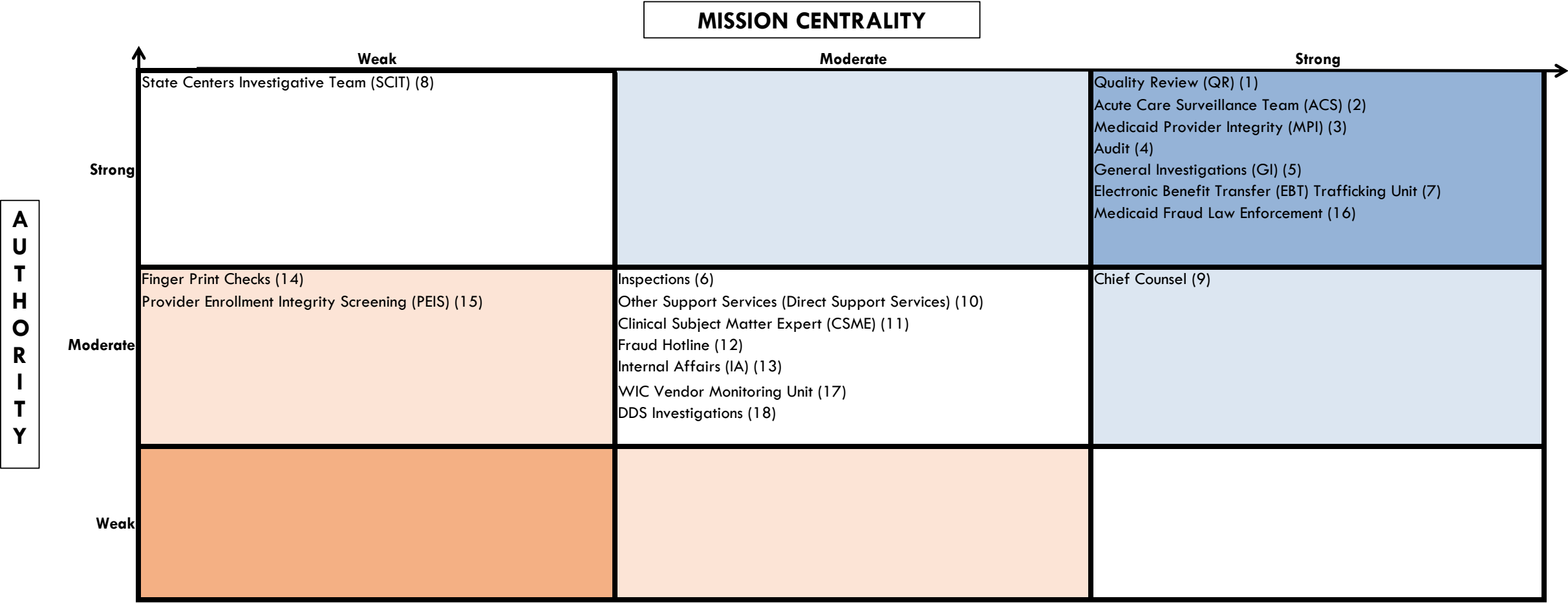
WIC Vendor Monitoring (\$1.1 million in All Funds)

Strategies in Goal L, System Oversight & Program Support

System Oversight & Program Support (\$17.8 million in All Funds)

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 3: Assessment of Mission Centrality and Authority - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other documents.
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.



Notes: Agency program rankings included after the program name. The matrix does not include Indirect Administration programs.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
↑			X
Authority			

Program: Quality Review (QR)

**Agency
Ranking**

1 out of 20

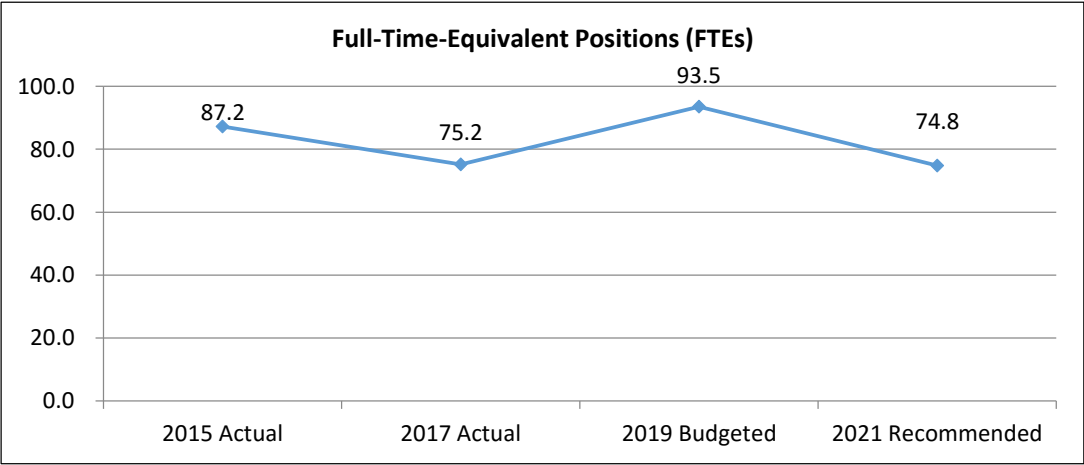
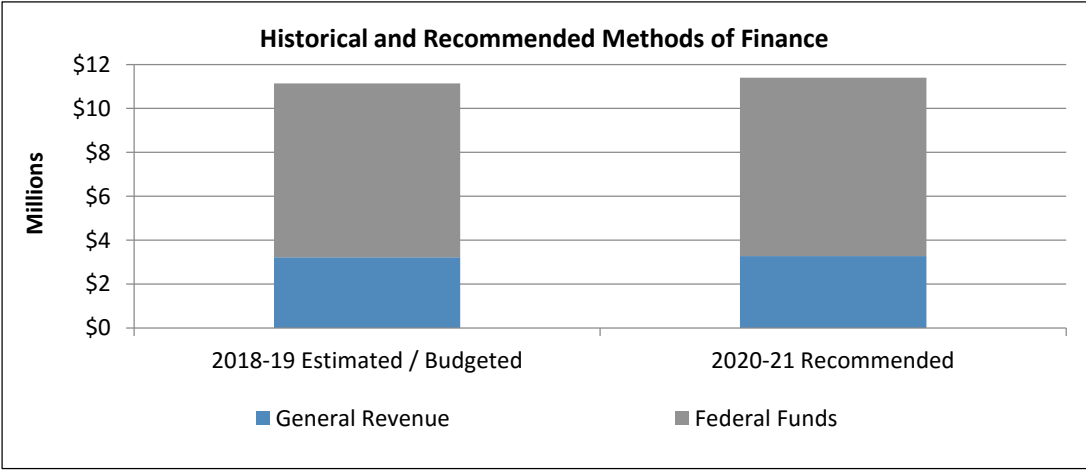
Quality Review (QR) conducts retrospective utilization reviews (UR) of inpatient hospital claims and nursing facilities and administers the Lock-in Program which reviews recipients’ use of prescription medications and acute care services.

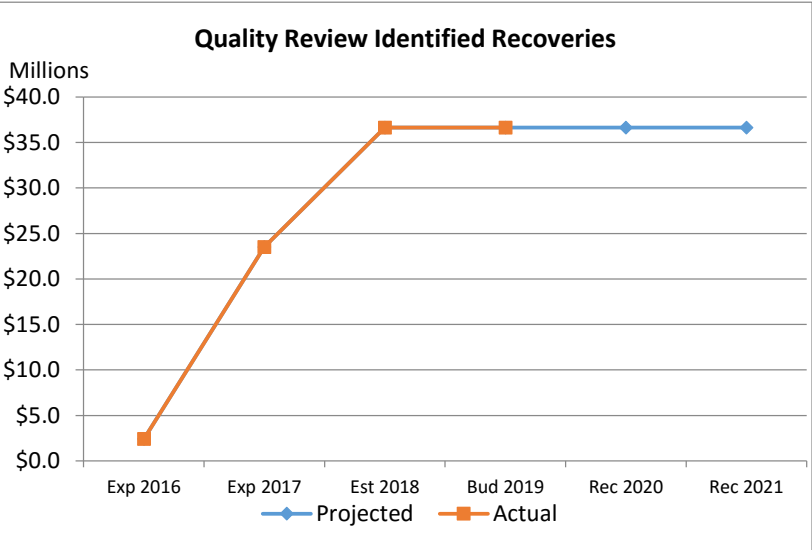
Legal Authority: Government Code § 531.102 and § 531.1024; 1 Texas Administrative Code 371 Subchapter C; Social Security Act § 1902(a)(30) and § 1902(a)(33)(A); 42 CFR 431.54; 42 CFR Part 456; 42 CFR Part 483, Subpart B.

Year Implemented	2004	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issues	Yes	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	Partial	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

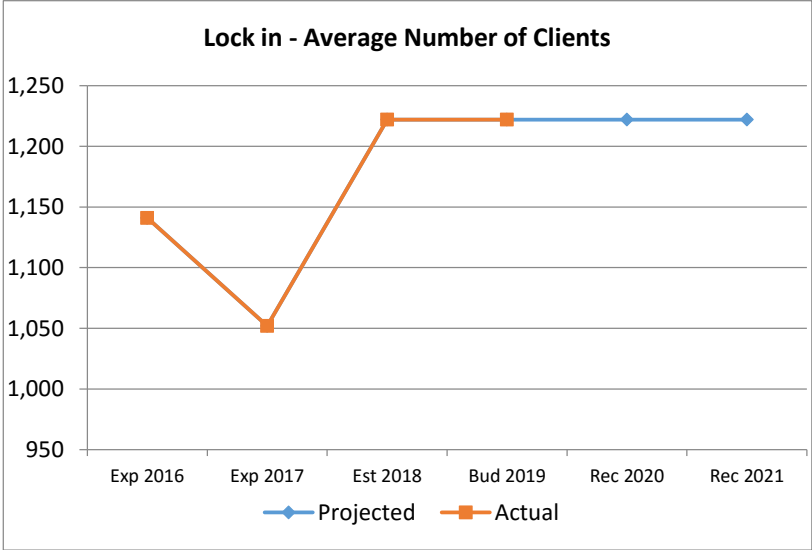
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 8,462,366	\$ 8,717,338	76.5%
Operating Costs	\$ 2,407,615	\$ 2,406,214	21.1%
Capital Costs	\$ 274,599	\$ 274,626	2.4%
Total	\$ 11,144,580	\$ 11,398,178	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 11,398,178	100.0%
Total	\$ 11,398,178	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- Quality Review is made up of the Utilization Review team and Lock-In Program staff. The Utilization Review team performs onsite and desk reviews of hospital claims and nursing facility Minimum Data Set forms for appropriate billing. Lock-In Program staff work with managed care organizations to monitor recipient use of prescription medications and acute care services.
- The pharmacy Lock-In Program restricts an individual's access to a single designated pharmacy and, in some cases, to a single provider for primary care if it is determined that the recipient misused, abused, or acted fraudulently with respect to Medicaid benefits. Lock-in nurses conduct reviews and analysis of data and referrals by managed care organizations and other providers, law enforcement, state agencies, or the public to determine if a recipient qualifies for the lock-in program.
- The three major position classifications for this program with the highest average annual salary include: 1) Manager V (\$79,271); 2) Program Specialist VI (\$73,098); and 3) Manager III (\$67,833). For fiscal year 2018, the average cost per FTE for this program was \$70,594 (including salaries, other personnel costs, and travel costs; not including benefits). The majority of FTEs in this program are registered nurses.
- Quality Review activities are paid primarily with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a mixture of 50 percent and 75 percent match rates.
- A 2016 Organizational Assessment of the OIG performed by Navigant Consulting observed insufficient planning for MCO oversight and recommended that OIG update UR processes to minimize duplication of effort between MCOs and OIG, implement oversight procedures of MCO activities in the area of UR, and establish clear guidelines and contract requirements for MCOs to follow. OIG indicates that they have updated UR processes for both nursing facility and hospital utilization reviews and completed a hospital utilization review pilot for managed care claims. OIG indicates that they continue to work to finalize tools to complete hospital utilization reviews in managed care and make administrative changes for nursing facility reviews in managed care.

Challenges and Enhancement Opportunities

- OIG indicated that as utilization review functions transition to managed care, existing applications, policy, procedures, and training must be revised.
- OIG did not identify any specific opportunities to enhance the program but did indicate that additional nurse reviewers would allow OIG to consider other areas of risk in nursing facilities such as adding other provider types; increasing the number of on-site nursing facility reviews; increasing clinical expertise in support of other OIG divisions; and conducting additional research to identify gaps and at-risk populations in the Lock-In Program.

Alternative Funding Options

- 1 OIG indicated that an increase in completed nursing facility utilization reviews (NFURs) of 10 percent (50 NFURs) would cost approximately \$0.4 million in All Funds (\$0.1 million in General Revenue) to support of 5.0 additional FTEs.
- 2 OIG indicated that an increase in completed hospital utilization reviews of 10 percent (2,900 reviews) would cost approximately \$0.4 million in All Funds (\$0.1 million in General Revenue) to support of 5.0 additional FTEs.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
			X
Authority			

Program: Acute Care Surveillance Team (ACS)

Agency Ranking
2 out of 20

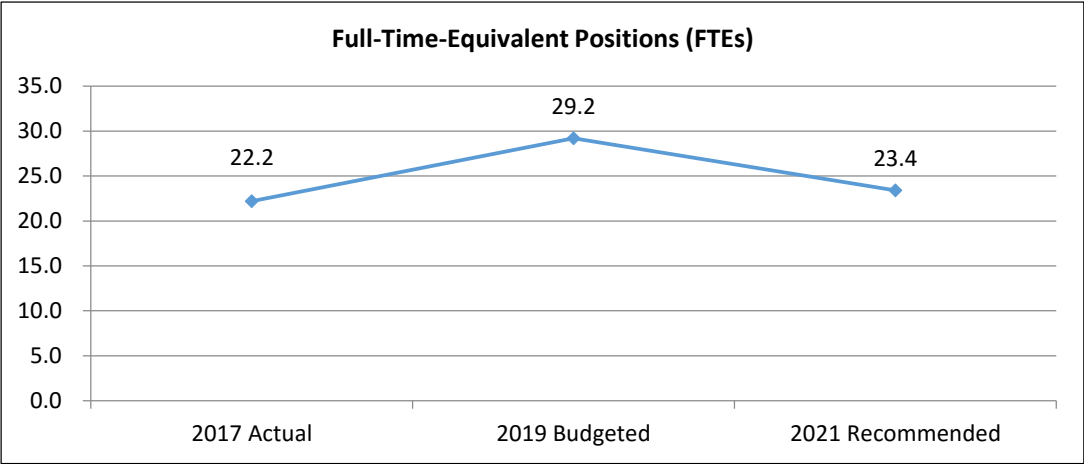
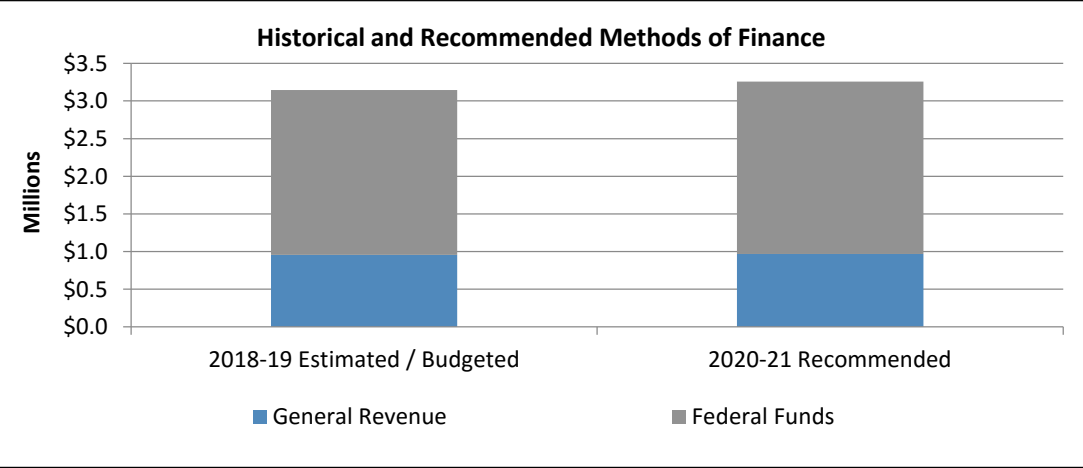
The ACS team identifies patterns of aberrant billing, performs surveillance utilization reviews (SURS) required by federal regulation, runs data queries to identify acute care billing outliers (Targeted Queries) and collects Medicaid overpayments as a result of these activities.

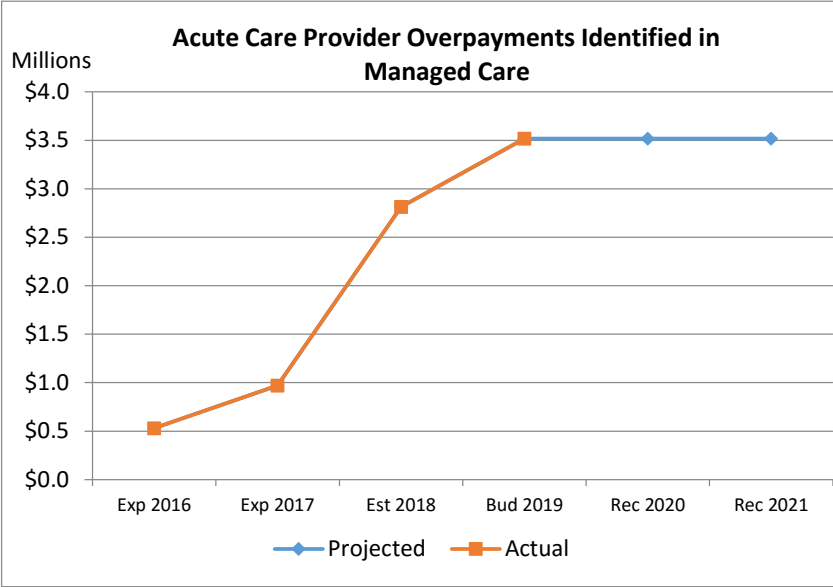
Legal Authority: Government Code § 531.102(a-5); 1 Texas Administrative Code § 371.11; Social Security Act § 1902(a)(30) and § 1902(a)(33)(A); 42 CFR Part 456.

Year Implemented	2004	Performance and/or	Revenue Supported	No
Authority	Strong	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

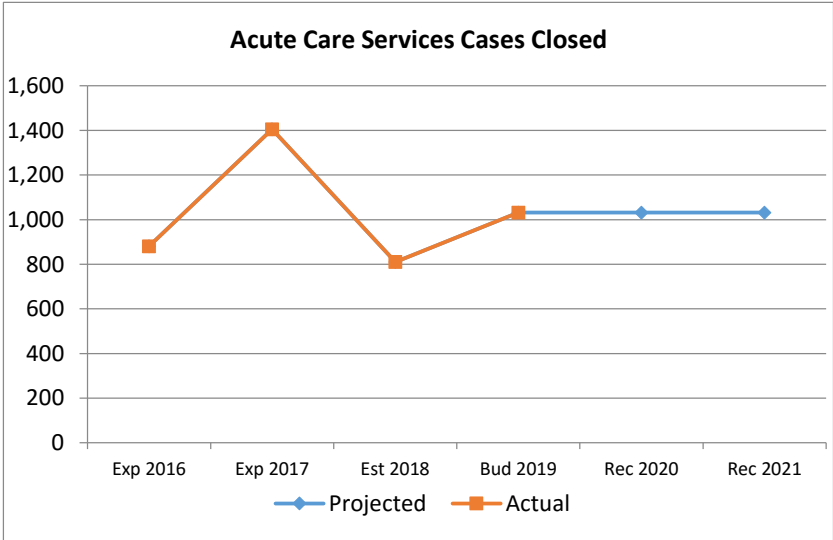
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 2,868,787	\$ 2,976,056	91.4%
Operating Costs	\$ 280,776	\$ 280,156	8.6%
Total	\$ 3,149,563	\$ 3,256,212	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 3,256,212	100.0%
Total	\$ 3,256,212	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 Federal regulations require State Medicaid agencies to include a statewide surveillance and utilization review subsystem in the state Medicaid Management Information System (MMIS). Some states have discrete SURS units, while others fold these functions into overarching program integrity efforts. SURS staff review output from MMIS for aberrant billing and conduct preliminary reviews of providers to determine whether there is a pattern of fraud.
- 2 ACS activities are paid primarily with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a mixture of 50 percent and 75 percent match rates.
- 3 ACS cooperates with the federal Health and Human Services Office of Inspector General, Texas Board of Nursing, Department of State Health Services, HHSC Medicaid and CHIP Services Department, the Attorney General's Medicaid Fraud Control Unit, Texas State Board of Dental Examiners, Texas State Board of Pharmacy, and the Texas Medical Board.

Challenges and Enhancement Opportunities

- 1 The transition of the Medicaid program from fee-for-service to managed care requires targeted queries to be rewritten to allow ACS to perform its functions. OIG indicated that the accuracy of Medicaid encounter data is essential for accurate data collection, utilization review, and targeted queries.
- 2 OIG indicated that funding for a single consolidated OIG case management system, digital scanning, and increased electronic storage capacity for medical records would increase efficiency.
- 3 OIG indicated that additional nurse analysts could assist with the transition of the Medicaid program to managed care by allowing for additional medical record review.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
			X
Authority			

Program: Medicaid Provider Integrity (MPI)

Agency Ranking 3 out of 20

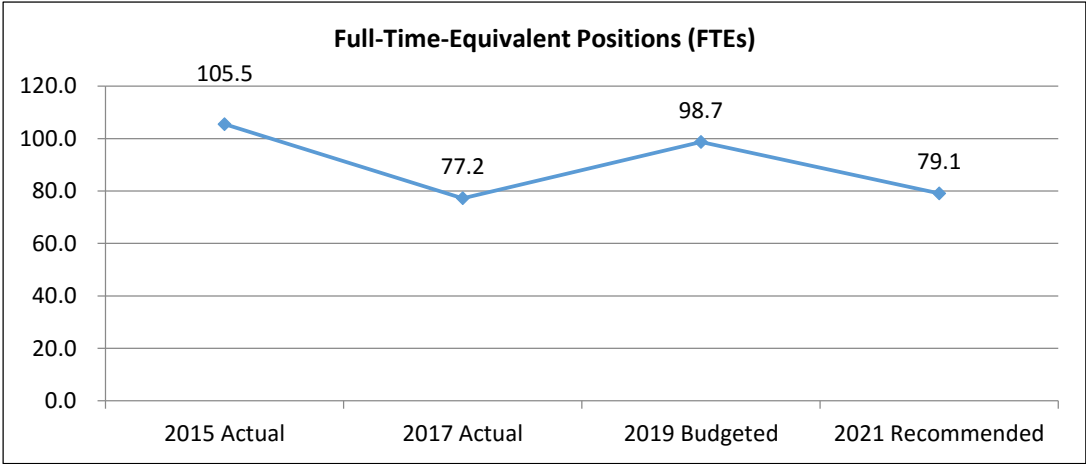
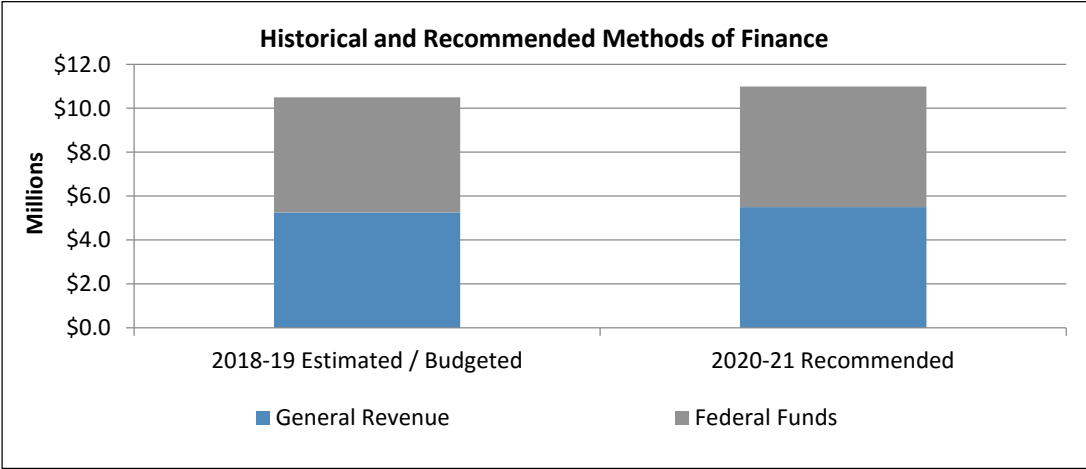
Medicaid Provider Integrity (MPI) investigates allegations of fraud, waste, and abuse committed by Medicaid providers or their agents.

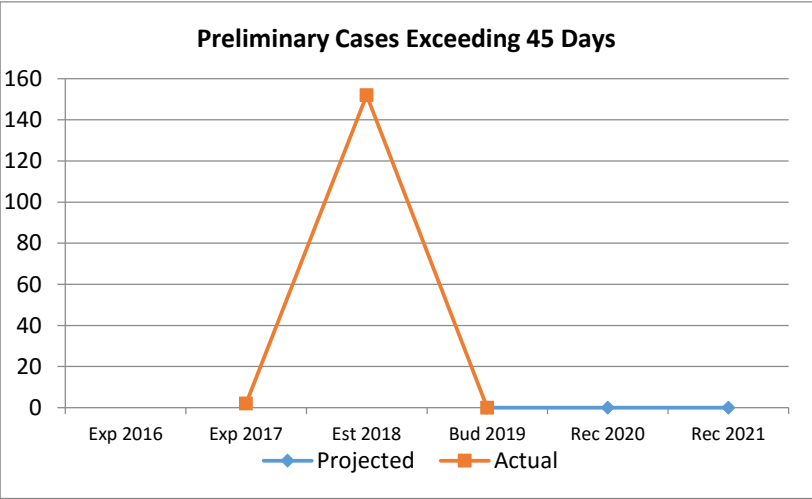
Legal Authority: Government Code § 531.102; 1 Texas Administrative Code § 371.11; Social Security Act § 1902(a)(4), § 1903(1)(2), and § 1909, Subpart A.

Year Implemented	2004	Performance and/or	Revenue Supported	No
Authority	Strong	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

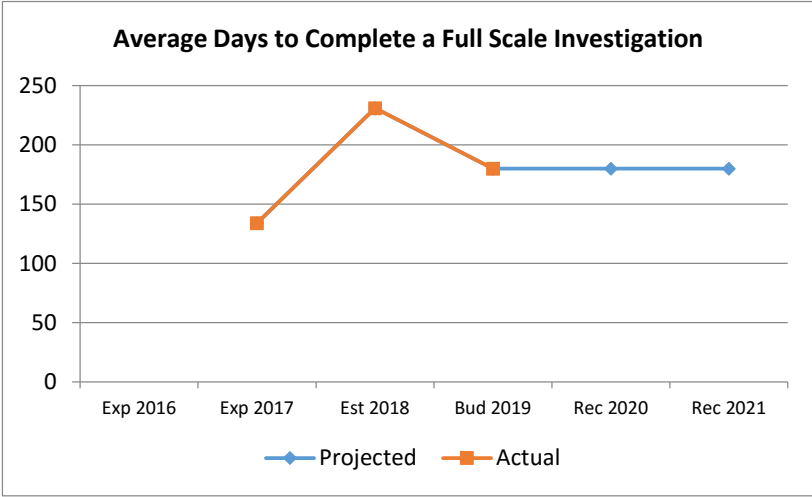
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 9,416,404	\$ 9,915,128	90.2%
Operating Costs	\$ 1,079,792	\$ 1,076,140	9.8%
Total	\$ 10,496,196	\$ 10,991,268	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 10,991,268	100.0%
Total	\$ 10,991,268	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General
Note: OIG indicates that the number of days to complete a full-scale MPI investigation and preliminary cases exceeding 45 days were not tracked prior to fiscal year 2017.

Summary of Recommendations and Fiscal and Policy Issues

- Medicaid providers may be subject to a range of administrative enforcement actions including education, prepayment review of claims, penalties, required repayment of Medicaid overpayments, and/or exclusion from the Medicaid program. Some referrals come through the OIG fraud hotline or complaints from the Inspector General’s online Waste, Abuse and Fraud Electronic Referral System. Referrals are also received from managed care organizations (MCOs) throughout the state.
- MPI activities are paid with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a 50 percent match rate.
- The three major position classifications for this program with the highest average annual salary include: 1) Director III (\$138,320); 2) Director II (\$108,871); and 3) Manager V (\$74,270). For fiscal year 2018, the average cost per FTE for this program was \$66,284 (including salaries, other personnel costs, and travel costs; not including benefits).
- MPI makes referrals to the Attorney General’s Medicaid Fraud Control Unit (AG-MFCU) when there are indicators of criminal Medicaid fraud.
- Senate Bill 207, Eighty-fourth Legislature, 2015, requires OIG to complete preliminary investigations not later than the 45th day after the date HHSC receives a complaint or allegation or has reason to believe that fraud or abuse has occurred; and to complete full-scale investigations not later than the 180th day after the date the full scale investigation begins, unless the office determines that more time is needed to complete the investigation. OIG indicates that two preliminary cases in fiscal year 2017 and 152 preliminary cases in fiscal year 2018 were not completed in 45 days due to one employee not entering complaints into the Waste, Abuse, and Fraud Electronic Records System (WAFERS) according to policy and procedure.

Recommended Statutory Changes for Program Improvement

- OIG indicated that amending Government Code § 531.102(g)(3)(C) to remove or clarify the criteria that indicates that continuing to pay a provider presents an ongoing financial risk to the state and a threat to the integrity of Medicaid would allow OIG to prevent payments to more providers who are under investigation for fraud. OIG is currently required to demonstrate that continuing to pay a provider meets these criteria before placing a payment hold on a provider for a credible allegation of fraud.

Challenges and Enhancement Opportunities

- OIG indicates that MPI does not have access to final paid claims data in managed care as it did with fee-for-service, which causes some delays when requesting this data from MCOs. The shift to managed care requires investigators to reference and understand MCOs’ individual contracts, manuals, requirements, and criteria when determining whether claims were properly filed and paid. Certain aspects of MPI activities are highly dependent on the accuracy of encounter data.

- 2 OIG indicated that funding for a single consolidated OIG case management system for use across all divisions would increase efficiency.
- 3 OIG indicated that obtaining direct access to MCO claims data through a consolidated database or another application would decrease delays due to manually requesting data.

Alternative Funding Options

- 1 OIG indicated that increasing Investigations Division General Revenue by 5 percent (\$1,045,131), would increase the total number of investigations, including MPI investigations, by 3,335. OIG projects that the additional investigations could result in additional recoveries of up to \$8.1 million in All Funds.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
			X
Authority			

Program: Audit

Agency Ranking

4 out of 20

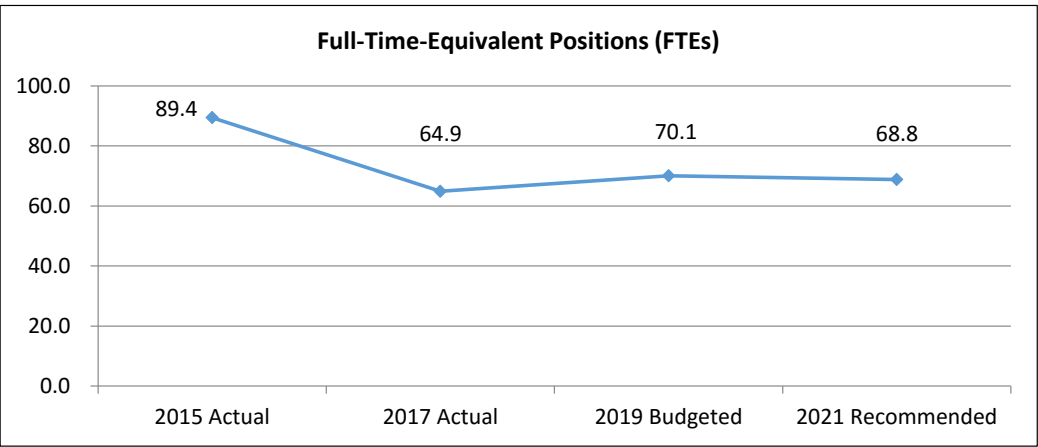
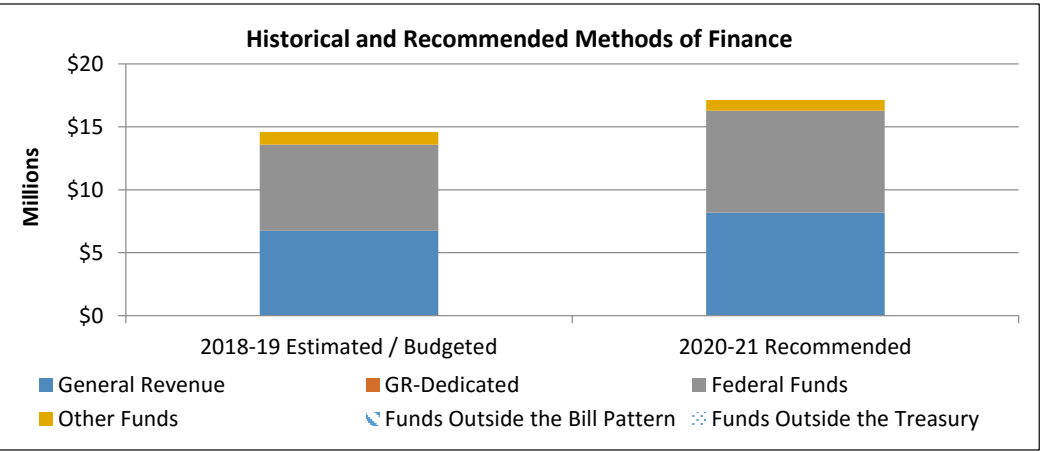
The Audit Division conducts risk-based performance, provider, contractor, and IT audits; coordinates federal audits of HHS; manages the Recovery Audit Contractor contract; and is Texas’ point of contact with the Center for Medicare and Medicaid Services (CMS) for Unified Program Integrity Contractor audits and Payment Error Rate Measurement review activities.

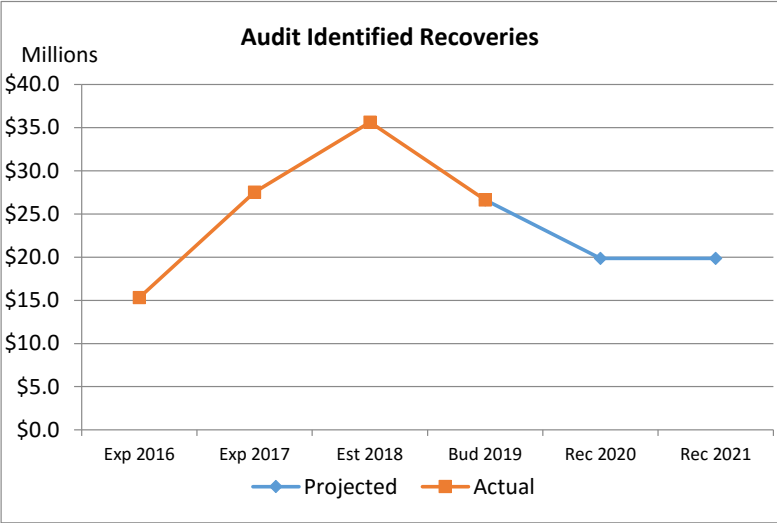
Legal Authority: Government Code §§ 531.102, 531. 117, 531.113, 531.1025; 1 Texas Administrative Code § 371.1719;42 CFR Part 455, Subpart C and Subpart F; 42 CFR Part 431, Subpart Q

Year Implemented	2003	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issue:	No	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	Partial	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

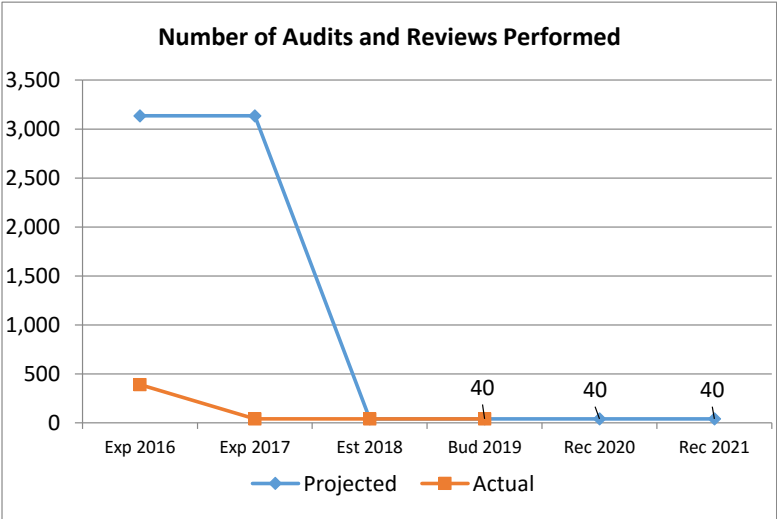
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 8,660,848	\$ 10,920,524	63.8%
Operating Costs	\$ 5,941,617	\$ 6,205,850	36.2%
Total	\$ 14,602,465	\$ 17,126,374	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 17,126,374	100.0%
Total	\$ 17,126,374	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Note: The Cost Report Unit (CRU) transferred from the OIG to HHSC in the third quarter of fiscal year 2016. The CRU accounted for approximately 77 percent of the audit and review target in the 2016-17 biennium.

Summary of Recommendations and Fiscal and Policy Issues

- 1 The audit universe for the OIG includes all departments, programs, functions, and processes within HHSC, the Department of State Health Services (DSHS), and the Department of Family and Protective Services (DFPS), as well as services delivered through managed care, providers, and contractors.
- 2 OIG and HHSC Internal Audit Division report that there is not a formalized process to ensure coordination and to avoid duplication of effort. The entities coordinate on an informal basis. The DFPS Internal Audit Division reports that it has an Internal Audit Coordinator position that is responsible for coordinating and serving as the primary liaison between DFPS and OIG and HHS System Internal Audit. The DFPS Internal Audit Division also reports that they have developed a draft MOU with OIG that details coordination between DFPS and OIG.
- 3 The Patient Protection and Affordable Care Act required states to establish a Medicaid Recovery Audit Contractor (RAC) program. States contract with one or more recovery audit contractors to identify improper payments, recover overpayments, and reimburse underpayments. States receive Medicaid administrative matching funds for the operation and maintenance of a RAC program. RACs are paid on a contingency basis from recovered amounts based on a percentage of the overpayment recovered. Federal financial participation is based on the FMAP in effect when the claim was paid. Current policy sets the highest contingency fee for federal financial participation at 17.5 percent for the recovery of improper payments made for medical supplies, equipment, and appliances for use in home health and 12.5 percent for the recovery of all other improper payments. The federal share is calculated after deducting the contingency fee paid to the RAC and based on the FMAP in effect when the claim was paid.
- 4 Audit activities are paid primarily with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a 50 percent match rate. Audit also receives funds through Interagency Contracts with DSHS and DFPS.
- 5 The three major position classifications for this program with the highest average annual salary include: 1) Director III (\$120,000); 2) Director II (\$105,612); and 3) Manager V (\$91,504). For fiscal year 2018, the average cost per FTE for this program was \$83,153 (including salaries, other personnel costs, and travel costs; not including benefits). The majority of FTEs in this program are Auditors.

Challenges and Enhancement Opportunities

- 1 OIG indicated that it is difficult to develop a mechanism for recovering overpayments identified during audits of managed care providers, and that the Audit Division is reevaluating the focus of its audits and how to effectively audit in a managed care environment.
- 2 According to OIG, the current staffing levels in the Audit Division allow for the completion of approximately 40 audits in each fiscal year. Additional Audit resources would provide for additional risk coverage based on OIG's scope of audit responsibility.

Alternative Funding Options

- 1 OIG indicated that decreasing the number of audits conducted in a year by 10 percent (4 audits) would reduce costs by \$0.2 million in All Funds (\$0.1 million in General Revenue). OIG indicated that this type of reduction would be reduced in Contractor Audits and would reduce dollars recovered by an estimated \$0.2 million.
- 2 Due to the statewide transition of the Medicaid program into managed care and the overlapping audit universes of OIG Audit with HHSC and DFPS Internal Audit, some resources currently allocated to the OIG for audits could be redirected to another state agency to develop additional Medicaid managed care program expertise and audit coverage.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
↑			X
Authority			

Program: General Investigations (GI)

Agency Ranking 5 out of 20

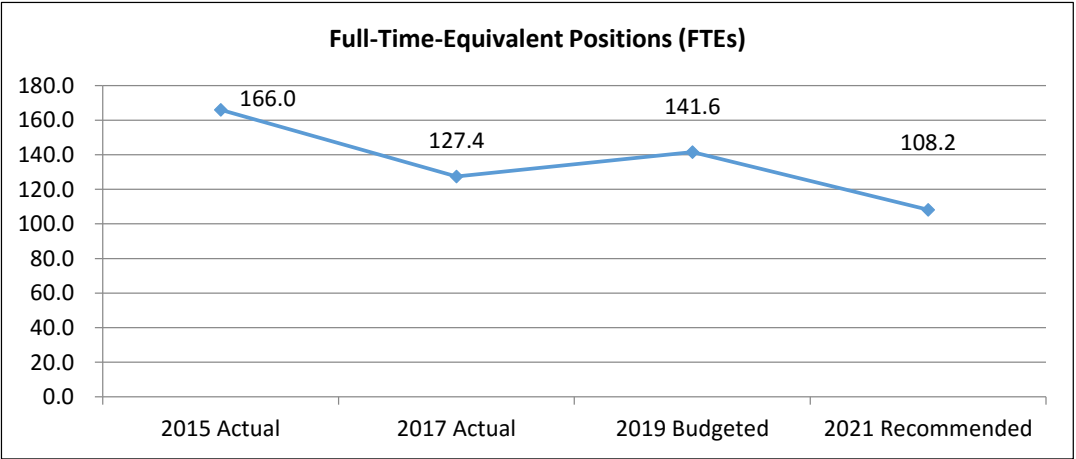
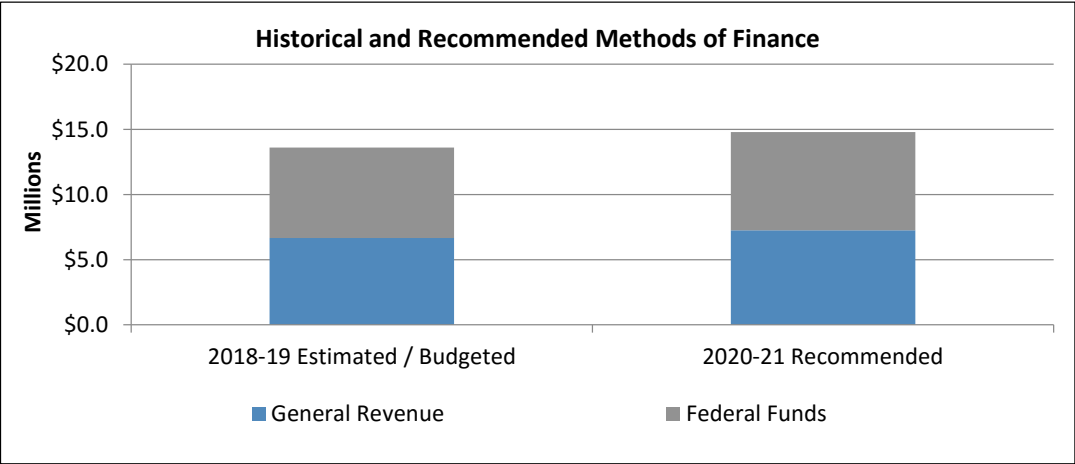
The GI Division investigates allegations of fraud, waste and abuse by clients enrolled in the SNAP; TANF; Medicaid; CHIP; and the WIC program. Clients can be disqualified from a program or ordered to repay all benefits fraudulently received. The GI Division was recently renamed to the Benefits Program Integrity (BPI) Division.

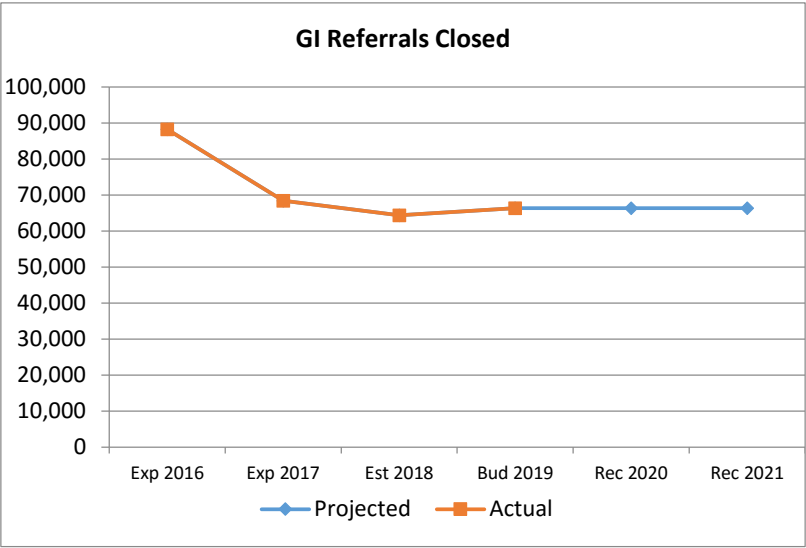
Legal Authority: Government Code § 531.008 and § 531.102, 1 Texas Administrative Code § 371.11; CFR Titles 7, 42, and 45.

Year Implemented	2003	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issues	Yes	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

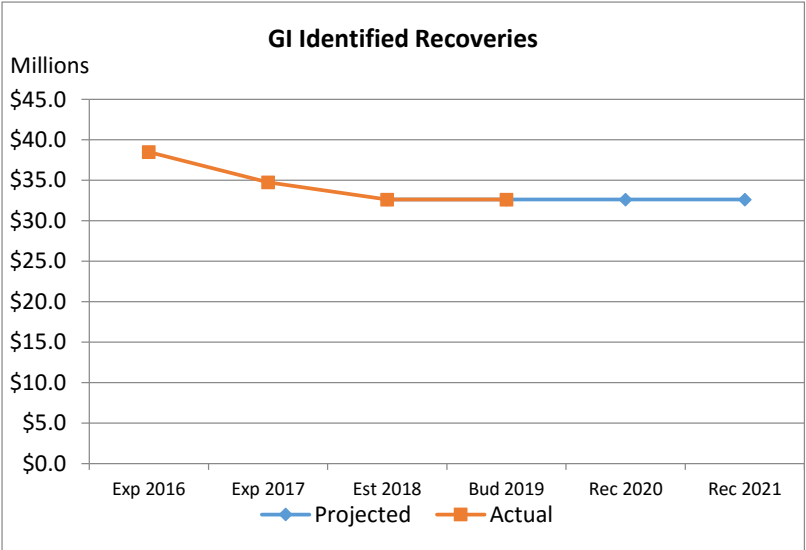
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 11,861,103	\$ 13,078,650	88.4%
Operating Costs	\$ 1,737,552	\$ 1,714,506	11.6%
Total	\$ 13,598,655	\$ 14,793,156	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 12,530,480	100.0%
Total	\$ 12,530,480	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 OIG recently renamed the GI Division to the Benefits Program Integrity (BPI) Division.
- 2 GI activities are paid primarily with General Revenue Match for Food Stamp Administration Account No. 8014 and SNAP administrative matching funds at a 50 percent match rate. Other funding sources include CHIP and Medicaid matching funds.
- 3 The three major position classifications for this program with the highest average annual salary include: 1) Director II (\$82,178); 2) Manager V (\$72,400); and 3) Manager IV (\$64,879). For fiscal year 2018, the average cost per FTE for this program was \$54,788 (including salaries, other personnel costs, and travel costs; not including benefits). The majority of FTEs in this program are Investigators.
- 4 A 2017 HHSC internal audit to determine the results of implementing Sunset Commission recommendations related to the OIG's investigations process found that while GI uses the Automated System of the Inspector General (ASOIG) to document investigations, GI did not have a system to prioritize investigations. OIG indicates that GI developed policy and training as well as made changes to ASOIG to incorporate prioritization of investigations.
- 5 GI receives referrals from HHSC Access and Eligibility Services (AES), the OIG fraud hotline, the Waste, Abuse, and Fraud Electronic Reporting System (WAFERS), and the Public Assistance Reporting Information System (PARIS). GI refers cases for prosecution to the District Attorney, County Attorney, or Justice of the Peace.
- 6 SNAP benefits are 100 percent federally funded. However, the state is allowed to keep a percentage of a SNAP recovery depending on the type of error that led to the overpayment. The state share is 30 percent for intentional program violations, 20 percent for inadvertant household errors, and 0 percent for agency errors. Recoveries are appropriated to HHSC as Earned Federal Funds pursuant to Article IX, Sec. 13.11, Definition, Appropriation, Reporting, and Audit of Earned Federal Funds.

Challenges and Enhancement Opportunities

- 1 OIG did not identify any specific challenges to program operations, but did indicate that some technology enhancements, including enhancements to ASOIG, are necessary to maximize efficiency in investigations.
- 2 OIG did not provide any specific enhancement opportunities, but did indicate that additional staff would help to maximize recoveries and investigations from all referral sources.

Alternative Funding Options

1 OIG indicated that increasing Investigations Division General Revenue by 5 percent (\$1,045,131), would increase the total number of investigations, including MPI and GI investigations by 3,335. OIG projects that the additional investigations could result in additional recoveries of up to \$8.1 million in All Funds.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
		X	
Authority			

Program: Inspections

Agency Ranking

6 out of 20

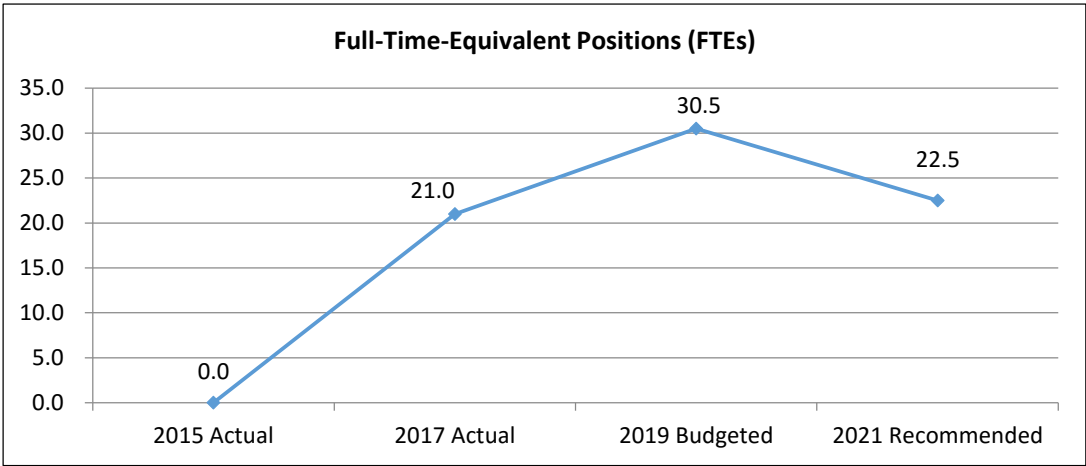
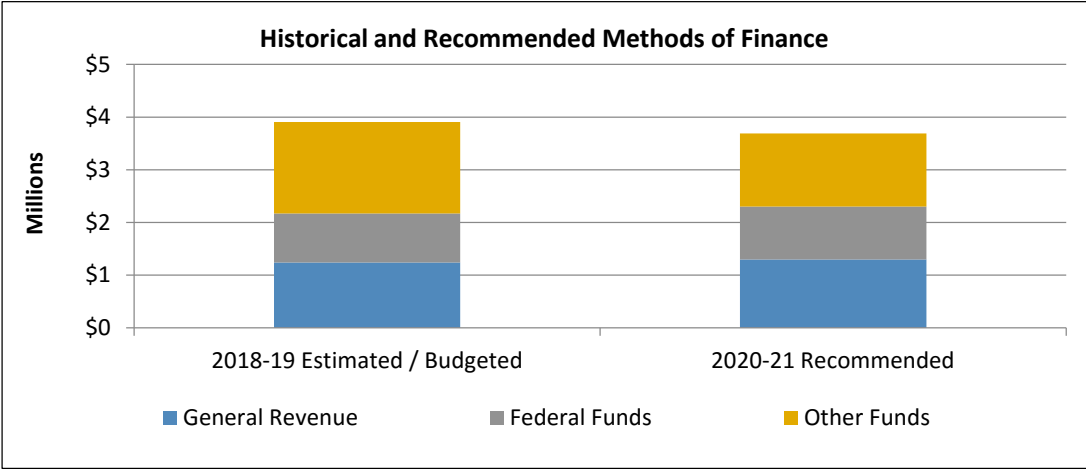
The Inspections Division inspects Health and Human Services (HHS) programs, systems, and processes for systemic issues that contribute to fraud, waste, or abuse in the HHS system.

Legal Authority: Government Code § 531.102(a)(6); 1 Texas Administrative Code § 371.11.

Year Implemented	2016	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	Yes	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 3,567,857	\$ 3,371,710	91.4%
Operating Costs	\$ 336,572	\$ 319,212	8.6%
Total	\$ 3,904,429	\$ 3,690,922	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 3,690,922	100.0%
Total	\$ 3,690,922	100.0%



Recent Inspection Reports	
Name of Report	Date
Duplicate Capitation Payments to Managed Care	Aug. 2018
Access and Eligibility Services: Interstate and Income Match Action Alerts	Aug. 2018
Long-Term Services and Supports: Community Attendant Services	Aug. 2018
Multiple Medicaid Identification Numbers	Jun. 2018
Medicaid Payments for Deceased Clients	May 2018
Electronic Visit Verification System	May 2018

Source: Office of the Inspector General

Fiscal Year 2018 Recoveries	
Quarter	Dollars Recovered
1	\$1,003,416
2	\$73
3	\$1,919,756
4	\$140,614
Total	\$3,063,859

Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- According to OIG, inspections typically last 90-120 days and offer a quick but limited-scope look at a particular issue in order to assess and identify risk to the program integrity of a particular HHS program. An inspection may result in a referral to another area of the OIG for additional work, such as an audit or an investigation. OIG maintains inspection authority over the Department of Family and Protective Services (DFPS) and may conduct inspections within DFPS programs and services. The inspection universe also includes services delivered through providers and contractors that support programs in the HHS system, including in Medicaid managed care.
- The three major position classifications for this program with the highest average annual salary include: 1) Director III (\$120,000); 2) Director II (\$102,587); and 3) Manager V (\$91,045). For fiscal year 2018, the average cost per FTE for this program was \$76,805 (including salaries, other personnel costs, and travel costs; not including benefits).
- Funding sources for Inspections include General Revenue, General Revenue Match for Food Stamp Administration Account No. 8014, General Revenue Match for Title XXI (CHIP) Account No. 8010, General Revenue Certified as Match for Medicaid Account No. 8032; as well as an array of federal matching funds at a variety of match rates. Inspections also receives funding by Interagency Contract with the Department of State Health Services and DFPS.
- Inspections conducts a continuous risk assessment to identify potential inspection topics for inclusion in its One-Year Rolling Inspection Plan. Recently published inspections include an inspection of capitation payments made for deceased clients in the Texas Medicaid system; an inspection of Texas Medicaid processes to identify or prevent duplicate capitation payments to managed care organizations; and an inspection to determine if Community Attendant Services are billed to Medicaid and rendered to clients in accordance with program requirements.

Alternative Funding Options

- OIG indicates that a 5 percent General Revenue increase (\$71,770) would allow for OIG to complete approximately 3 additional inspections per year.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
↑			X
Authority			

Program: Electronic Benefit Transfer (EBT) Trafficking Unit

Agency Ranking 7 out of 20

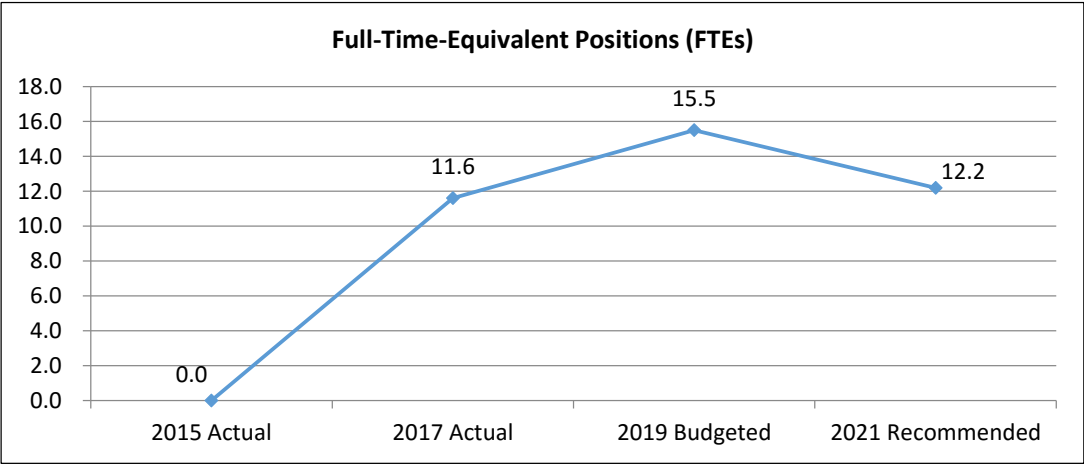
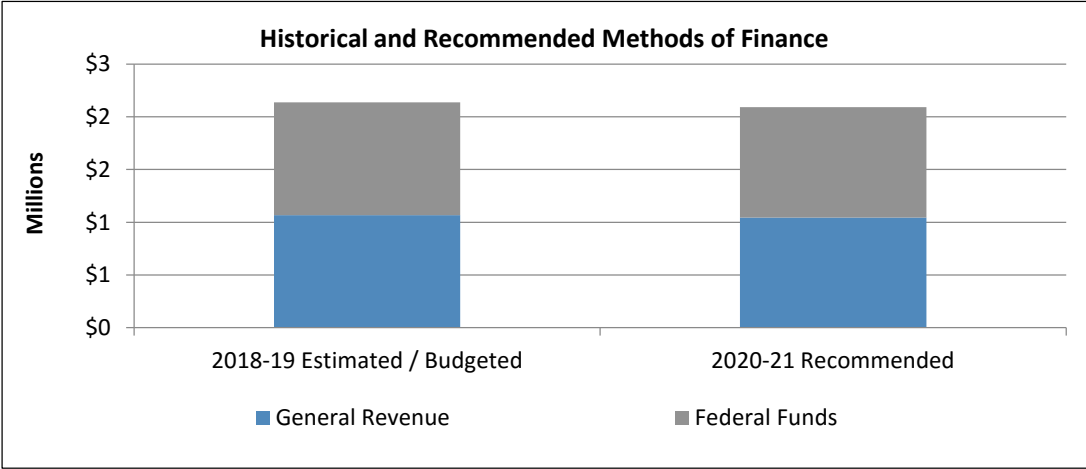
The Electronic Benefit Transfer (EBT) Trafficking Unit protects the integrity of HHS programs through investigations of vendor and recipient EBT trafficking.

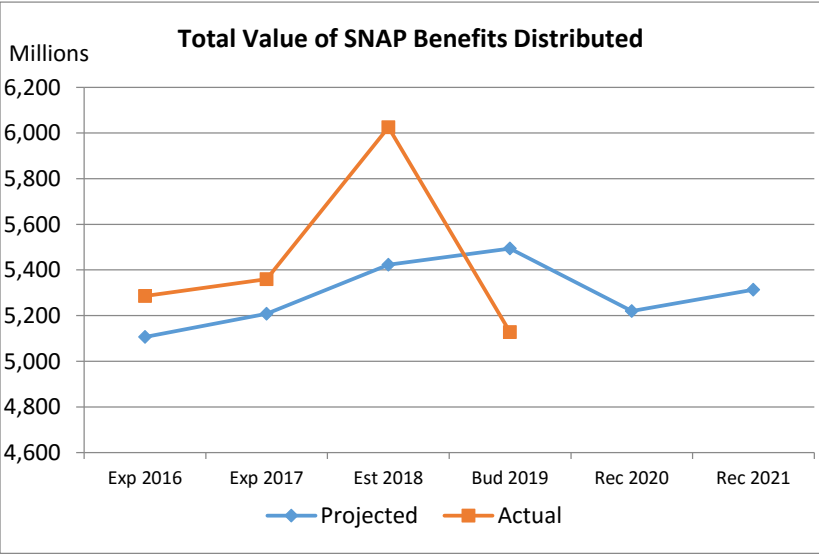
Legal Authority: Texas Government Code § 531.102(a); Human Resources Code Ch. 33; 7 CFR Chapter II, Subchapter C; State Law Enforcement Bureau Agreement.

Year Implemented	2015	Performance and/or	Revenue Supported	No
Authority	Strong	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

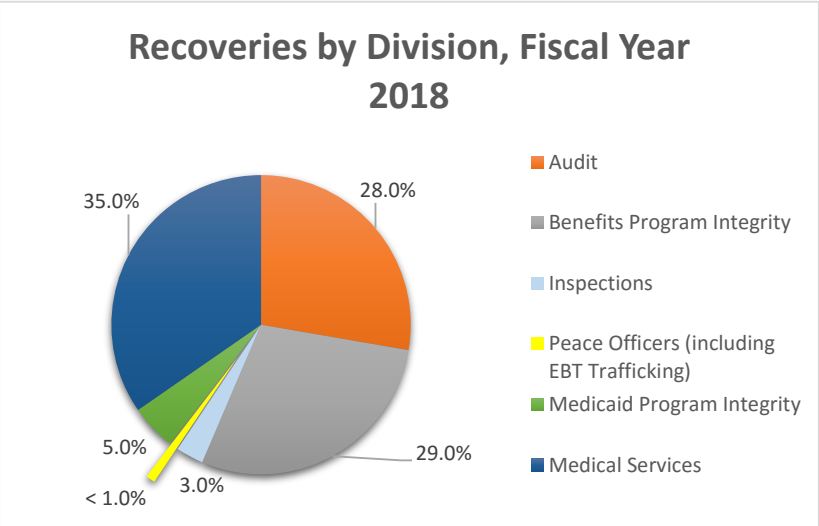
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 1,758,856	\$ 1,712,910	81.9%
Operating Costs	\$ 377,822	\$ 377,818	18.1%
Total	\$ 2,136,678	\$ 2,090,728	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 2,090,728	100.0%
Total	\$ 2,090,728	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 OIG indicated that the EBT Trafficking Unit investigates trafficking of SNAP benefits primarily at the retail level. Investigations involve vendors or owners of retail establishments or employees who conspire with SNAP recipients by trafficking benefits outside of their legal use. OIG indicated that recoveries identified by the EBT Trafficking Unit were not tracked until fiscal year 2018. For fiscal year 2018, the EBT Trafficking Unit recovered \$119,660.
- 2 The three major position classifications for this program with the highest average annual salary include: 1) Manager V (\$117,397); 2) Director II (\$92,988); and 3) Investigator VII (\$68,338). For fiscal year 2018, the average cost per FTE for this program was \$79,932 (including salaries, other personnel costs, and travel costs; not including benefits). The majority of FTEs in this program are Investigators. Criminal investigations are conducted by Commissioned Peace Officers pursuant to House Bill 2523, Eighty-fifth Legislature, Regular Session, 2017, which authorized OIG to utilize commissioned peace officers in pursuing retailer fraud in SNAP.
- 3 EBT Trafficking Unit activities are paid with General Revenue Match for Food Stamp Administration Account No. 8014 and SNAP administrative matching funds at a 50 percent match rate.

Challenges and Enhancement Opportunities

- 1 OIG indicated that the State Law Enforcement Bureau (SLEB) agreement places significant restrictions on the process to open a retailer or vendor investigation. The Food and Nutrition Service (FNS) under the U.S. Department of Agriculture requires states to establish a SLEB agreement to improve SNAP program administration and ensure program integrity.
- 2 OIG indicated that the EBT Trafficking Unit does not have a local presence in Western Texas. EBT Investigators are currently required to travel to these regions.
- 3 OIG indicated that funding for a single consolidated OIG case management system for use across all divisions would increase efficiency.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
	X		
Authority			

Program: State Centers Investigative Team (SCIT)

Agency Ranking
8 out of 20

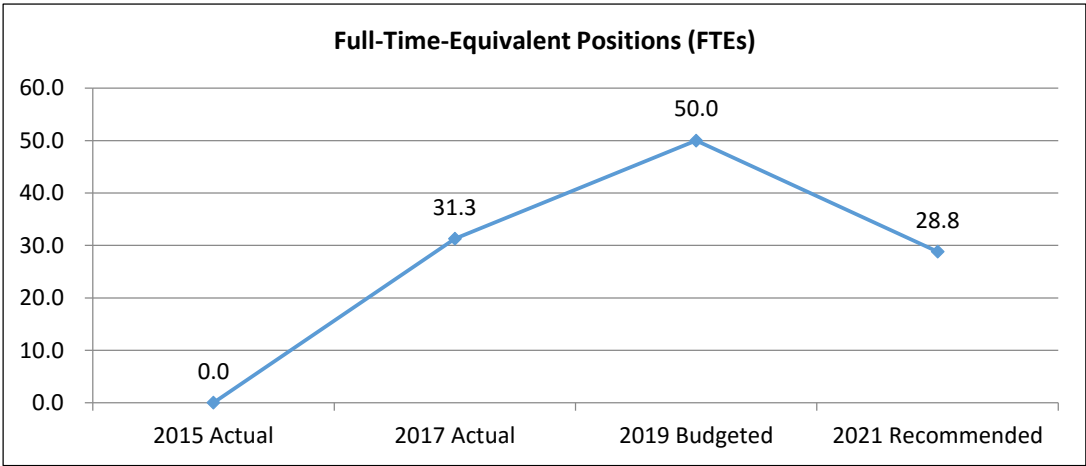
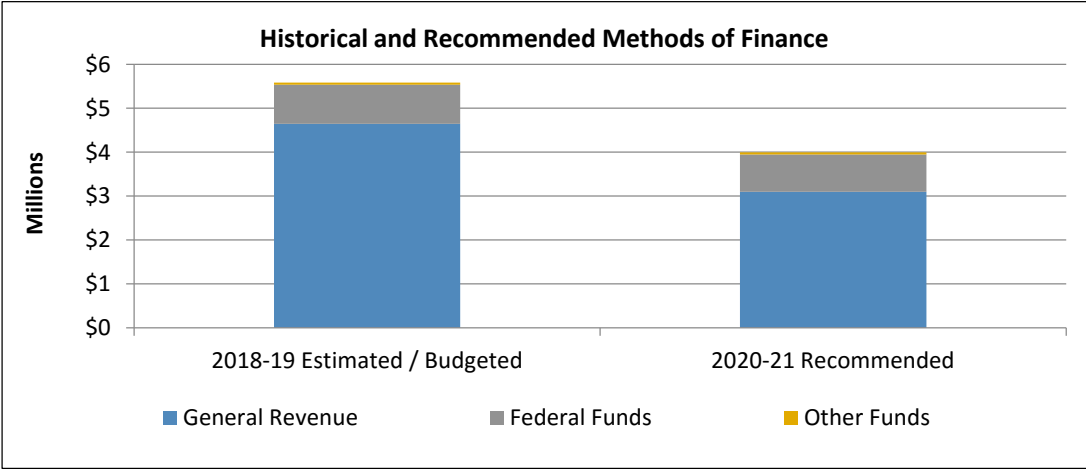
The State Centers Investigative Team protects the integrity of HHS programs through criminal investigations of employees involving abuse, neglect and exploitation in State Supported Living Centers and State Hospitals.

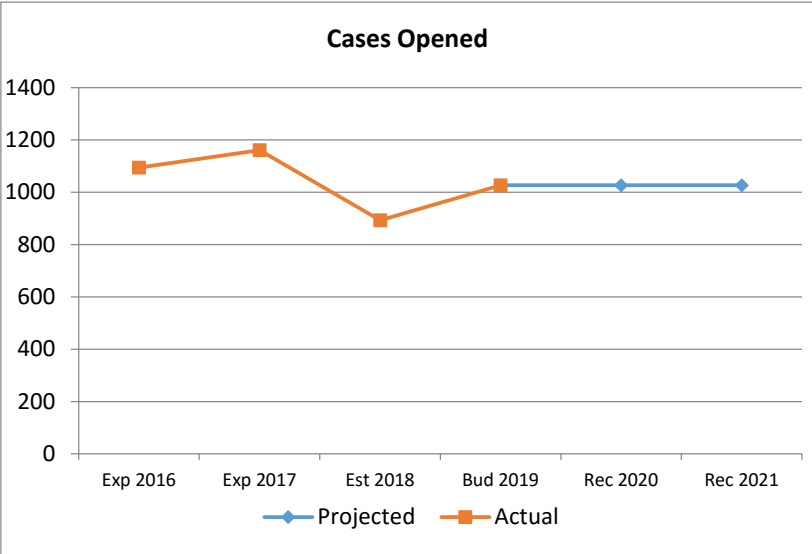
Legal Authority: Health and Safety Code § 552.101, § 555.101, § 555.138; Texas Government Code § 531.102; Texas Human Resources Code § 48.007 and § 48.1522.

Year Implemented	2016	Performance and/or	Revenue Supported	No
Authority	Strong	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Weak	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

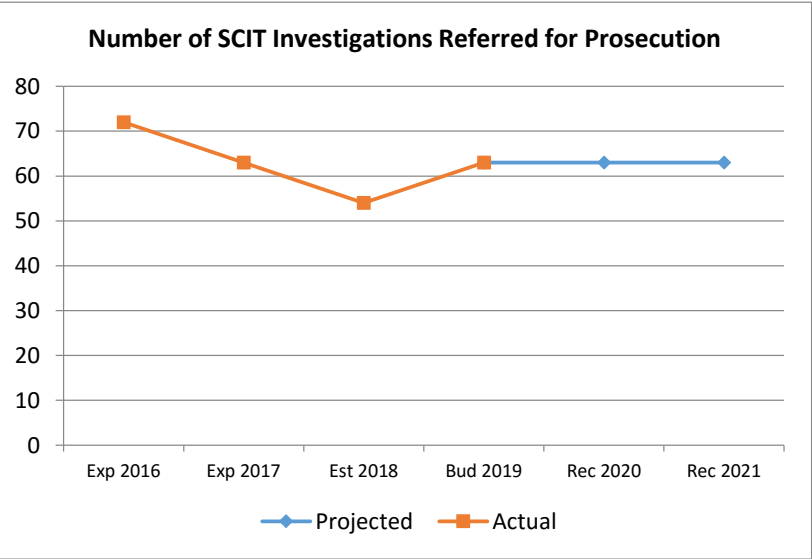
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 4,863,754	\$ 3,477,596	87.1%
Operating Costs	\$ 722,700	\$ 515,900	12.9%
Total	\$ 5,586,454	\$ 3,993,496	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 3,993,496	100.0%
Total	\$ 3,993,496	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- OIG employs commissioned peace officers for the purpose of assisting state or local law enforcement agencies in the investigation of an alleged criminal offense involving a patient of a state hospital or resident of a State Supported Living Center (SSLC). Cases are referred for prosecution to appropriate state or federal regulatory and law enforcement authorities.
- SCIT activities are paid mostly with General Revenue and General Revenue Certified as Match for Medicaid Account No. 8032; as well as certain Medicaid matching funds.
- The three major position classifications for this program with the highest average annual salary include: 1) Director II (\$86,885); 2) Manager V (\$82,040); and 3) Manager IV (\$65,739). For fiscal year 2018, the average cost per FTE for this program was \$63,154 (including salaries, other personnel costs, and travel costs; not including benefits). Criminal investigations are conducted by Commissioned Peace Officers.

Challenges and Enhancement Opportunities

- OIG indicated that competitive salaries offered by other law enforcement agencies contributes to high staffing turnover.
- OIG did not identify any specific enhancement opportunities to improve program effectiveness, but did indicate that increased staffing would decrease investigative workloads and travel expense.

Alternative Funding Options

- OIG did not offer an alternative funding option for SCIT, despite mentioning that salary levels contribute to high staffing turnover.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
			X
Authority			

Program: Chief Counsel

Agency Ranking

9 out of 20

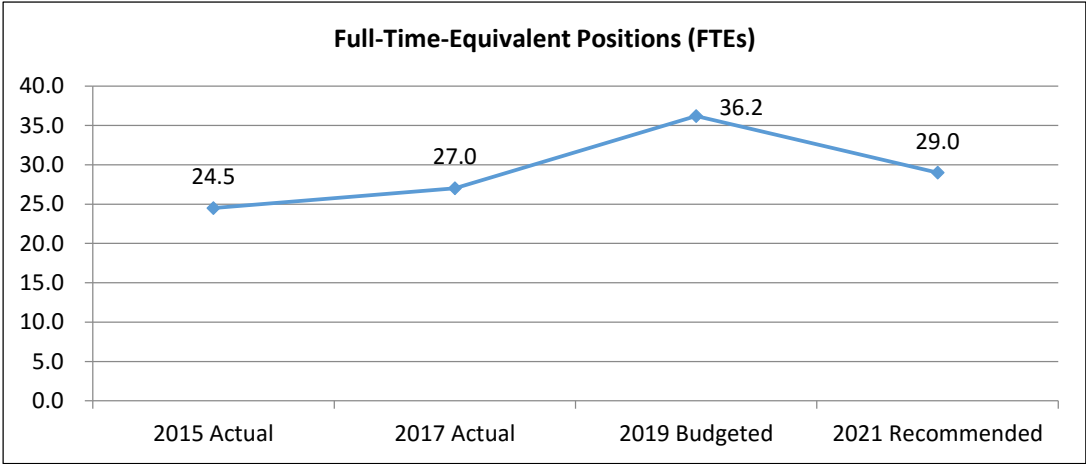
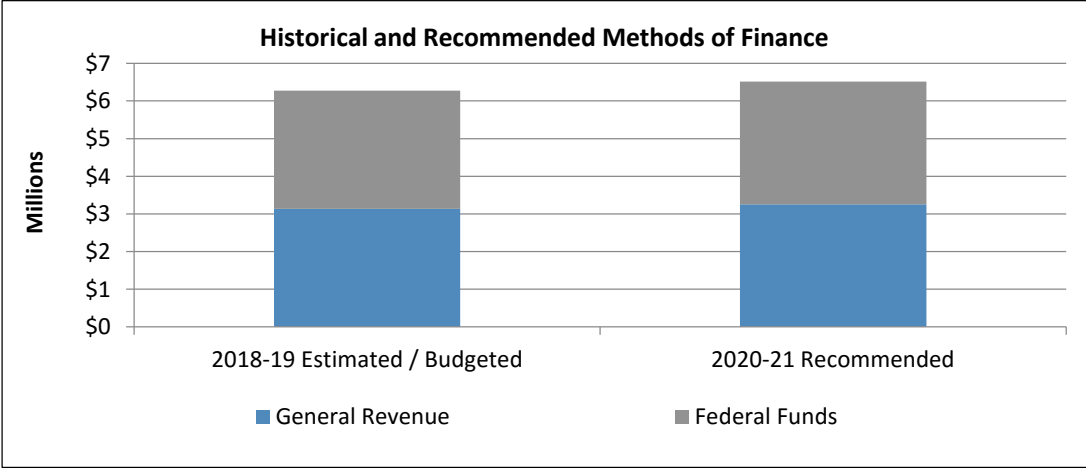
The Chief Counsel Division provides legal counsel to the Inspector General and all OIG divisions and pursues overpayments, penalties, and sanctions for certain program violations.

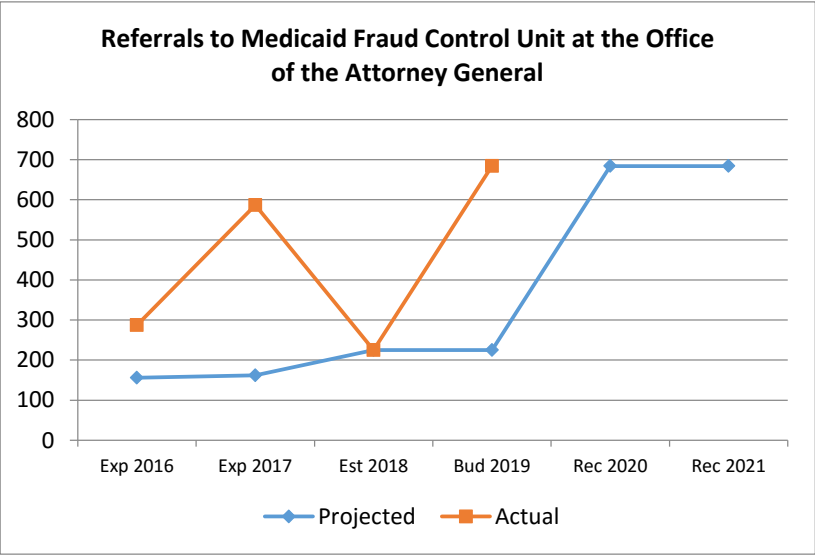
Legal Authority: Government Code § 531.102(a-6) and § 531.102(a-8).

Year Implemented	2003	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

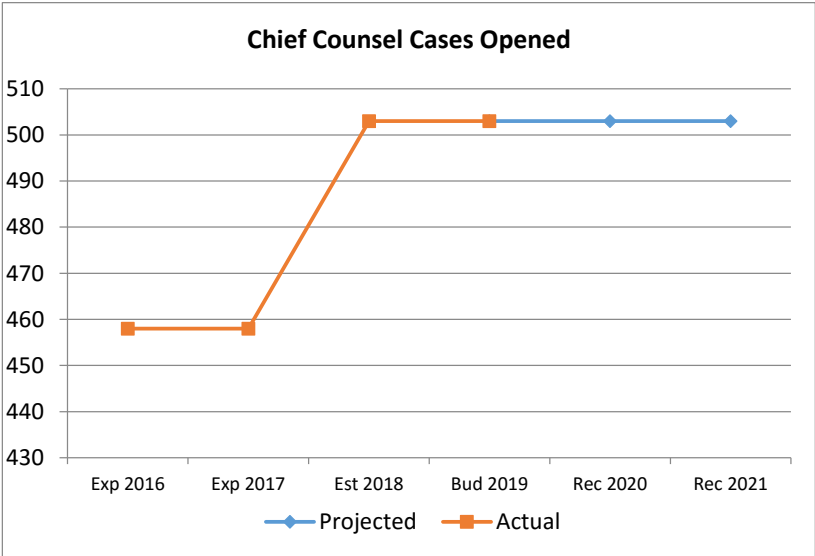
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 4,749,210	\$ 4,987,486	76.6%
Operating Costs	\$ 1,526,084	\$ 1,526,078	23.4%
Total	\$ 6,275,294	\$ 6,513,564	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 6,513,564	100.0%
Total	\$ 6,513,564	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 The three major position classifications for this program with the highest average annual salary include: 1) General Counsel V (\$165,000); 2) Director VI (\$149,520); and 3) Director II (\$140,000). For fiscal year 2018, the average cost per FTE for this program was \$84,675 (including salaries, other personnel costs, and travel costs; not including benefits).
- 2 Chief Counsel activities are paid with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a 50 percent match rate.
- 3 House Bill 2379, Eighty-fifth Legislature, Regular Session, 2017, amended statute to clarify that legal services that transferred to HHSC as part of administrative consolidation of the HHS system included only legal services related to open records, procurement, contracting, human resources, privacy, litigation support by the Attorney General, bankruptcy, and other legal services agreed to between HHSC and OIG.

Challenges and Enhancement Opportunities

- 1 OIG did not identify any specific challenges to program operation.
- 2 OIG did not provide any specific enhancement opportunities, but did indicate that resources for additional attorneys would allow for faster resolution of cases transferred to litigation and would allow for additional support of other OIG programs.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
		X	
Authority			

Program: Other Support Services (Direct Support Services)

Agency Ranking
10 out of 20

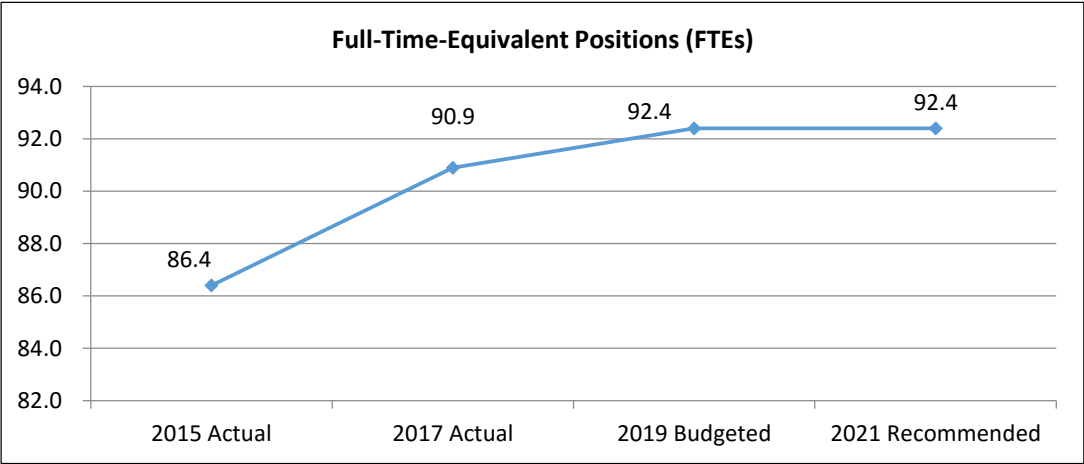
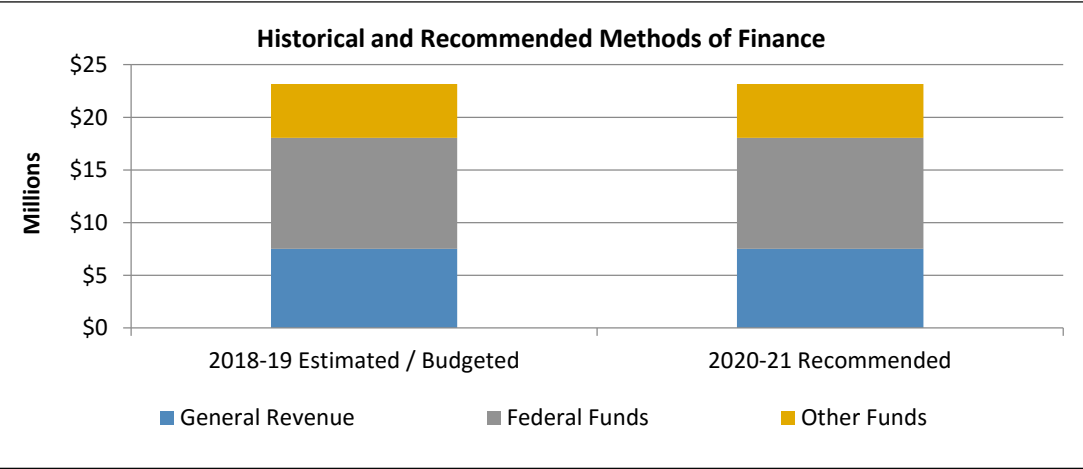
Direct Support Services includes legislative analysis, internal and external communication, research, policy development, data and technology, purchasing and contract oversight, training, budget, performance measure reporting and collection, organizational support, and direct program support.

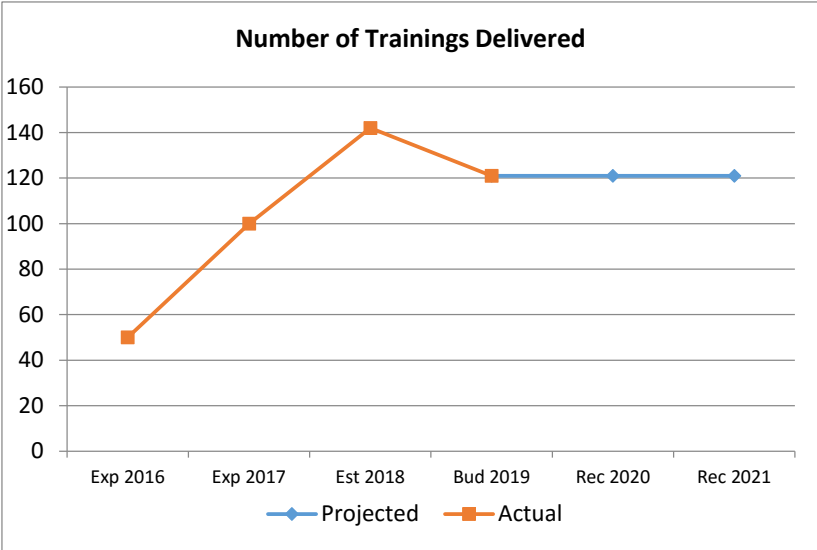
Legal Authority: Government Code Chapter 531; 1 Texas Administrative Code Chapter 371.

Year Implemented	2003	Performance and/or	Revenue Supported	No
Authority	Moderate	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

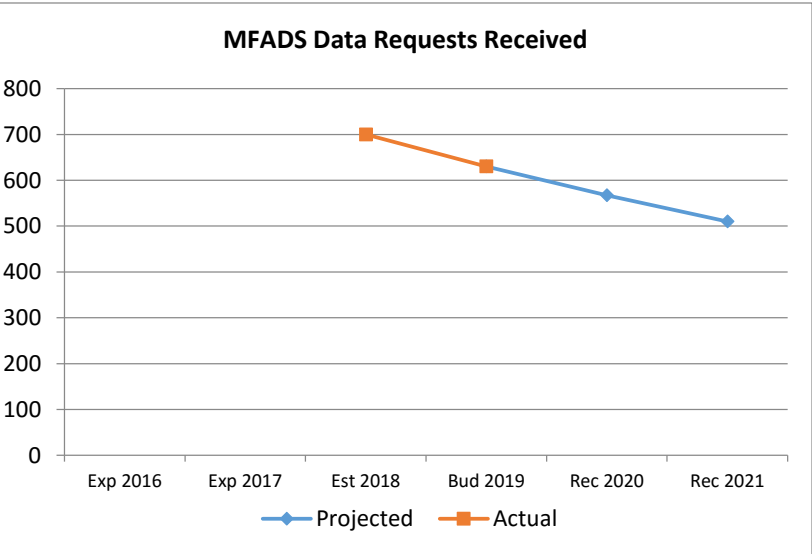
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 13,263,889	\$ 13,263,889	57.3%
Operating Costs	\$ 9,891,507	\$ 9,981,507	43.1%
Total	\$ 23,155,396	\$ 23,155,396	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 23,155,396	100.0%
Total	\$ 31,180,876	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Note: OIG indicates that the number of MFADS data requests received from other OIG divisions was not tracked prior to fiscal year 2018.

Summary of Recommendations and Fiscal and Policy Issues

- 1 The three major position classifications for this program with the highest average annual salary include: 1) Director IV (\$130,870); 2) Director III (\$115,499); and 3) Director II (\$102,500). For fiscal year 2018, the average cost per FTE for this program was \$91,894 (including salaries, other personnel costs, and travel costs; not including benefits).
- 2 Funding sources for Other Support Services include General Revenue, General Revenue Match for Medicaid Account No. 758, General Revenue Match for Food Stamp Administration Account No. 8014, General Revenue Match for Title XXI (CHIP) Account No. 8010, General Revenue Certified as Match for Medicaid Account No. 8032; as well as an array of federal matching funds at a variety of match rates. Direct Support Services also receives funding by Interagency Contract with the Department of State Health Services and the Department of Family and Protective Services.
- 3 In response to observations made in a 2015 Organizational Assessment conducted by Navigant Consulting, OIG hired four additional training specialists to address staff training needs. OIG initiated a monthly schedule of training courses, enhanced new employee orientation, and coordinated with HHSC to deliver training for OIG staff on HHS programs and services.
- 4 Recommendations maintain 2018-19 base spending levels for Direct Support Services.

Recommended Statutory Changes for Program Improvement

- 1 OIG indicated that a statutory change allowing the state to build a pool of qualified physicians to be used for contracted case reviews and testimony for investigations and other activities on an as-needed basis would help to increase efficiency.
- 2 OIG indicated that unexpended balance authority across biennia and between fiscal years in a biennium would increase flexibility and assist with complex procurement processes.

Challenges and Enhancement Opportunities

- 1 The type of assistance provided by direct support services is dependent on shifts of resources and activity between other OIG divisions.
- 2 OIG indicated that additional staff for data and technology would allow exploration of more sophisticated fraud analytics, and more policy staff would assist with future projections.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
		X	
Authority			

Program: Clinical Subject Matter Expert (CSME)

Agency Ranking
11 out of 20

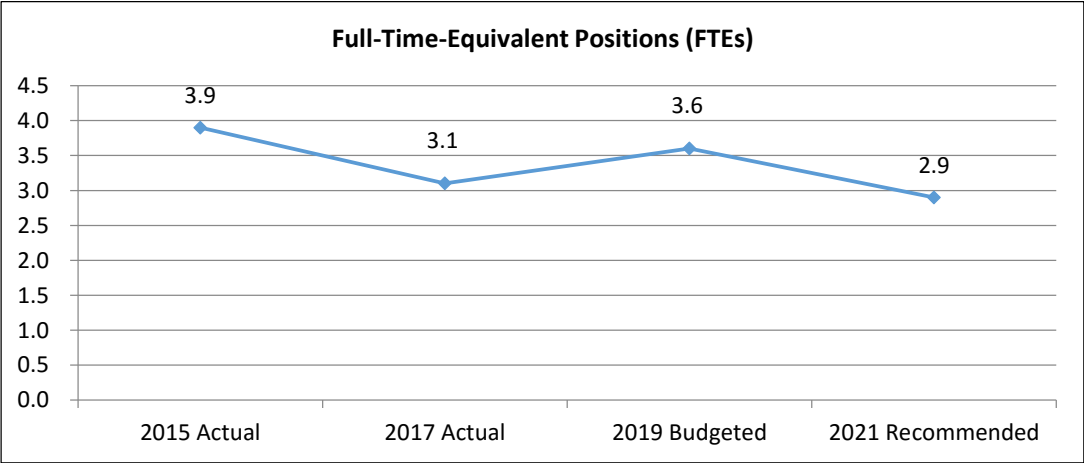
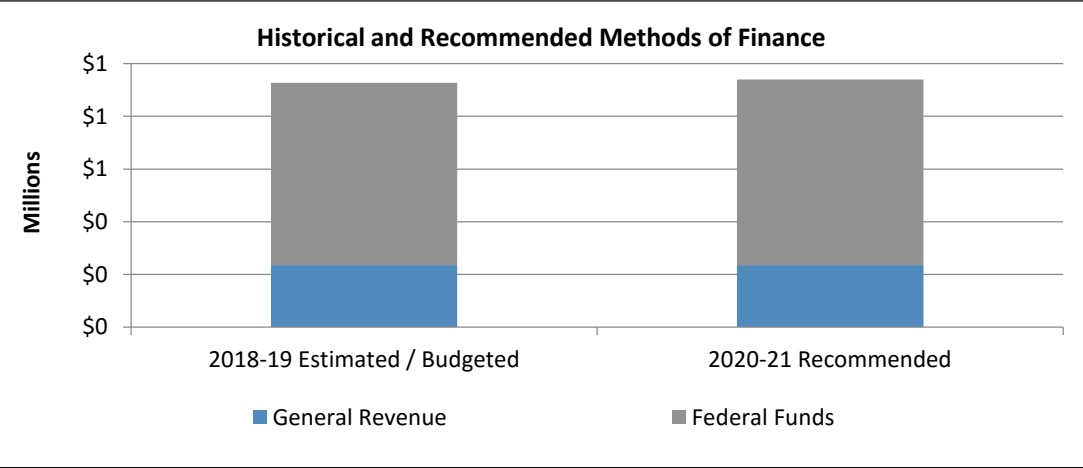
The CSME team includes a physician, dental hygienist, pharmacist, and two dentists who provide clinical expertise to the OIG. The CSME team also communicates with managed care organization and dental maintenance organization compliance departments to educate and clarify clinical documentation and medical/dental policy interpretation.

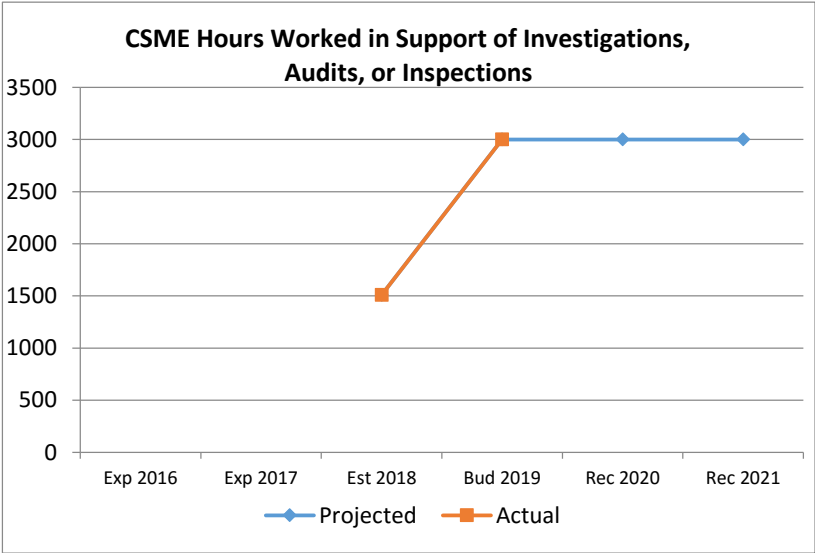
Legal Authority: Government Code § 531.102(a), (l), and (m); 1 Texas Administrative Code § 371.11(a) and § 371.1601(b).

Year Implemented	2003	Performance and/or	Revenue Supported	No
Authority	Moderate	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 834,175	\$ 835,162	88.8%
Operating Costs	\$ 92,542	\$ 105,086	11.2%
Total	\$ 926,717	\$ 940,248	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 940,248	100.0%
Total	\$ 940,248	100.0%





Source: Office of the Inspector General
Note: OIG indicated that CSME Hours worked in support of investigations, audits, or inspections was not tracked until beginning in March 2018.

Summary of Recommendations and Fiscal and Policy Issues

- 1 The three major position classifications for this program with the highest average annual salary include: 1) Physician III (\$192,000); 2) Dentist III (\$139,572); and 3) Dental Hygienist I (\$83,343). For fiscal year 2018, the average cost per FTE for this program was \$146,153 (including salaries, other personnel costs, and travel costs; not including benefits).
- 2 CSME activities are paid with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a 75 percent match rate.
- 3 In response to observations made by Navigant Consulting in a 2015 Organizational Assessment of the OIG, OIG created the Division of Medical Services in May 2016 to serve as a central division for clinical subject matter experts including medical coders, nurses, a Chief Medical Officer, a Chief Dental Office, a dental hygienist, and a Chief Pharmacy Officer. OIG also issued a Request for Qualifications (RFQ) to solicit physicians to build a pool of additional contracted qualified medical professionals to assist with case reviews and associated actions.

Challenges and Enhancement Opportunities

- 1 OIG indicated that maintaining an adequate panel of willing medical CSMEs for investigations and litigation is challenged by limited resources to create a reimbursement structure to match private sector incentives.
- 2 OIG indicated that additional resources would allow CSMEs to better detect, investigate, and prosecute abuse by dentists and orthodontists in the Medicaid program. OIG also reported that additional FTEs for dental hygienists would support additional field clinical exams.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
		X	
Authority			

Program: Fraud Hotline

Agency Ranking 12 out of 20

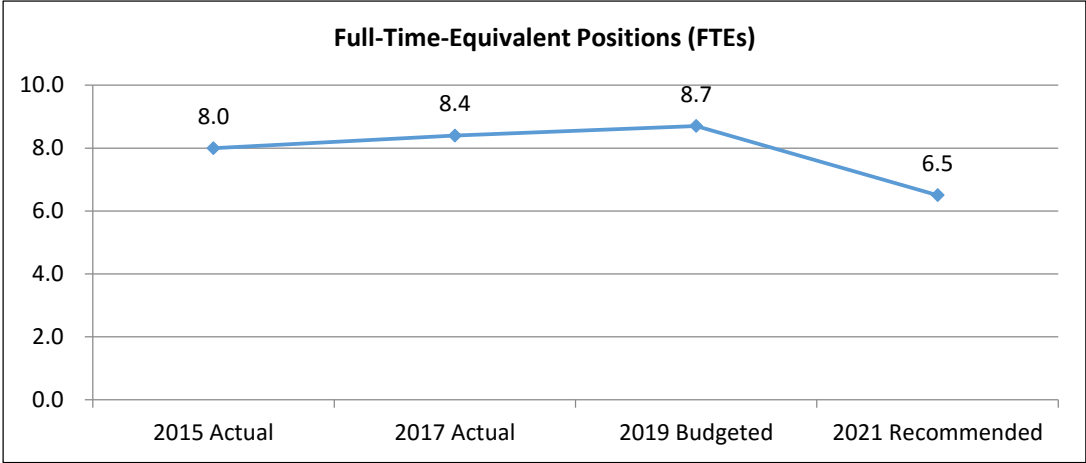
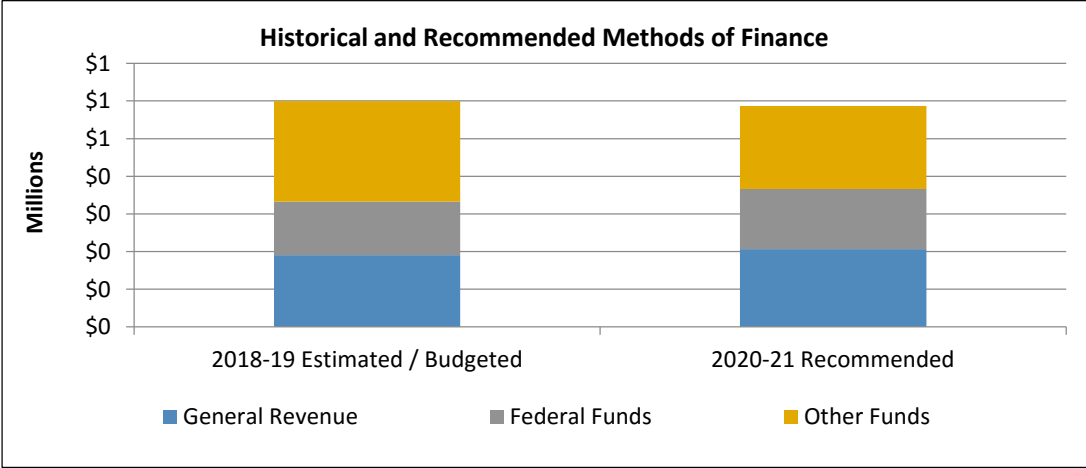
The Fraud Hotline team receives allegations of fraud, waste, and abuse and refers them for further investigation or action, as appropriate.

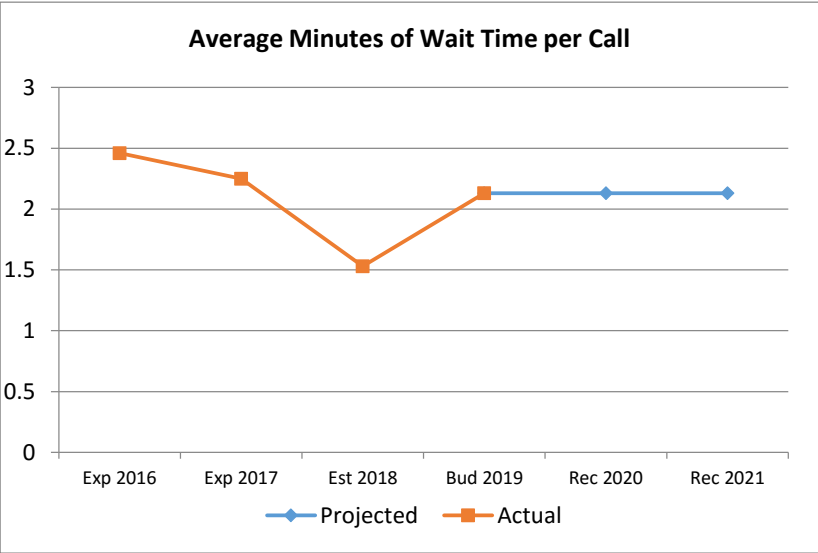
Legal Authority: Government Code § 531.108.

Year Implemented	2003	Performance and/or	Revenue Supported	No
Authority	Moderate	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

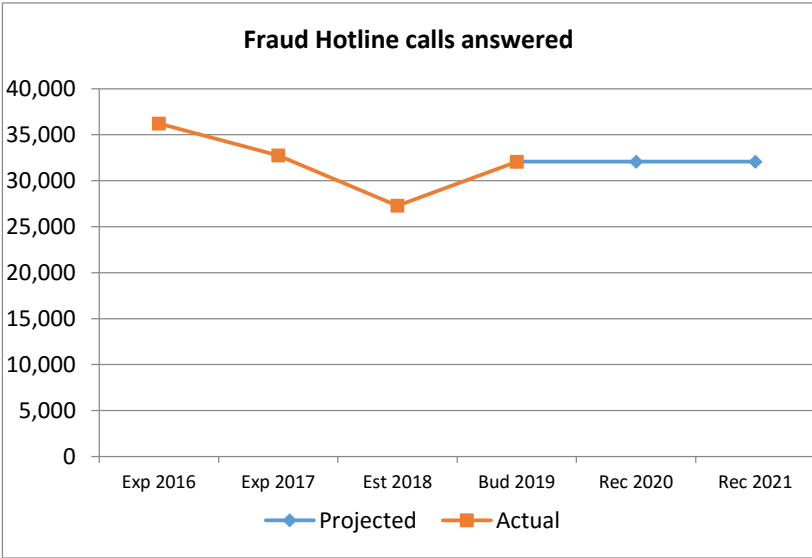
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 573,515	\$ 561,720	95.8%
Operating Costs	\$ 26,153	\$ 24,896	4.2%
Total	\$ 599,668	\$ 586,616	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 586,616	100.0%
Total	\$ 586,616	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 The three major position classifications for this program with the highest average annual salary include: 1) Manager V (\$74,708); 2) Customer Service Representative V (\$47,687); and 3) Customer Service Representative IV (\$33,596). For fiscal year 2018, the average cost per FTE for this program was \$42,856 (including salaries, other personnel costs, and travel costs; not including benefits).
- 2 Funding sources for the Fraud Hotline include General Revenue, General Revenue Match for Medicaid Account No. 758, General Revenue Match for Food Stamp Administration Account No. 8014, General Revenue Match for Title XXI (CHIP) Account No. 8010, General Revenue Certified as Match for Medicaid Account No. 8032; as well as an array of federal matching funds at a variety of match rates. The Fraud Hotline also receives funding by Interagency Contract with the Department of State Health Services and the Department of Family and Protective Services.

Challenges and Enhancement Opportunities

- 1 OIG indicated that high turnover and the small size of the call center make it a challenge to operate during high volume periods.
- 2 OIG indicated that the volume of calls that the Fraud Hotline receives that do not relate directly to fraud, waste, or abuse detracts from focus on OIG's mission and requires time from Fraud Hotline staff to appropriately redirect callers.
- 3 OIG indicated that resources for additional staff would improve its answer rate and decrease wait times during high volume
- 4 OIG indicated that funding for a single consolidated OIG case management system would improve the tracking of cases that originated from a hotline report or referral.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
		X	
Authority			

Program: Internal Affairs (IA)

Agency Ranking 13 out of 20

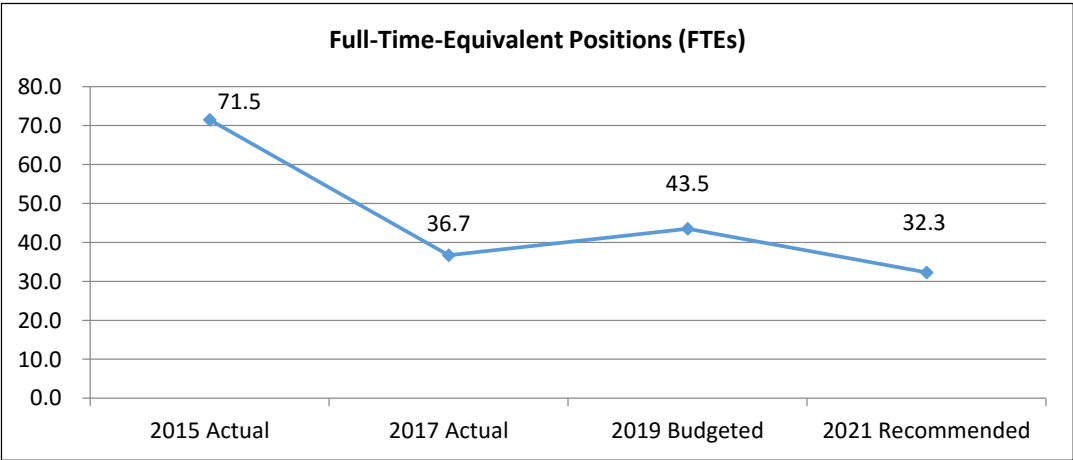
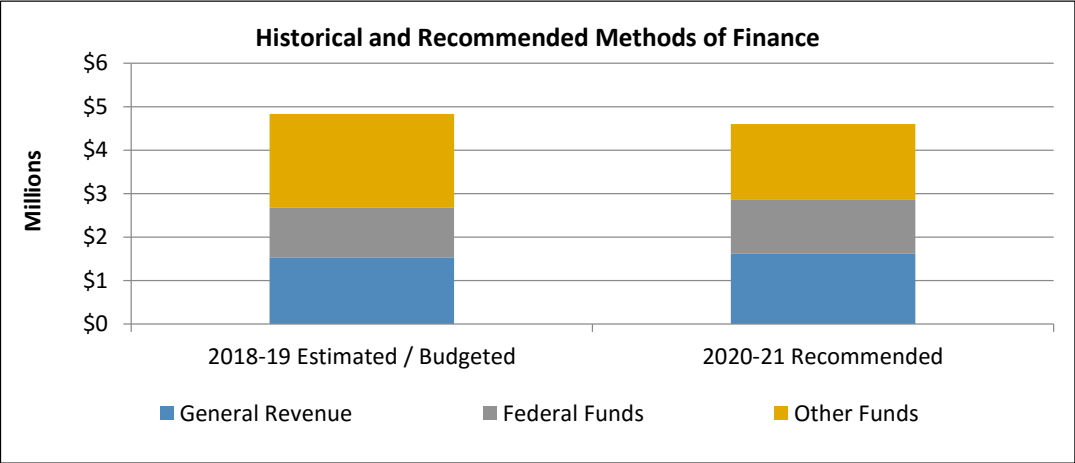
The Internal Affairs section investigates employee misconduct as it relates to the delivery of health and human services, and investigates certain contract fraud within the HHS System.

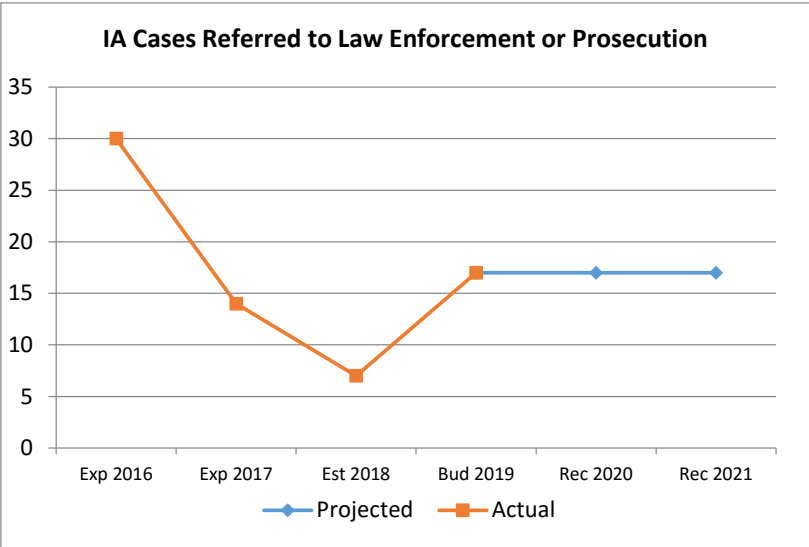
Legal Authority: Government Code § 531.102(p)(1)(2C); 1 Texas Administrative Code § 371.11 and § 371.1305(a)(4); 42 CFR 455, Subpart A.

Year Implemented	2018	Performance and/or	Revenue Supported	No
Authority	Moderate	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

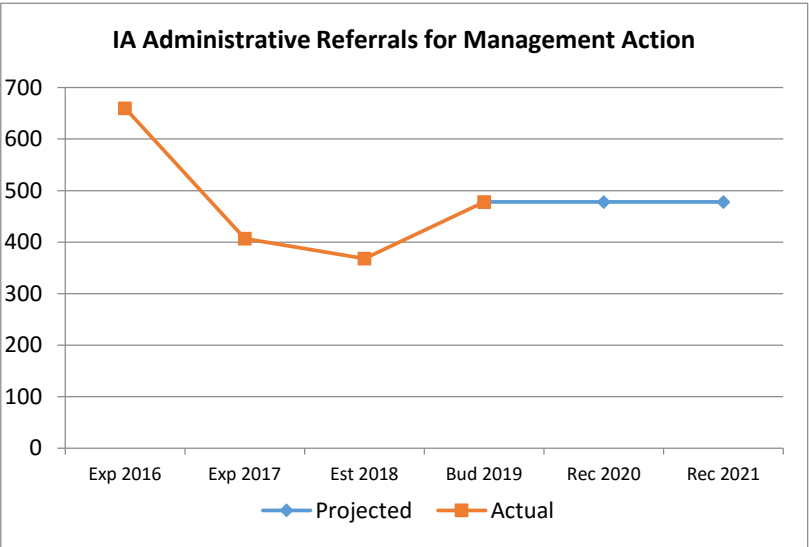
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 3,952,642	\$ 3,767,052	81.9%
Operating Costs	\$ 882,758	\$ 833,660	18.1%
Total	\$ 4,835,400	\$ 4,600,712	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 4,600,712	100.0%
Total	\$ 4,600,712	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Note: The decline in cases and referrals between fiscal year 2016 and fiscal year 2018 is primarily due to state hospital/SSLC cases moving from Internal Affairs to the State Center Investigative Team.

Summary of Recommendations and Fiscal and Policy Issues

- 1 The three major position classifications for this program with the highest average annual salary include: 1) Director III (\$105,052); 2) Manager V (\$71,179); and 3) Investigator VII (\$59,741). For fiscal year 2018, the average cost per FTE for this program was \$61,749 (including salaries, other personnel costs, and travel costs; not including benefits).
- 2 Funding sources for IA include General Revenue, General Revenue Match for Medicaid Account No. 758, General Revenue Match for Food Stamp Administration Account No. 8014, General Revenue Match for Title XXI (CHIP) Account No. 8010, General Revenue Certified as Match for Medicaid Account No. 8032; as well as an array of federal matching funds at a variety of match rates. IA also receives funding by Interagency Contract with the Department of State Health Services and the Department of Family and Protective Services.
- 3 In response to findings of the 2015 Sunset Report on HHSC, OIG indicates that it has refocused IA resources on employee investigations related to high-priority allegations. The Sunset Report identified that OIG was utilizing resources to investigate otherwise low-level Human Resources issues.

Challenges and Enhancement Opportunities

- 1 OIG did not identify any challenges to the operation of the program, but did note that IA continues to transition from conducting primarily Human Resources-related investigations of HHS employees to playing a larger role in investigating contracted services fraud.
- 2 OIG indicated that funding for a single consolidated OIG case management system would improve the tracking of cases that originated from a hotline report or referral.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality		
	X		
Authority			

Program: Finger Print Checks

Agency Ranking 14 out of 20

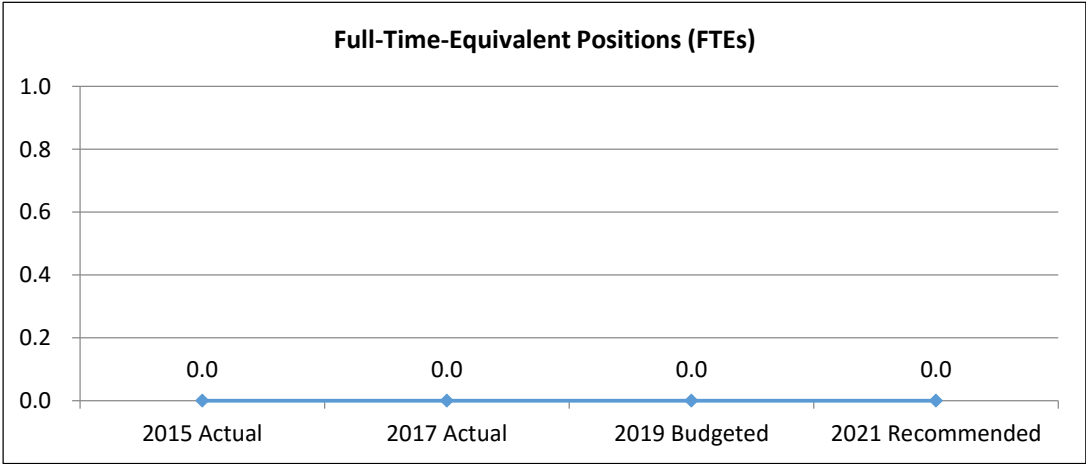
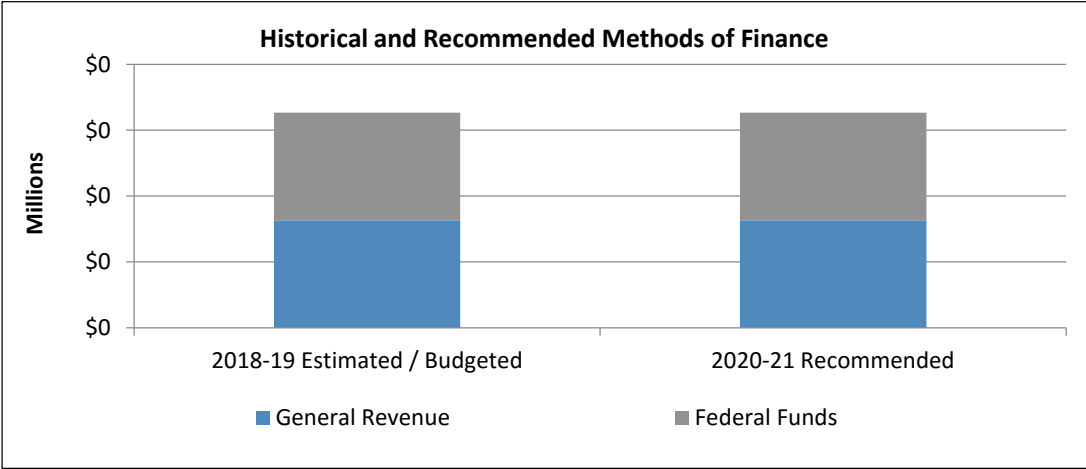
As part of its responsibility for conducting provider enrollment screenings on behalf of HHS, the Provider Enrollment Integrity Screenings (PEIS) team collaborates with HHS and the claims administration contractor to conduct and review fingerprint checks on high-risk providers. This program represents funding that supports a function or activity of the OIG but the funding is not reflected in Strategy K.1.1, Office of Inspector General.

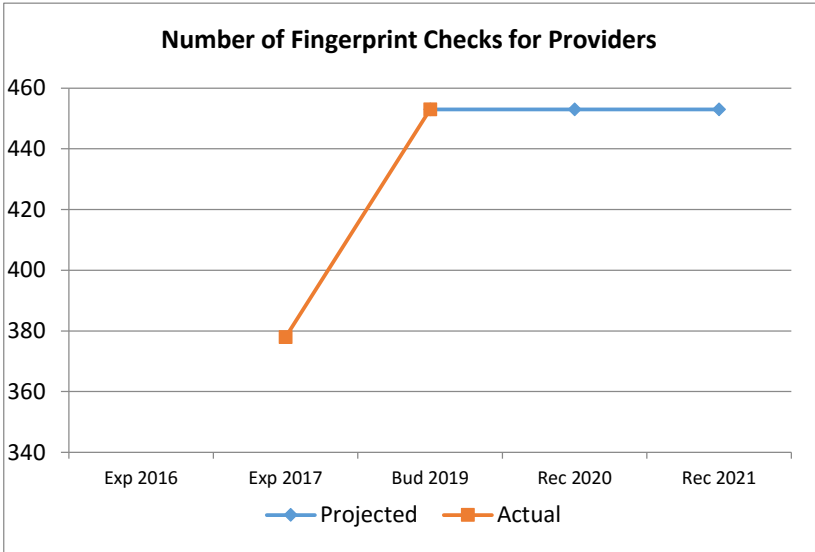
Legal Authority: Government Code § 531.1032; 42 CFR § 455.434 and § 455.450(c).

Year Implemented	2017	Performance and/or	Revenue Supported	No
Authority	Moderate	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Weak	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 163,244	\$ 163,244	100.0%
Total	\$ 163,244	\$ 163,244	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 163,244	100.0%
Total	\$ 163,244	100.0%





Source: Office of the Inspector General
Note: Provider enrollment fingerprint-based criminal background checks were not implemented until the second quarter of fiscal year 2017.

Summary of Recommendations and Fiscal and Policy Issues

- 1 This program reflects additional funding that is currently appropriated to the Health and Human Services Commission in Strategy B.1.1, Medicaid Contracts and Administration. The funding supports certain activities of FTEs within the Provider Enrollment Integrity Screening (PEIS) program and does not directly support any additional FTEs.
- 2 Finger Print Checks are paid with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a 50 percent match rates.
- 3 Fingerprint checks are a part of the disclosure and screening requirements that the PEIS team conduct for provider enrollment. There are no specific staff at the OIG allocated solely to conducting fingerprint checks.

Challenges and Enhancement Opportunities

- 1 OIG indicated that ensuring the accuracy of ongoing provider education, the availability of electronic scanning kiosks in rural areas, obtaining fingerprints for out-of-state providers, and coordinating with the Texas Medicaid Healthcare Partnership are challenges of fingerprint checks in general.
- 2 OIG did not identify any specific enhancement opportunities that would improve the program's effectiveness.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
	X		
Authority			

Program: Provider Enrollment Integrity Screening (PEIS)

Agency Ranking

15 out of 20

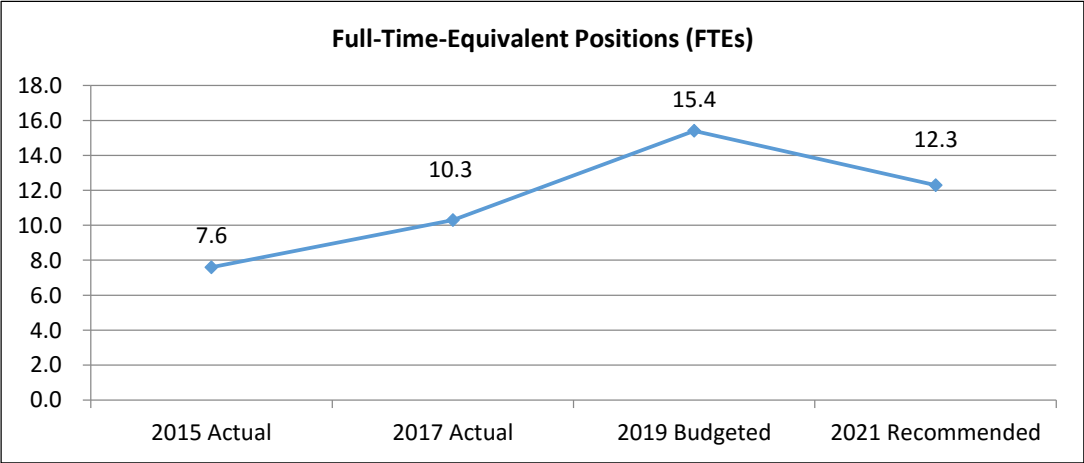
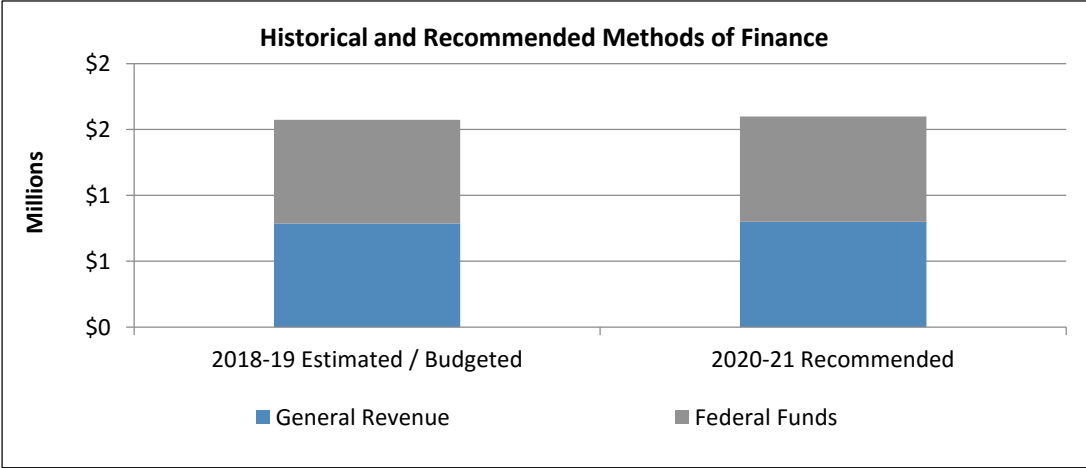
The PEIS team performs required state and federal disclosure and screening activities for providers seeking to enroll, re-enroll, or revalidate participation in Medicaid, CHIP and other HHS programs.

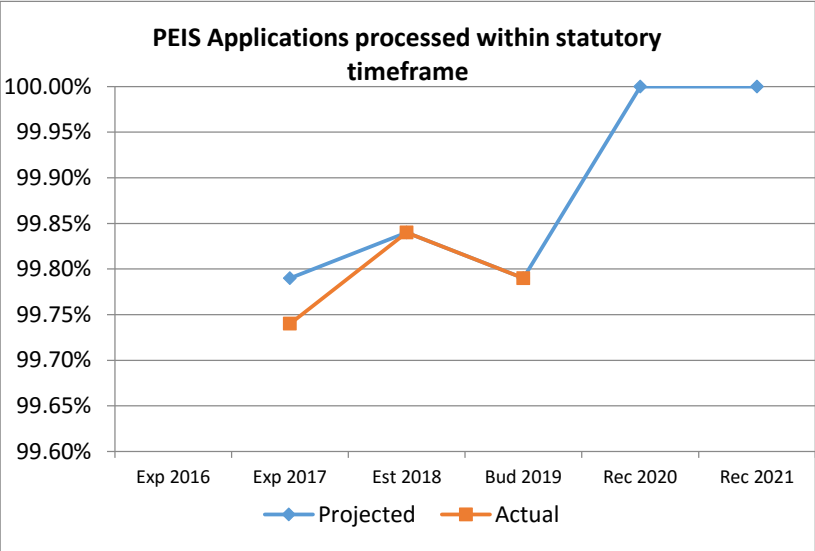
Legal Authority: Government Code § 531.102 and §§ 531.1032 - 531.1034; 1 Texas Administrative Code Chapters 352 and 371; 42 CFR Parts 438 and 455.

Year Implemented	2003	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality	Weak	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

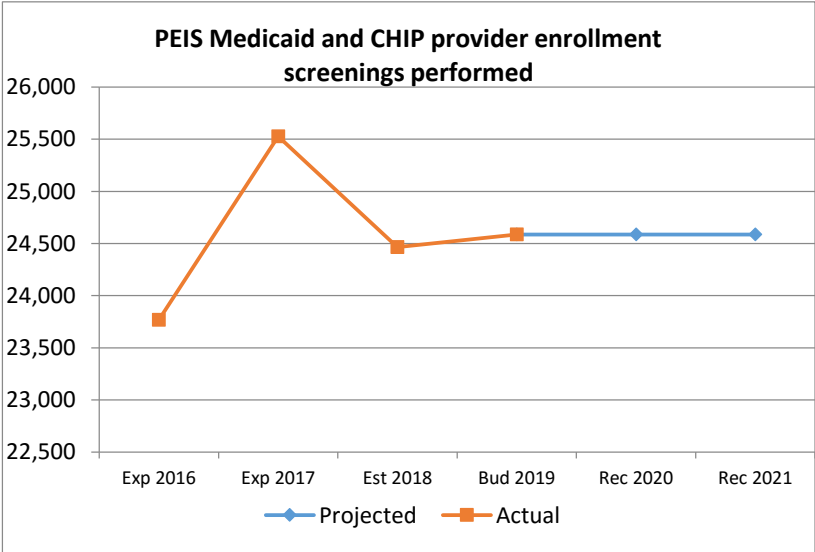
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 1,449,424	\$ 1,474,304	92.3%
Operating Costs	\$ 123,842	\$ 123,840	7.7%
Total	\$ 1,573,266	\$ 1,598,144	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 1,598,144	100.0%
Total	\$ 1,598,144	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 The PEIS program performs federally mandated provider enrollment program integrity screening requirements in support of the HHSC Medicaid and CHIP Services Department (MCSD).
- 2 State statute requires OIG to complete provider enrollment screenings within 10 business days. Statute also prohibits duplication of criminal history background checks for certain providers who already underwent fingerprint checks through their respective professional licensure or credentialing board.
- 3 The three major position classifications for this program with the highest average annual salary include: 1) Director II (\$102,359); 2) Manager V (\$69,415); and 3) Program Specialist VII (\$67,916). For fiscal year 2018, the average cost per FTE for this program was \$58,948 (including salaries, other personnel costs, and travel costs; not including benefits).
- 4 PEIS activities are paid with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a 50 percent match rate.

Challenges and Enhancement Opportunities

- 1 OIG indicated that coordination with CMS, HHSC, and the claims administrator contractor to identify and implement improvements or to clarify program integrity requirements can be a challenge.
- 2 OIG indicated that additional staff would allow the PEIS team to provide additional support to the MCSD during provider enrollment activities.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
			X
Authority			

Program: Medicaid Fraud Law Enforcement

Agency Ranking 16 out of 20

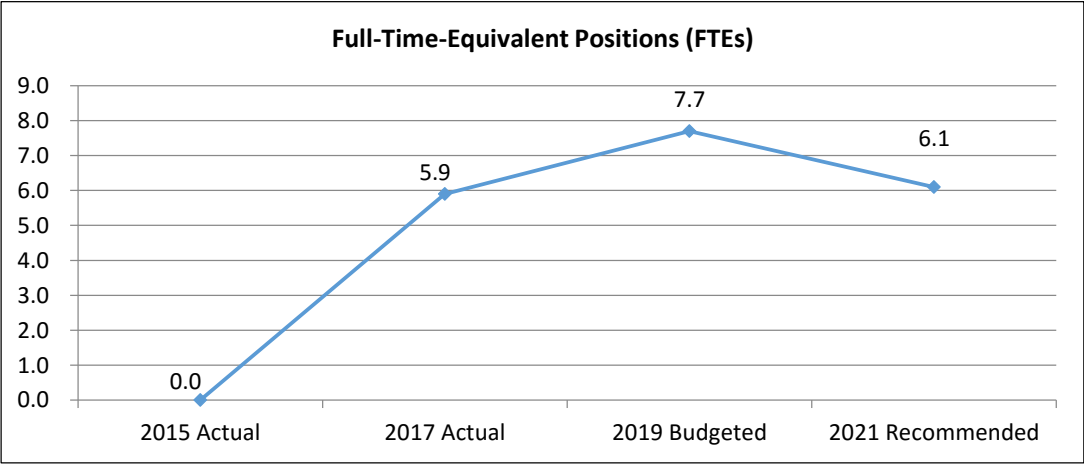
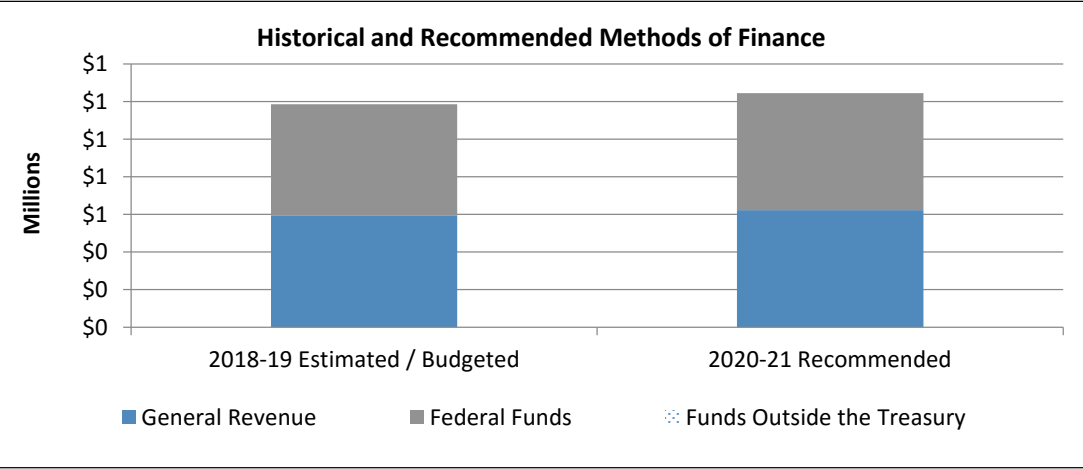
Identifies and targets for prosecution individuals and criminal enterprise groups responsible for health care fraud and financial crime. Also participates as a member of the Federal Bureau of Investigation (FBI) White Collar Crime-Complex Financial Crimes Task Force.

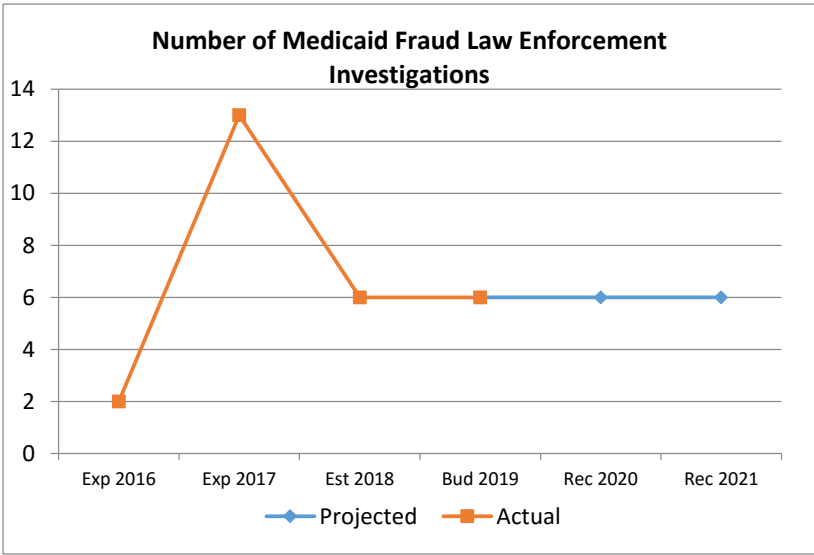
Legal Authority: Government Code § 531.102(a) and § 531.102(f); 28 U.S.C. § 533; 42 U.S.C. §3 771; 28 C.F.R. § 0.85.

Year Implemented	2014	Performance and/or	Revenue Supported	No
Authority	Strong	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Regional	State Service(s)	Business & Workforce Development & Regulation	

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 911,570	\$ 970,742	78.0%
Operating Costs	\$ 274,410	\$ 274,398	22.0%
Total	\$ 1,185,980	\$ 1,245,140	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 1,245,140	100.0%
Total	\$ 1,245,140	100.0%





Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 Employees of this program participate in surveillance activities, take statements from witnesses or clients, assist in making arrests, and review records.
- 2 The OIG has a full time commissioned officer participating in the South Texas White Collar Crimes - Complex Financial Crimes FBI Task Force. This officer works as a team member with other agencies on the task force and takes direction for task force activities from the Special Agent in Charge.
- 3 The Medicaid Fraud Law Enforcement Unit employs Investigator VIIs at an average annual salary of \$75,480. For fiscal year 2018, the average cost per FTE for this program was \$95,673 (including salaries and travel costs; not including benefits).
- 4 Medicaid Fraud Law Enforcement Unit activities are paid with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a 50 percent match rate.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
		X	
Authority			

Program: WIC Vendor Monitoring Unit

Agency Ranking 17 out of 20

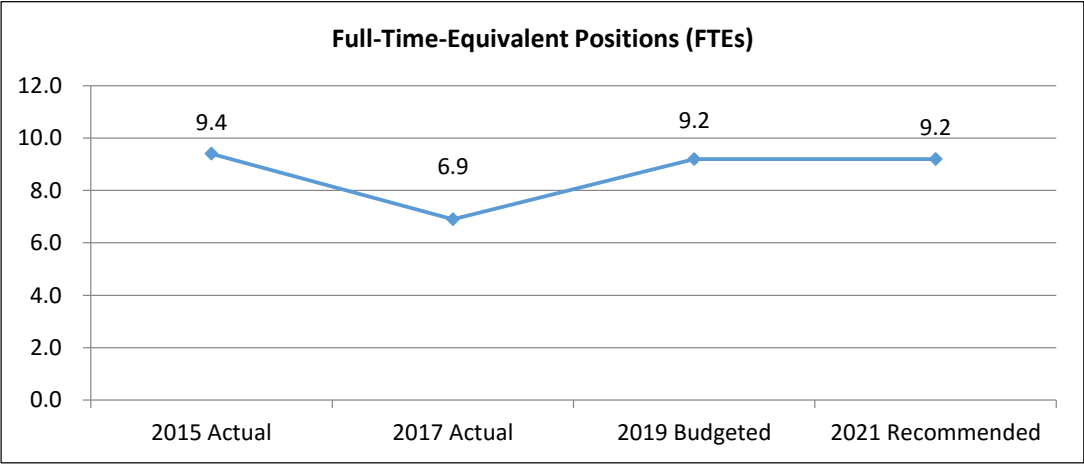
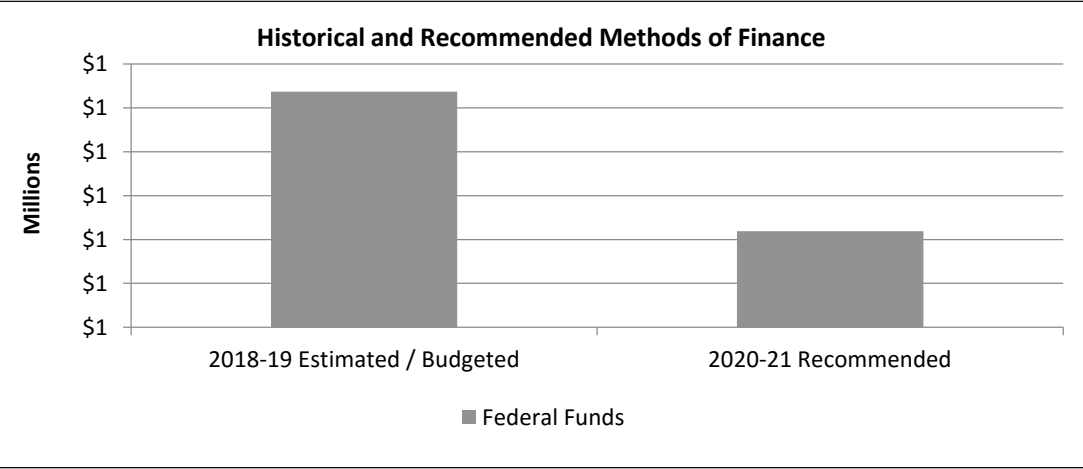
The Women, Infants, and Children (WIC) Vendor Monitoring Unit protects the integrity of the WIC program through compliance investigations and routine monitoring activities of vendors participating in the program. The monitoring activity is federally mandated. This program represents funding that supports a function or activity of the OIG but the funding is not reflected in strategies in Goal K, Office of Inspector General.

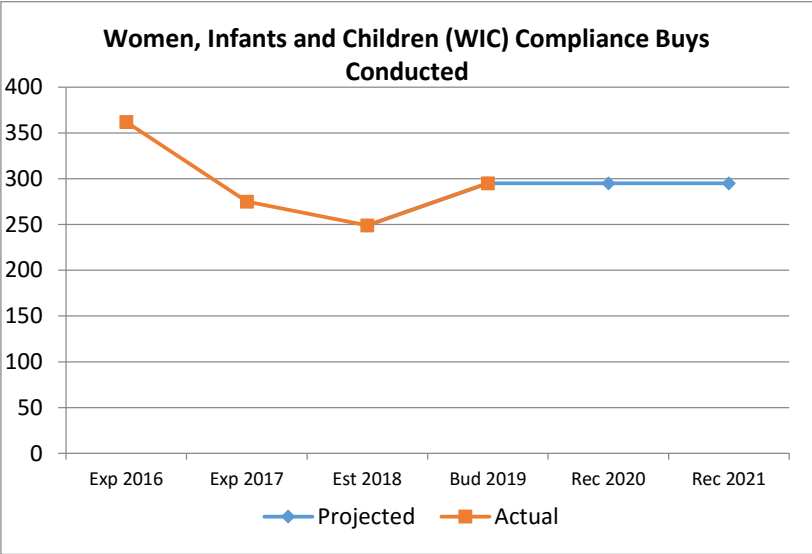
Legal Authority: Government Code § 531.102; 7 CFR 246.12(j).

Year Implemented	2003	Performance and/or	Revenue Supported	No
Authority	Moderate	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

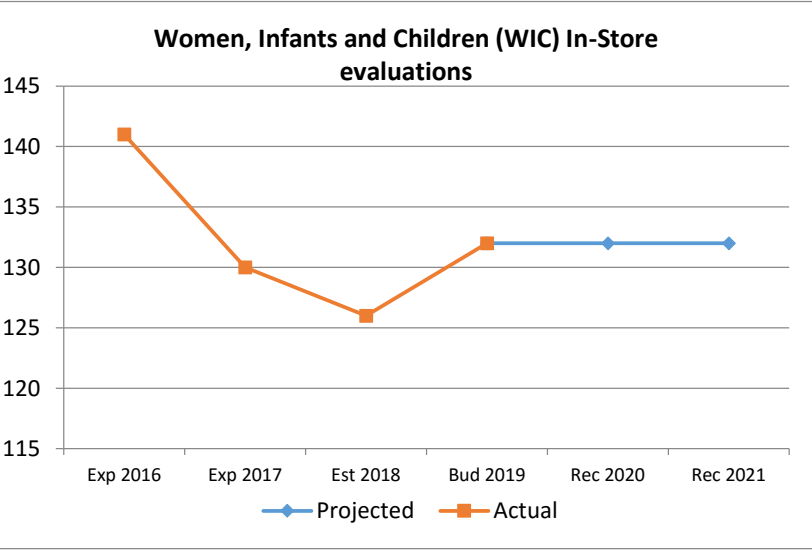
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 977,873	\$ 948,944	88.5%
Operating Costs	\$ 125,824	\$ 122,974	11.5%
Total	\$ 1,103,697	\$ 1,071,918	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 1,071,918	100.0%
Total	\$ 1,071,918	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 The three major position classifications for this program with the highest average annual salary include: 1) Program Specialist VII (\$78,650); 2) Program Specialist V (\$60,000); and 3) Auditor V (\$59,392). For fiscal year 2018, the average cost per FTE for this program was \$78,040 (including salaries, other personnel costs, and travel costs; not including benefits).
- 2 WIC Vendor Monitoring Unit activities are paid entirely from WIC federal funds. This program reflects additional funding that is currently appropriated to the Health and Human Services Commission in Strategy E.1.2, Provide WIC Services.
- 3 7 CFR 246.12(j) allows states to delegate WIC vendor monitoring to a local agency or contractor if the state agency indicates its intention to do so in the State Plan. In such cases, the State agency must provide supervision and instruction to ensure uniformity and quality of vendor monitoring.

Challenges and Enhancement Opportunities

- 1 The Code of Federal Regulations (CFR) requires a pattern of violations to impose a sanction on a WIC retailer. The CFR defers to state programs to define "pattern." HHSC defines a pattern as either two or three occurrences of the same violation. If a violation is noted during the initial compliance buy, subsequent compliance buys must be conducted until the pattern is established which can require as many as a dozen visits over multiple years.
- 2 OIG did not provide any specific enhancement opportunities, but did indicate that resources for additional technology could increase the efficiency of field work.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
		X	
Authority			

Program: Disability Determination Services (DDS) Investigations

Agency Ranking

18 out of 20

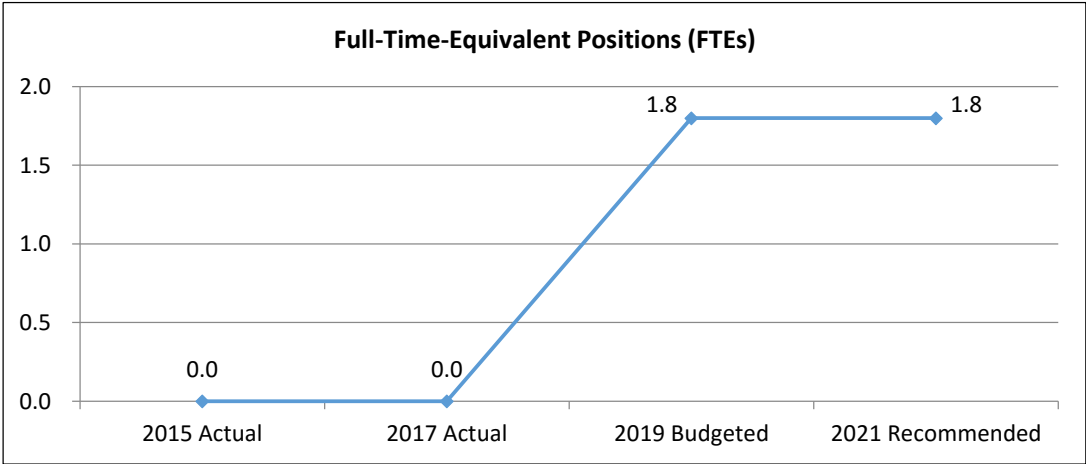
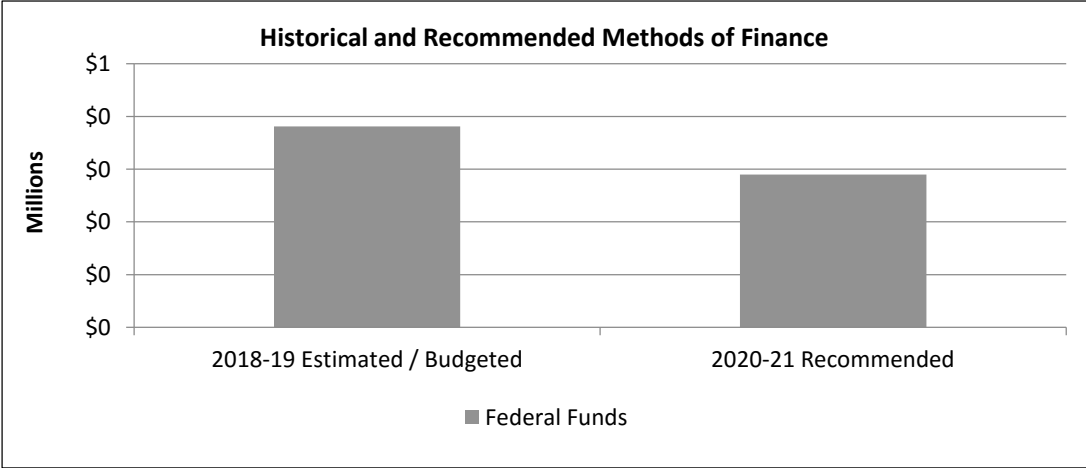
DDS Investigations investigates claimants, medical providers, or other service providers for disability fraud. The evidence gathered can assist the DDS program at HHSC make timely and accurate disability determinations and the Social Security Administration's Office of Inspector General determine if other remedies are warranted. The team also generates cases for GI and the EBT trafficking team. This program represents funding that supports a function or activity of the OIG but the funding is not reflected in strategies in Goal K, Office of Inspector General.

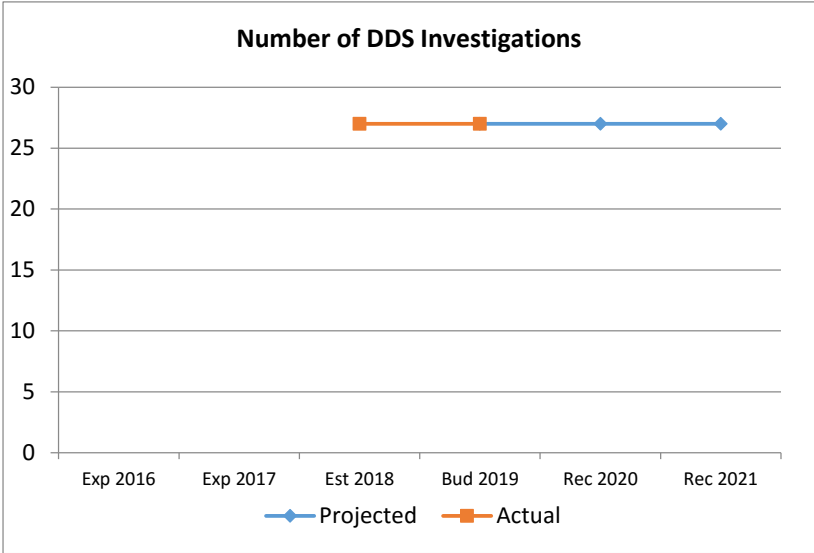
Legal Authority: Texas Government Code § 531.102(a); 42 U.S.C. 902(a); 5 U.S.C. App. 3 Sec. 6(a)(9).

Year Implemented	2018	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	N/A	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 192,596	\$ 201,858	69.7%
Operating Costs	\$ 188,686	\$ 87,758	30.3%
Total	\$ 381,282	\$ 289,616	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 289,616	100.0%
Total	\$ 289,616	100.0%





Source: Office of the Inspector General
 Note: OIG began performing DDS Investigations in fiscal year 2018 and there is no data to report in prior fiscal years.

Summary of Recommendations and Fiscal and Policy Issues

- OIG indicates that the decision was made to implement this program under the relatively broad statutory authority of Government Code 531.102 because being part of the Disability Determination Services Cooperative Disability Investigations (CDI) Unit has the potential to increase the number of client referrals to the Benefits Program Integrity Division and to increase recoveries in Medicaid and other programs. The Social Security Administration has a CDI Unit in each state. OIG indicates that its Investigators are the only investigators currently on the CDI team in Dallas.
- DDS Investigations are paid entirely from Social Security Disability Insurance federal funds. This program reflects additional funding that is currently appropriated to the Health and Human Services Commission in Strategy J.1.1, Disability Determination Services.
- The two major position classifications for this program include: 1) Investigator VI (\$75,000); and 2) Criminal Intelligence Analyst III (\$55,184). For fiscal year 2018, the average cost per FTE for this program was \$83,859 (including salaries and wages and travel costs; not including benefits).

Challenges and Enhancement Opportunities

- OIG indicated that challenges of this program stem from the program being new and are related to staffing, training, and the establishment of operational procedures.
- OIG did not identify any specific enhancement opportunities that would improve the program's effectiveness.

Alternative Funding Options

- OIG did not identify any alternative funding options for this program. Note that this program is 100 percent federally funded.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
Authority			

Program: Agency Allocated Support Cost (From HHSC)

Agency Ranking
19 out of 20

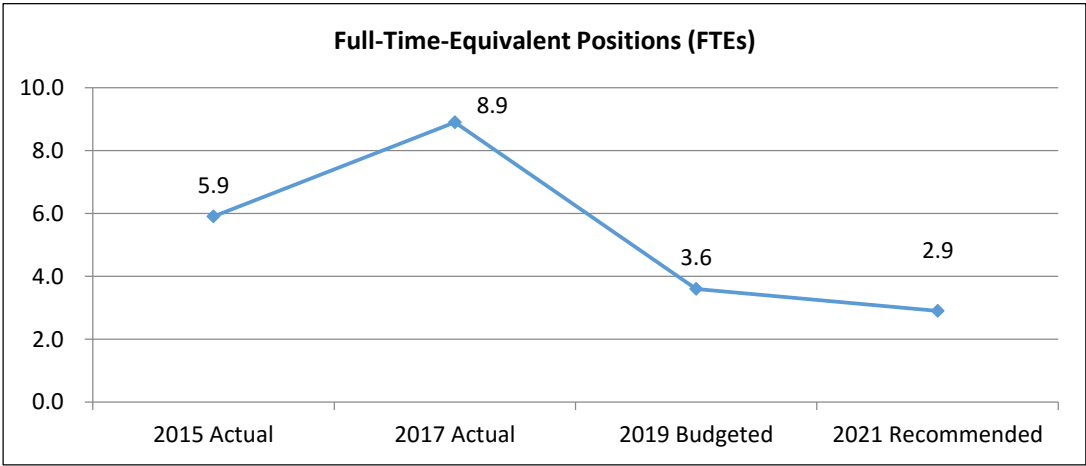
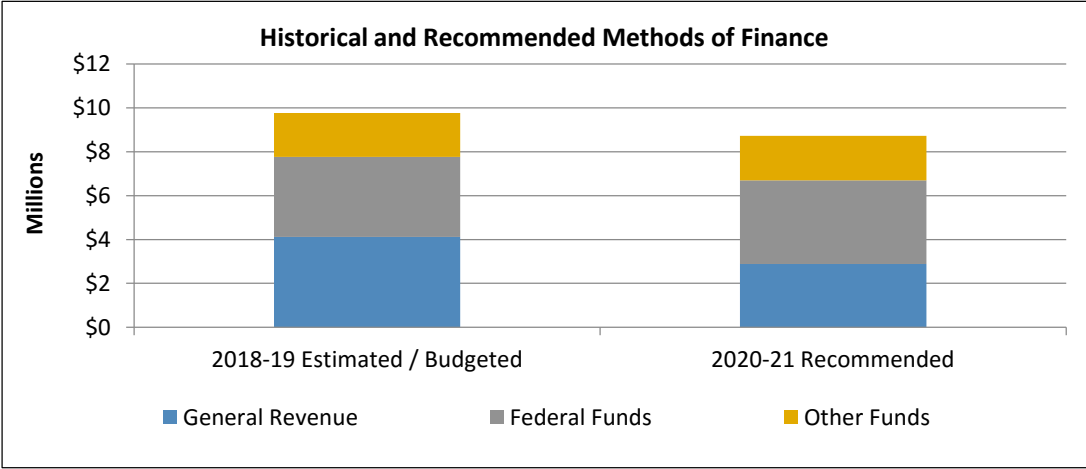
This program represents the OIG's allocation of certain consolidated HHSC cost pool costs. Cost pool costs include postage, occupancy costs, equipment repaid, telephones, office printing costs, supplies, freight and transport costs, telephone system costs and salary and travel costs of staff whose functions supports several programs.

Legal Authority: N/A

Year Implemented	2003	Performance and/or		Revenue Supported	No
Authority		Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality		Outsourced Services	N/A	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Operating Costs	\$ 9,019,878	\$ 7,772,798	89.1%
Personnel Costs	\$ 752,715	\$ 951,104	10.9%
Total	\$ 9,772,593	\$ 8,723,902	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 8,723,902	100.0%
Total	\$ 8,723,902	100.0%



Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
↑			
Authority			

Program: System Oversight & Program Support (from HHSC)

Agency Ranking 20 out of 20

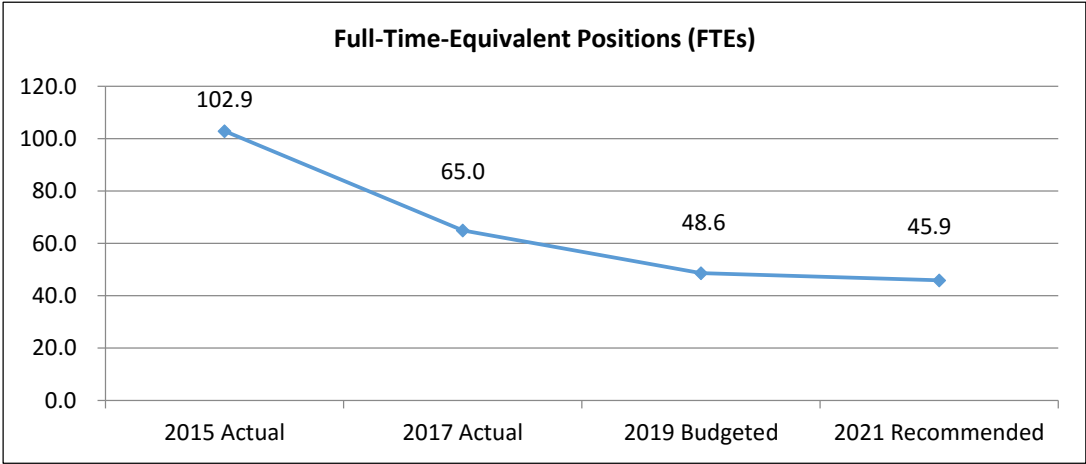
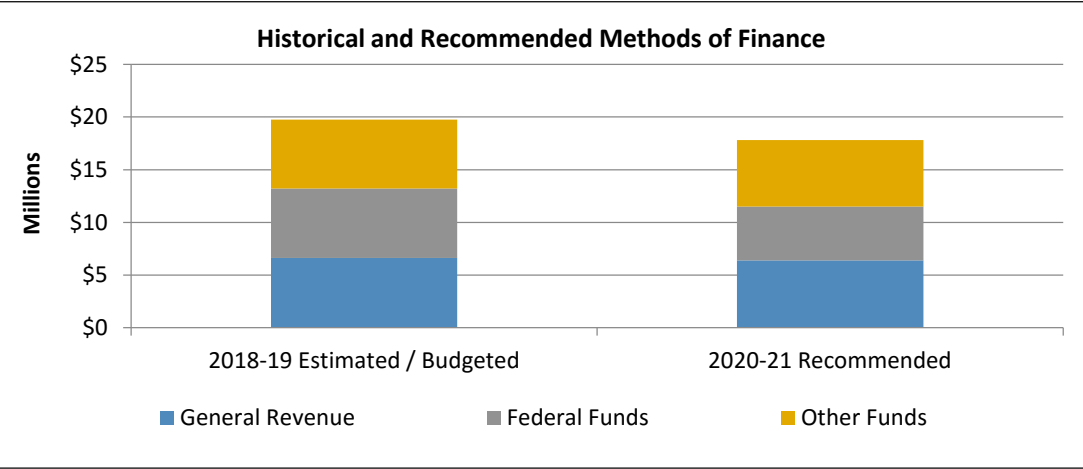
System Oversight & Program Support (HHSC Goal L) provides oversight of the HHS system and Indirect Administration of HHSC. Goal L provides support to programs within the Office of the Inspector General. This program represents an allocation of indirect administration to the OIG, but this funding is not reflected in strategies in Goal K, Office of Inspector General.

Legal Authority: N/A

Year Implemented	2003	Performance and/or		Revenue Supported	No
Authority		Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality		Outsourced Services	N/A	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Operating Costs	\$ 12,864,348	\$ 10,740,773	60.3%
Personnel Costs	\$ 6,265,325	\$ 6,485,301	36.4%
Grants	\$ 457,125	\$ 437,944	2.5%
Capital Costs	\$ 172,873	\$ 141,530	0.8%
Total	\$ 19,759,671	\$ 17,805,548	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 17,805,548	100.0%
Total	\$ 17,805,548	100.0%



Health and Human Services Commission
Strategic Fiscal Review Appendix 6: Program and Strategies Crosswalk - House

Agency Ranking	Program	Strategy
1	Quality Review (QR)	11.1.1 Office Of Inspector General
2	Acute Care Surveillance Team (ACS)	11.1.1 Office Of Inspector General
3	Medicaid Provider Integrity (MPI)	11.1.1 Office Of Inspector General
4	Audit	11.1.1 Office Of Inspector General 2.1.1 Medicaid Contracts & Administration
5	General Investigations (GI)	11.1.1 Office Of Inspector General
6	Inspections	11.1.1 Office Of Inspector General
7	Electronic Benefit Transfer (EBT) Trafficking Unit	11.1.1 Office Of Inspector General
8	State Centers Investigative Team (SCIT)	11.1.1 Office Of Inspector General
9	Chief Counsel	11.1.1 Office Of Inspector General
10	Other Support Services (Direct Support Services)	11.1.2 OIG Administrative Support
11	Clinical Subject Matter Expert (CSME)	11.1.1 Office Of Inspector General
12	Fraud Hotline	11.1.1 Office Of Inspector General
13	Internal Affairs (IA)	11.1.1 Office Of Inspector General
14	Finger Print Checks	2.1.1 Medicaid Contracts & Administration
15	Provider Enrollment Integrity Screening (PEIS)	11.1.1 Office Of Inspector General
16	Medicaid Fraud Law Enforcement	11.1.1 Office Of Inspector General
17	WIC Vendor Monitoring Unit	5.1.2 Provide WIC Services
18	DDS Investigations	10.1.1 Disability Determination Services
19	<i>Agency Allocated Support Cost - Office of Inspector General</i>	11.1.2 OIG Administrative Support 12.1.1 HHS System Support 12.1.2 IT Oversight & Program Support 12.2.1 Central Program Support 12.2.2 Regional Program Support
20	<i>System Oversight & Program Support (from HHSC)</i>	

Note: Indirect administration program names are italicized.

Health and Human Services Commission - Office of Inspector General
Appendices - House

Table of Contents		
Appendix	Appendix Title	Page
A	Funding Changes and Recommendations by Strategy	68
B	Summary of Federal Funds	70
C	FTE Highlights	*
D	Performance Measure Highlights	*
E	Summary of Ten Percent Biennial Base Reduction Options	71

* Information is included in the presentation section of the packet.

Health and Human Services Commission - Office of Inspector General
Funding Changes and Recommendations by Strategy -- Supplemental - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
OFFICE OF INSPECTOR GENERAL K.1.1	\$75,663,134	\$78,393,798	\$2,730,664	3.6%	
GENERAL REVENUE FUNDS	\$34,007,196	\$35,141,986	\$1,134,790	3.3%	Recommendations include an increase of \$1.1 million in General Revenue due to an increase of \$0.6 million to biennialize funding that transferred from other strategies at HHSC to the OIG in fiscal year 2019 for the Subrogation and Recovery program pursuant to the LBB approval letter dated August 24, 2018 and a net increase of \$0.5 million due to changes in the HHSC Public Assistance Cost Allocation Plan (PACAP). (See Selected Fiscal and Policy Issue #7).
FEDERAL FUNDS	\$36,429,325	\$39,029,200	\$2,599,875	7.1%	Recommendations include an increase of \$0.6 million to reflect federal matching funds for General Revenue transferred to OIG for the Subrogation and Recovery program pursuant to the LBB approval letter dated August 24, 2018 and a net increase of \$2.0 million in Federal Funds due to changes in the PACAP. (See Selected Fiscal and Policy Issue #7).
OTHER FUNDS	\$5,226,613	\$4,222,612	(\$1,004,001)	(19.2%)	Recommendations include a decrease of \$1.0 million to reflect a \$1.4 million decrease in OIG Direct Support Services to maintain the 2018-19 base spending level, partially offset by a \$0.4 million increase primarily due to agency projection of increased demand for Interagency Contract funding as a result of cost allocation changes related to the revised PACAP.
OIG ADMINISTRATIVE SUPPORT K.1.2	\$32,927,989	\$31,879,298	(\$1,048,691)	(3.2%)	
GENERAL REVENUE FUNDS	\$11,617,576	\$10,365,994	(\$1,251,582)	(10.8%)	Recommendations include a decrease of \$1.3 million in General Revenue due to a decrease in anticipated HHSC cost pool costs allocated to OIG General Revenue.

Health and Human Services Commission - Office of Inspector General
Funding Changes and Recommendations by Strategy -- Supplemental - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FEDERAL FUNDS	\$14,184,031	\$14,373,927	\$189,896	1.3%	Recommendations include an increase of \$0.2 million in Federal Funds due to an increase in anticipated HHSC cost pool costs allocated to OIG federal funds.
OTHER FUNDS	\$7,126,382	\$7,139,377	\$12,995	0.2%	
Total, Goal A, OFFICE OF INSPECTOR GENERAL	\$108,591,123	\$110,273,096	\$1,681,973	1.5%	
GENERAL REVENUE FUNDS	\$45,624,772	\$45,507,980	(\$116,792)	(0.3%)	
FEDERAL FUNDS	\$50,613,356	\$53,403,127	\$2,789,771	5.5%	
OTHER FUNDS	\$12,352,995	\$11,361,989	(\$991,006)	(8.0%)	

Health and Human Services Commission - Office of the Inspector General
Summary of Federal Funds - House
(Dollar amounts in Millions)

Appendix B

Program	Est 2018	Bud 2019	Rec 2020	Rec 2021	2018-19 Base	2020-21 Rec	2020-21 Rec % Total	Recommended Over/(Under) Base	% Change from Base
Medicaid Administration (50% Match)	\$10.6	\$11.0	\$12.3	\$11.9	\$21.6	\$24.2	45.3%	\$2.6	12.2%
Medicaid Administration (75% Match)	\$7.8	\$7.7	\$7.6	\$7.9	\$15.5	\$15.6	29.2%	\$0.0	0.2%
SNAP State Administration	\$5.0	\$4.9	\$5.1	\$5.1	\$9.9	\$10.2	19.0%	\$0.2	2.3%
Medicaid	\$0.6	\$0.6	\$0.6	\$0.6	\$1.2	\$1.2	2.2%	(\$0.0)	(0.0%)
Disability Determinations	\$0.4	\$0.4	\$0.4	\$0.4	\$0.8	\$0.9	1.6%	\$0.1	7.9%
Children's Health Insurance Program (CHIP)	\$0.4	\$0.4	\$0.4	\$0.3	\$0.8	\$0.7	1.4%	(\$0.1)	(12.0%)
Temporary Assistance for Needy Families	\$0.2	\$0.2	\$0.2	\$0.2	\$0.3	\$0.4	0.7%	\$0.0	2.5%
Nutrition Program for Women, Infants, and Children	\$0.2	\$0.1	\$0.1	\$0.1	\$0.4	\$0.3	0.6%	(\$0.1)	(17.4%)
All Others ¹	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	(\$0.0)	(99.5%)
TOTAL:	\$25.2	\$25.4	\$26.8	\$26.6	\$50.6	\$53.4	100.0%	\$2.8	5.5%

¹All Others includes WIC Nutrition Education, Special Programs for the Aging - Supportive Services, Special Programs for the Aging - Nutrition Services, National Family Caregiver Support Program, and Social Services Block Grant.

Health and Human Services Commission - Office of Inspector General
Summary of Ten Percent Biennial Base Reduction Options - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
1)	Salary Savings - Hold FTEs Vacant	According to the agency: The reduction is expected to have a low to moderate impact on the agency's mission. These reductions could impact the level and timeliness of services and support in addition to potentially increasing response times. <i>See also Options 4, 7, and 10.</i>	\$832,494	\$832,494	14.0	\$1,220,274	1.8%	\$45,507,980	No
2)	Administrative Contract Reductions	According to the agency: The reduction and associated federal funding revenue loss would have the greatest affect on IT contracts and would reduce the agency's ability to perform security risk assessments for Medicaid CHIP which are required by current audit findings and CISO security policies. <i>See also Options 5, 8, and 11.</i>	\$51,228	\$51,228	0.0	\$150,690	0.1%	\$45,507,980	No
3)	Administrative Operating Reductions	According to the agency: The reduction and associated federal funding revenue loss would affect HHSC's other operating expenses. <i>See also Options 6, 8, and 12.</i>	\$106,028	\$106,028	0.0	\$131,572	0.2%	\$45,507,980	No
4)	Salary Savings - Hold FTEs Vacant	According to the agency: The reduction is expected to have a moderate impact on the agency's mission. These reductions would impact the level and timeliness of services and support in addition to potentially increasing response times. <i>See also Options 1, 7, and 10. The reduction would be in addition to the reduction in Option 1.</i>	\$832,494	\$832,494	14.0	\$1,220,274	1.8%	\$45,507,980	No

**Health and Human Services Commission - Office of Inspector General
Summary of Ten Percent Biennial Base Reduction Options - House**

Appendix E

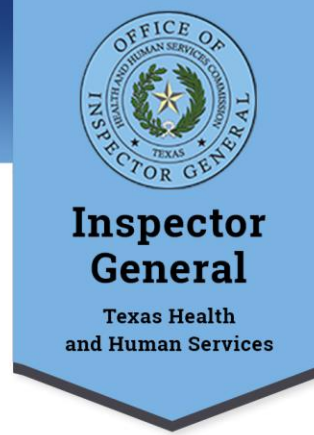
Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
5)	Administrative Contract Reductions	According to the agency: The reduction and associated federal funding revenue loss would have the greatest affect on IT contracts and would reduce staff augmentation contractors who support IT projects and advance important process improvement projects across HHS, reduce managed services for Consolidated Help Desk and Office Support, and eliminate managed services for SSLCs and technology research contract. <i>See also Options 2, 8, and 11. The reduction would be in addition to the reduction in Option 2.</i>	\$51,228	\$51,228	0.0	\$150,690	0.1%	\$45,507,980	No
6)	Administrative Operating Reductions	According to the agency: The reduction and associated federal funding revenue loss would affect HHSC's other operating expenses. <i>See also Options 3, 9, and 12. The reduction would be in addition to the reduction in Option 3.</i>	\$106,028	\$106,028	0.0	\$131,572	0.2%	\$45,507,980	No
7)	Salary Savings - Hold FTEs Vacant	According to the agency: The reduction is expected to have a significant impact on the agency's mission. These reductions would impact the level and timeliness of services and support, increase response times, and reduce the number of internal audits and the number of IG investigations. <i>See also Options 1, 4, and 10. The reduction would be in addition to the reductions in Options 1 and 4.</i>	\$832,494	\$832,494	14.0	\$1,220,274	1.8%	\$45,507,980	No
8)	Administrative Contract Reductions	According to the agency: The reduction and associated federal funding revenue loss would have the greatest affect on IT contracts by reducing staff augmentation contractors who support IT projects and reducing resources to support Procurement projects. These reductions would also decrease services for Human Resources and Payroll Services, and decrease systems support levels. <i>See also Options 2, 5, and 11. The reduction would be in addition to the reductions in Options 2 and 5.</i>	\$51,228	\$51,228	0.0	\$150,690	0.1%	\$45,507,980	No

**Health and Human Services Commission - Office of Inspector General
Summary of Ten Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
9)	Administrative Operating Reductions	According to the agency: The reduction and associated federal funding revenue loss would affect HHSC's other operating expenses. These continuing reductions would severely impact Office of Inspector General activities. <i>See also Options 3, 6, and 12. The reduction would be in addition to the reductions in Options 3 and 6.</i>	\$106,028	\$106,028	0.0	\$131,572	0.2%	\$45,507,980	No
10)	Salary Savings - Hold FTEs Vacant	According to the agency: The reduction is expected to have a significant impact on the agency's mission. These reductions would severely reduce the number of internal audits, the number of IG investigations and the number of litigation cases pursued. These reductions would also severely reduce positions that are critical to timely and quality review of cost reports for the Long-Term Services and Support programs to ensure HHSC sets reimbursement rates that include only federally allowable costs, which is critical to contain costs for nursing facilities, community services, and other long-term services programs. <i>See also Options 1, 4, and 7. The reduction would be in addition to the reductions in Options 1, 4, and 7.</i>	\$832,494	\$832,494	14.0	\$1,220,274	1.8%	\$45,507,980	No
11)	Administrative Contract Reductions	According to the agency: The reduction and associated federal funding revenue loss would significantly affect IT contracts by reducing staff augmentation contractors who support IT projects and reducing resources to support Procurement projects. These continued reductions would also severely decrease services for Human Resources and Payroll Services, and severely decrease systems support levels. <i>See also Options 2, 5, and 8. The reduction would be in addition to reductions in Options 2, 5, and 8.</i>	\$51,228	\$51,228	0.0	\$150,690	0.1%	\$45,507,980	No

Health and Human Services Commission - Office of Inspector General
Summary of Ten Percent Biennial Base Reduction Options - House

			Biennial Reduction Amounts						
Priority	Item	Description/Impact	GR & GR-D	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
12)	Administrative Operating Reductions	According to the agency: The reduction and associated federal funding revenue loss would severely affect HHSC's other operating expenses. <i>See also Options 3, 6, and 9. The reduction would be in addition to the reductions in Options 3, 6, and 9.</i>	\$106,028	\$106,028	0.0	\$131,572	0.2%	\$45,507,980	No
TOTAL, 10% Reduction Options			\$3,959,000	\$3,959,000	56.0	\$6,010,144			



Presentation to the House Appropriations Committee

House Bill 1, Article II

Sylvia Hernandez Kauffman, Inspector General
February 2019



Inspector General

Texas Health
and Human Services

Fiscal Year 2018 Accomplishments

- Strengthened managed care oversight
 - Increased the number and type of audits and inspections in managed care
 - Expanded medical utilization reviews to managed care
 - Investigated provider allegations of fraud, waste, or abuse across MCOs
 - Dedicated staff resources with managed care expertise to assess OIG business processes
 - Recommended MCO contract changes to improve detection of fraud, waste, and abuse in managed care
- Introduced more rigor, professionalism, and accountability
 - Developed dashboards containing performance metrics for each division
 - Increased number and array of professional trainings to improve core mission skills
 - Continued improvement of policies, procedures, and proactive communication to staff that increased understanding of job expectations



Inspector General

Texas Health
and Human Services

Fiscal Year 2018 Accomplishments, Cont.

- Reinforced relationships with stakeholders
 - Regular meetings with stakeholders
 - Regional meetings with Medicaid providers and MCOs
 - Quarterly meetings with MCO Special Investigative Units dedicated to fraud, waste, and abuse
 - Collaborated with HHSC, MCOs, DMOs, and OAG through the Texas Fraud Prevention Partnership
- Focused on prevention
 - Initiated a prevention strategy
 - Produced publications related to identifying and reporting fraud, waste, and abuse for associations
- Recovered \$115M in FY18, a 17 percent increase

Fiscal Years 2018-19 / House Bill 1 Comparison

Fiscal Years	General Revenue	All Funds	FTEs
FY 2018-19	\$45,624,772	\$108,591,123	736
FY 2020-21 LAR	\$57,952,560*	\$130,639,508*	736
FY 2020-21 HB 1	\$45,507,980	\$110,273,096	602
Variance, FY 2018-19 to HB 1	(\$116,792)	\$1,681,973	(134)

*includes original EI requests





**Inspector
General**

Texas Health
and Human Services

Exceptional Item 1

Automated System for the Office of Inspector General (ASOIG) Remediation

\$ in Millions	FY20	FY21	Biennium
General Revenue	\$1.4	\$0.4	\$1.8
All Funds	\$2.4	\$0.7	\$3.0*

*Total appears different due to rounding

- Remediation will increase staff efficiency, reduce reporting risks, and improve data access
- ASOIG is a legacy system that operates inefficiently
- ASOIG is used to track the stages of a client referral through the investigations process in real-time
- Benefits Program Integrity identifies 1/3 of all of our recoveries using ASOIG for case management



**Inspector
General**

Texas Health
and Human Services

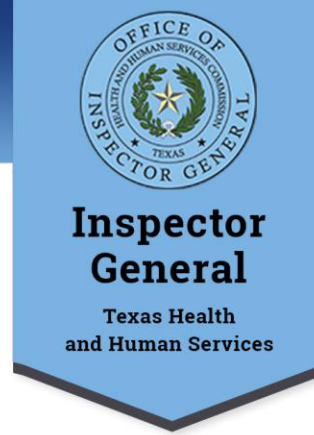
Exceptional Item 2

Improper Payment Recoveries

\$ in Millions	FY20	FY21	Biennium
General Revenue	\$0.4	\$0.4	\$0.8
All Funds	\$0.8	\$0.7	\$1.5*

*Total appears different due to rounding

- Requesting FTE authority and associated funding for 10 staff within the Benefits Program Integrity Division
- Additional investigators will protect the integrity of the Texas Medicaid system by:
 - improving client eligibility, and
 - increasing taxpayer dollars identified for recovery



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

Section 1

Page II-23

Dr. John Hellerstedt, Commissioner

Amy Ma, LBB Analyst

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

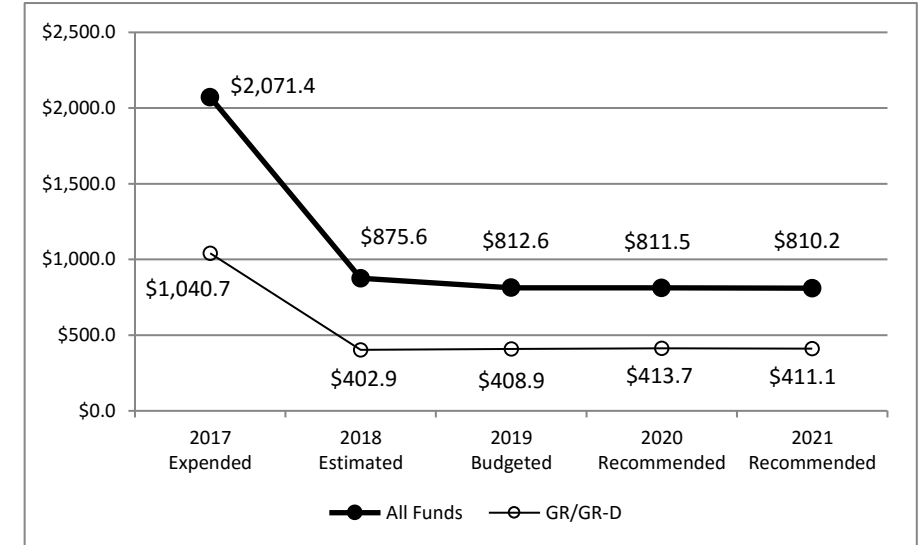
	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	3,218.5	3,213.7	(4.8)	(0.1%)

Agency Budget and Policy Issues and/or Highlights

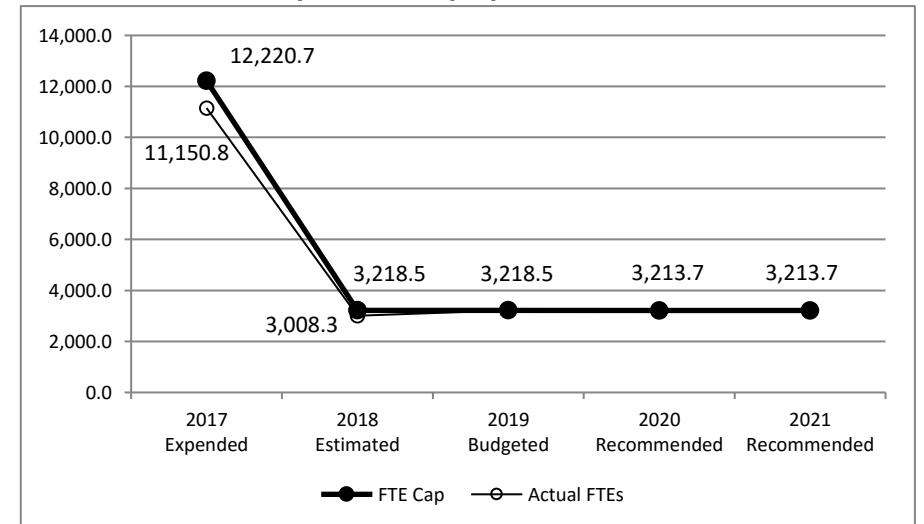
- The Department of State Health Services (DSHS) is the state agency dedicated to improving the health, safety, and well-being of citizens in this state. DSHS' four major program areas: (1) public health services; (2) healthcare services; (3) consumer protection services; and (4) administration and technology.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

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

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



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

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

Section 2

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

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

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

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

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

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

NOTE: Totals may not sum due to rounding.

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

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

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

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

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

According to Health and Safety Code, Section 780.004:

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

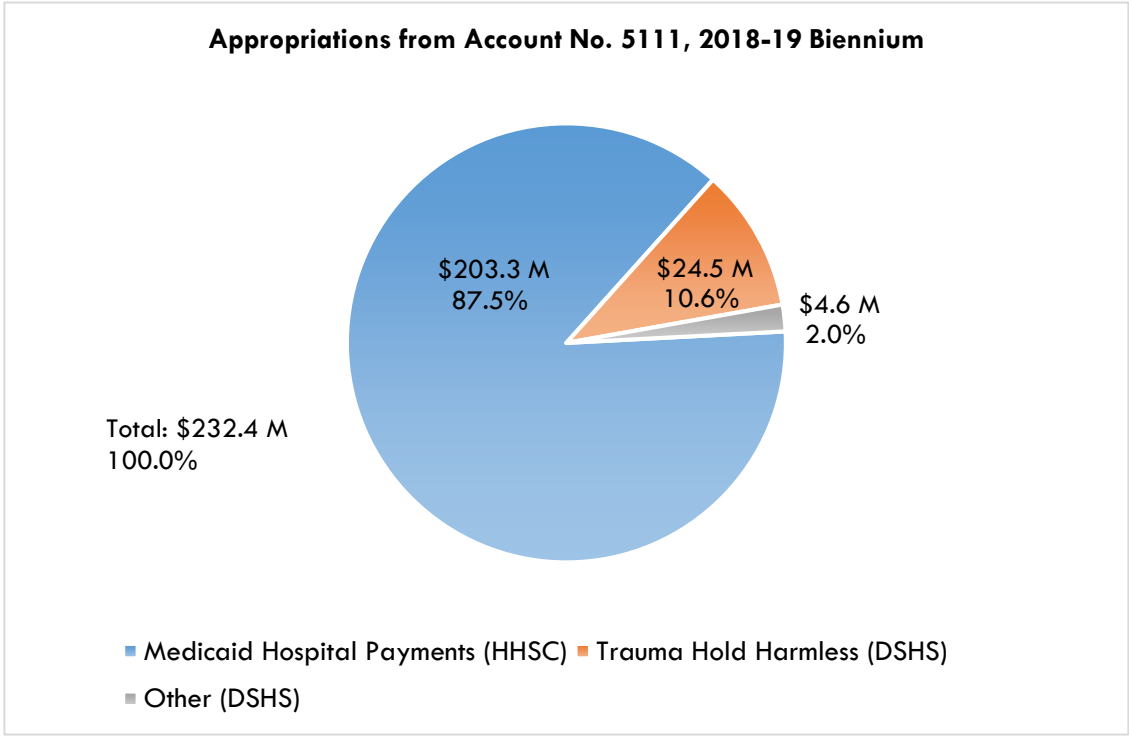
Additionally, statute authorizes appropriations from Account No. 5111 to fund provider reimbursement payments in Medicaid, and to the Higher Education Coordinating Board for graduate medical education and nursing education programs.

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

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

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

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



Source: General Appropriations Act (2018-19 Biennium)

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



EMS & TRAUMA CARE FUNDING

revenue

OVERVIEW OF FUNDS

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

DRIVER RESPONSIBILITY PROGRAM

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

GR-D ACCOUNT REVENUE: WHERE IS IT FROM?



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



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



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



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



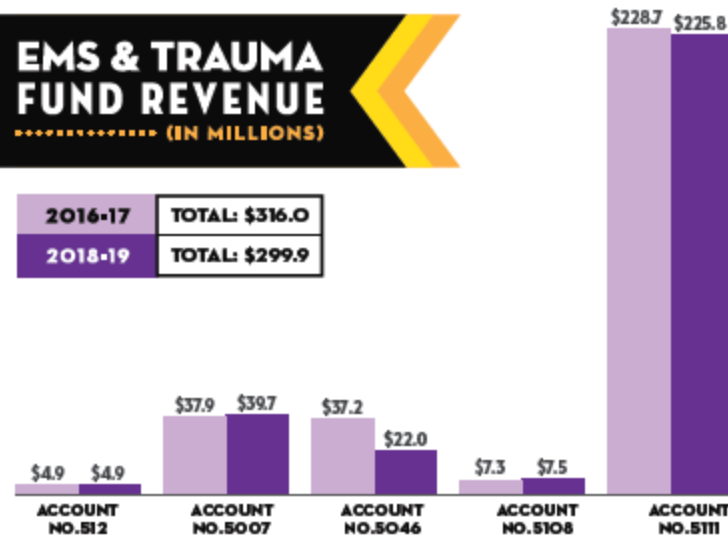
ACCOUNT NO. 5111 Designated Trauma Facility & Emergency Medical Services⁵

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

Statutory authority for revenue: 1) Health and Safety Code § 773.060; 2) Health and Safety Code § 771.072; 3) Government Code § 403.106; 4) Health and Safety Code § 773.006 and Code of Criminal Procedures § 102.0185; 5) Health and Safety Code § 780.003, Transportation Code § 542.406, Transportation Code § 542.4031, and Health and Safety Code § 780.003; House Bill 7, 84th Legislature, 2015 repealed GR-D Account No. 5137, Regional Trauma, and transferred the balance and future revenue stream (penalties collected for violation of red light cameras) to Account No. 5111.

EMS & TRAUMA FUND REVENUE

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



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

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



LEGISLATIVE BUDGET BOARD

OCTOBER 2018, DOCUMENT ID: 4609

appropriations

EMS & TRAUMA FUND APPROPRIATIONS (IN MILLIONS)

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

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

STATUTE AND RIDERS

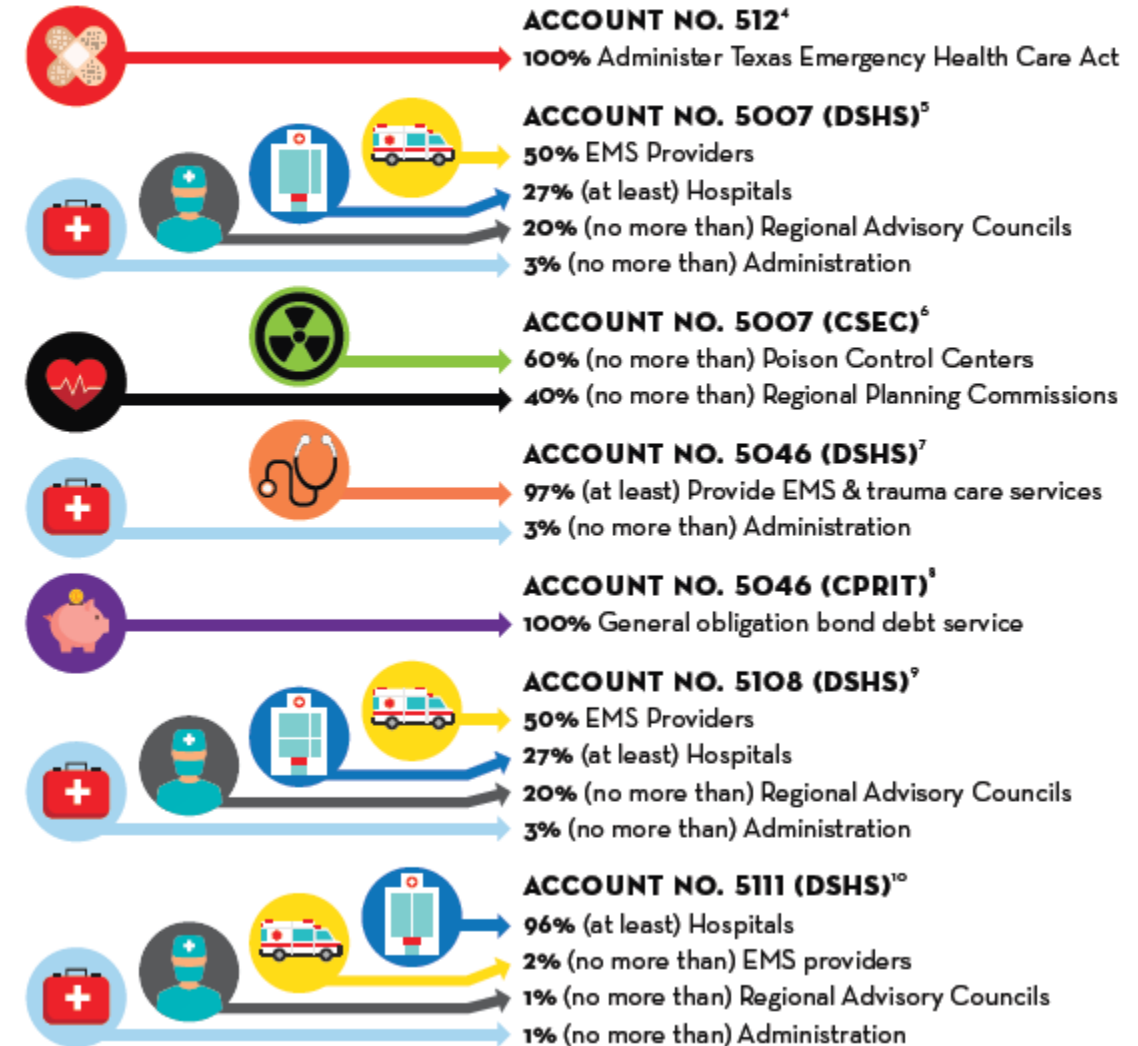
Some EMS and trauma fund expenditures are directed by statute and General Appropriations Act (GAA) riders.

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

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

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

APPROPRIATION ALLOCATION: WHERE DOES IT GO? ●●●●●●●●●●



Statutory authority for expenditures: 1) Health and Safety Code § 773.122(b); 2) Health and Safety Code § 780.004(b); 3) GAA (2018-19 Biennium), Article II, HHSC, Rider 46, Hospital Payments and Article II, Special Provisions Sec. 22, Use of Trauma Fund Receipts; 4) Health and Safety Code § 773.122; 5) Health and Safety Code § 773.122; 6) Health and Safety Code § 771.072; 7) GAA (2018-19 Biennium), Article II, DSHS Rider 7, Administration of Public Health Funds; 8) Government Code § 403.106(b-1); 9) Health and Safety Code § 773.122; 10) Health and Safety Code § 780.004

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

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

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

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

Table 1

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

NOTES:

1) Actual interest earnings collected based on the Uniform Statewide Accounting System (USAS).

2) Estimated interest earning collections based on the Revised Certification Revenue Estimate (CRE) released by the Comptroller of Public Accounts (CPA) in July 2018.

3) Transfers of unexpended balances from fiscal year 2018 to fiscal year 2019.

4) Includes unexpended balance transfers and estimated interest earnings available in fiscal year 2019 based on the Revised CRE released by the CPA in July 2018.

5) Contains General Revenue appropriated in the 2018-19 biennium to strategies impacted by the increased interest earnings from the Permanent Tobacco Funds, including : A.1.1, Public Health Preparedness and Coordinated Services; A.3.2, Reduce the Use of Tobacco Products Statewide; B.2.1, Emergency Medical Services and Trauma Care.

6) Amounts available for supplemental needs in fiscal year 2019.

SOURCE:

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

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

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

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

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

Table 2

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

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

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

Table 3

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

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

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

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

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

Table 4

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

Source: Department of State Health Services Performances

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

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

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

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

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

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

Key findings from the NBS report include:

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

Key findings include:

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

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

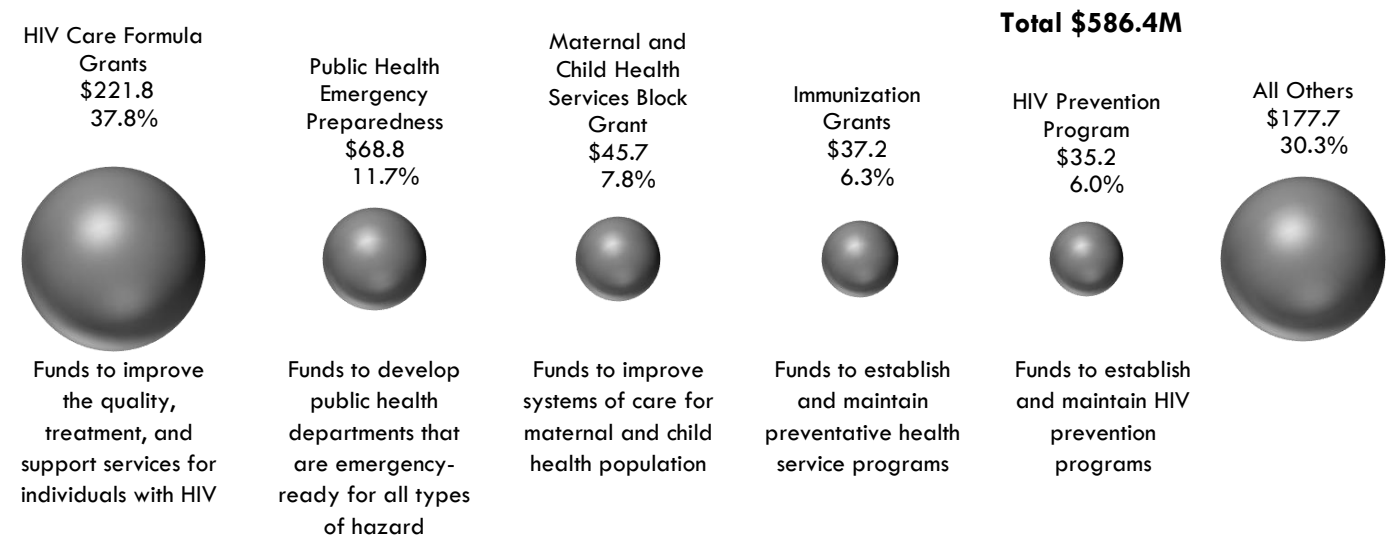
The report included the following recommendations:

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

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

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

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

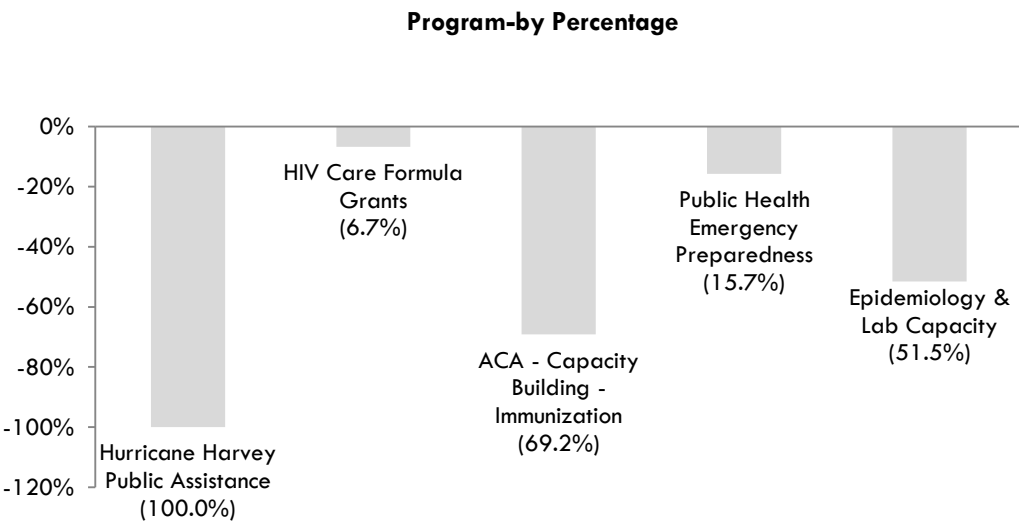
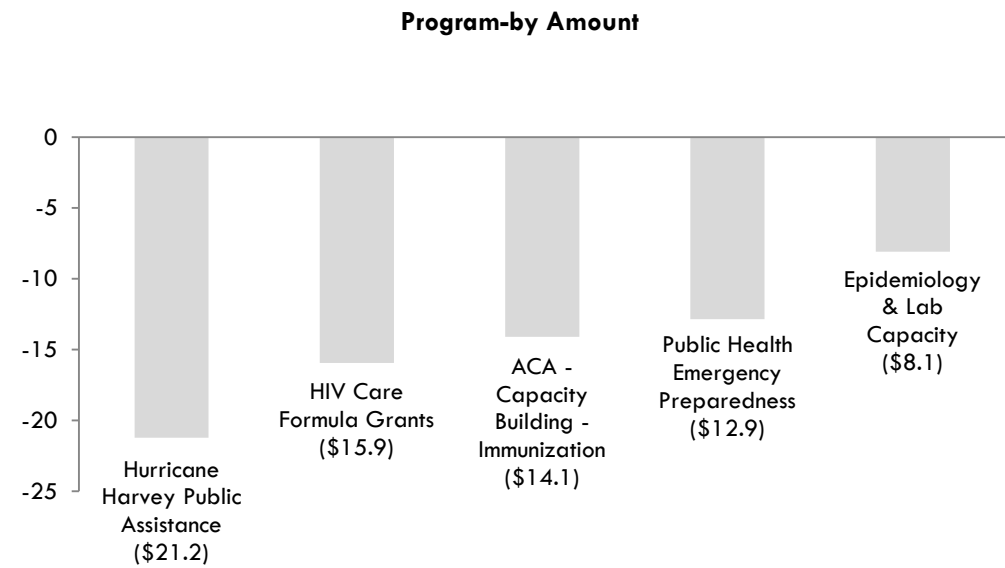


Selected Federal Fiscal and Policy Issues

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

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

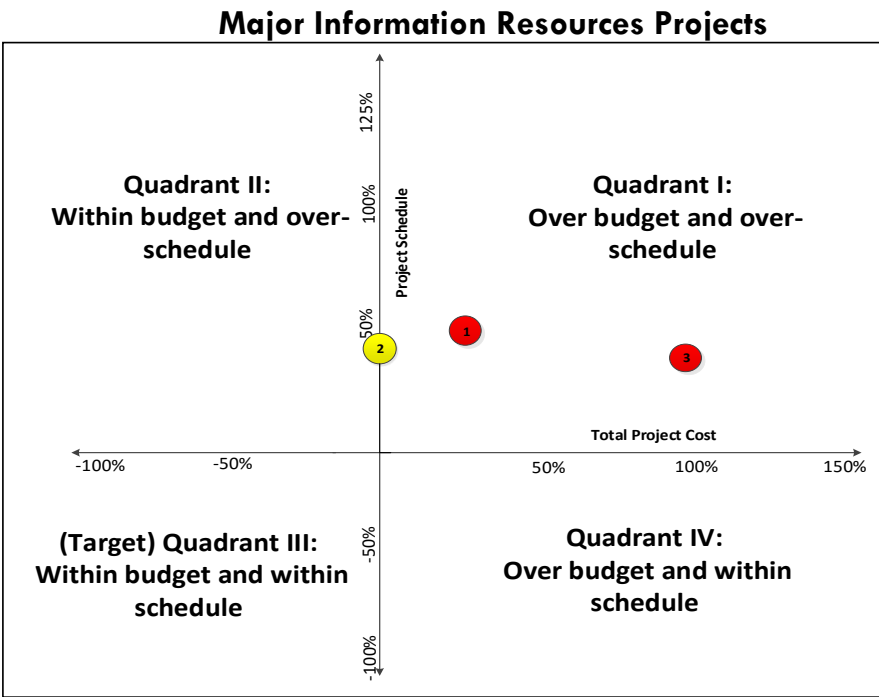
Programs with Significant Federal Funding Changes from 2018 - 19



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

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

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



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

Significant Project Highlights

QAT Budget Highlights (in millions)

- 1

Tx Electronic Vital Events Registrar Implementation (TxEVER)
The project, authorized to begin in fiscal year 2016 for a duration of 34 months, was appropriated \$14.1 million in All Funds for project development.

Project start and finish dates have been updated to reflect the completion of a re-baseline due to the change in hosting plan from a vendor hosted solution to the state Data Center Services (DCS) hosted solution. The initial contract amount of \$7.7 million increased to \$9.9 million due to a scope change from the modified Commercial-off-the-Shelf (COTS) vendor to the Data Center contract. This contract amendment is a 27 percent increase in project contract development costs.
- 2

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

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

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

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

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

Tuberculosis, HIV and STD Integrated Systems Improvement Implementation

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

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

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

MODIFICATION OF EXISTING RIDERS (new number)

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

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

NEW RIDERS

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

DELETED RIDERS (original number)

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

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

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

Section 5

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

Agency Exceptional Items Not Included (in agency priority order)

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

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

Section 5

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

Agency Rider Request Not Included

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

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

Section 5

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

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

Table of Contents		
Appendix	Appendix Title	Page
A	Funding Changes and Recommendations by Strategy	26
B	Summary of Federal Funds	34
C	FTE Highlights	35
D	Performance Measure Highlights	36
E	Summary of Ten Percent Biennial Base Reduction Options	37
F	Quality Assurance Team Highlights Appendix	42

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

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
PUBLIC HEALTH PREP. & COORD. SVCS A.1.1	\$168,943,495	\$132,966,449	(\$35,977,046)	(21.3%)	Recommendations reflect: 1) \$36.9 million decrease in Federal Funds related to the following grants: ▪ One-time Harvey Assistance funding in fiscal year 2018 (\$21.2 million); ▪ Public Health Emergency Preparedness Activities (\$7.8 million); ▪ Zika funding ending in fiscal year 2018 (\$4.5 million); and ▪ Preventative Health and Human Services Block Grant Award (\$3.4 million). 2) \$1.6 million decrease in General Revenue - Dedicated Account No. 5045 due to expected decreases in revenue in the 2020-21 biennium, offset slightly by an increase of \$1.6 million in General Revenue. (See Selected Fiscal and Policy Issue #4) 3) One-time increase of \$1.1 million in General Revenue in fiscal year 2020 for vehicle replacements. (See Selected and Fiscal Policy Issue #9) 4) \$0.2 million decrease of General Revenue due to agency request to reallocate funding to Strategy D.1.1, Agency Wide IT Projects, for Data Center Services. 5) \$0.1 million increase of General Revenue - Dedicated Account No. 5045, Permanent Fund for Children and Public Health in fiscal year 2020. (See Selected and Fiscal Policy Issue #4)
VITAL STATISTICS A.1.2	\$29,532,489	\$29,083,464	(\$449,025)	(1.5%)	Recommendations reflect a decrease of \$0.4 million in Appropriated Receipts from credit card fees for the agency's expected decrease in the sale of public records.
HEALTH REGISTRIES A.1.3	\$26,002,069	\$27,124,980	\$1,122,911	4.3%	Recommendations reflect: 1) \$1.5 million increase in General Obligation Bond Proceeds transferred from CPRIT to support increase operational costs for the Cancer Registry. (See Selected Fiscal and Policy Issue #7) 2) \$0.4 million decrease in Federal Funds, primarily for birth defects and developmental disabilities surveillance activities.

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

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

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

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

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

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

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

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

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

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

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

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

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

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
AGENCY WIDE IT PROJECTS D.1.1	\$30,028,657	\$33,294,590	\$3,265,933	10.9%	
Total, Goal D, AGENCY WIDE IT PROJECTS	\$30,028,657	\$33,294,590	\$3,265,933	10.9%	Recommendations reflect a \$3.3 million increase in All Funds to maintain current obligations, including an increase for the shift of MS Office 365 services from Seat Management to Data Center Services, as follows: ▪ Agency requested reallocation of \$1.9 million from Strategies A.1.1, Public Health Preparedness and Coordination Services, and A.2.1, Immunize Children and Adults in Texas, an increase of \$0.2 million in General Revenue; and \$1.0 million in Appropriated Receipts reallocated (agency request) from credit card fees related to the Vital Statistics program; and ▪ \$0.2 million in Federal Funds.
					Recommendations continue use of Federal Funds for Seat Management in the 2020-21 biennium. (See Selected and Fiscal Policy Issue #8)
CENTRAL ADMINISTRATION E.1.1	\$33,605,981	\$34,680,110	\$1,074,129	3.2%	
IT PROGRAM SUPPORT E.1.2	\$31,045,524	\$31,017,047	(\$28,477)	(0.1%)	
OTHER SUPPORT SERVICES E.1.3	\$5,057,052	\$5,126,930	\$69,878	1.4%	
REGIONAL ADMINISTRATION E.1.4	\$2,904,165	\$2,853,325	(\$50,840)	(1.8%)	
Total, Goal E, INDIRECT ADMINISTRATION	\$72,612,722	\$73,677,412	\$1,064,690	1.5%	Recommendations reflect an increase of \$1.1 million in Federal Funds for agency's plan to fill vacancies in fiscal year 2019 (\$0.3 million) and expected increase in HHSC administrative support services cost (\$0.8 million).
Grand Total, All Strategies	\$1,688,204,110	\$1,621,728,895	(\$66,475,215)	(3.9%)	

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

Appendix B

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

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

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

Full-Time-Equivalent Positions	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
Cap	12,220.7	3,218.5	3,218.5	3,213.7	3,213.7
Actual/Budgeted	11,150.8	3,008.3	3,218.5	NA	NA

Schedule of Exempt Positions (Cap)

Commissioner, Group 7	\$248,412	\$248,412	\$248,412	\$248,412	\$248,412
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Notes:

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

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

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

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

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

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

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

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

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

Appendix D

	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
Number of Hospitals with Maternal Care Designation Measure Explanation: Recommendations include a new key performance measure to track fluctuations in the number of hospitals that are designated at a Maternal Level of Care. Maternal Level of Care Designation is an eligibility requirement for hospital Medicaid reimbursement for maternal care.	NA	NA	115	175	225
Number of Hospitals with Neonatal Care Designation Measure Explanation: Recommendations include a new key performance measure to track fluctuations in the number of hospitals that are designated at a Neonatal Level of Care. Neonatal Level of Care Designation is an eligibility requirement for hospital Medicaid reimbursement for neonatal care.	27	88	225	225	225
Number of Pregnant Females Age 13-19 Per Thousand (Adolescent Pregnancy Rate) Measure Explanation: The adolescent teen pregnancy rate continues to decrease rapidly in Texas and the US. Recommendations reflect agency proposed lower target due to the teen pregnancy rate declining in recent years.	26.8%	25.1%	26.3%	26.0%	25.8%
Percentage of Staff Reached During Public Health Disaster Response Drills Measure Explanation: Recommendations include increasing the target to 95.0 percent due the agency reaching more staff during public health disaster response drills than anticipated. The 2018-19 biennium target reflected 80.0 percent.	92.5%	90.0%	89.0%	95.0%	95.0%
Number of Days to Certify or Verify Vital Statistics Records Measure Explanation: Recommendations include lowering the target for the 2020-21 biennium. According to the agency, vacancies in Strategy A.1.2, effect the production output. The agency indicates the vacancies will be filled during the 2020-21 biennium.	19.7	18.1	15.0	13.0	13.0
Number of Vaccine Doses Administered - Children Measure Explanation: Recommendations include increasing the target for the 2020-21 biennium to reflect increase of funding for Strategy A.2.1, Immunize Children and Adult in Texas.	15,084,142	14,932,652	17,607,262	18,495,625	18,495,625

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

Appendix E

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

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

Appendix E

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

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

Appendix E

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

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

Appendix E

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

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

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

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

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

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

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

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

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

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



Department of State Health Services Exceptional Items: Reference Materials

House Appropriations Committee

86th Legislature

February 2019



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**Texas Department of State
Health Services**

Content

- ◆ Summary of HB 1 Impact on DSHS Exceptional Items
- ◆ Exceptional Items Summary Table
- ◆ Exceptional Items Details



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HB 1: Impact on DSHS Exceptional Item Requests

HB 1 addressed needs in the following areas, allowing DSHS to remove or reduce requests.

- ◆ Increase of \$7 Million in General Revenue and 8 FTEs for a contingency rider that fully funds the Maternal Mortality and Morbidity exceptional items.
- ◆ Increase of \$7.9 Million in General Revenue to fully implement newborn screening for X-ALD.
- ◆ Increase of \$1.3 Million in General Revenue to replace 49 vehicles.
- ◆ Increase of \$0.3 Million in General Revenue and \$4.7 Million in Federal Funds to fund Seat Management and Data Center Services costs.
- ◆ Rider language to facilitate security and quality of vital records needs



FY 2020-2021 HB 1 and Exceptional Item Requests

	Exceptional Item	FY 2020 GR/GRD	FY 2020 All Funds	FY 2021 GR/GRD	FY 2021 All Funds	Biennial GR/GRD	Biennial All Funds	2020 FTEs	2021 FTEs
DSHS FY 2020 -2021 SB 1, Introduced		\$413,696,358	\$811,541,606	\$411,062,027	\$810,187,289	\$824,758,385	\$1,621,728,895	3,213.7	3,213.7
1.	Safeguard the Future of the State Public Health Laboratory	\$32,536,341	\$32,536,341	\$21,815,158	\$21,815,158	\$54,351,499	\$54,351,499	12	11
2.	Combat Maternal Mortality and Morbidity in Texas	-	-	-	-	-	-	-	-
3.	Increase the Quality and Security of Vital Events Records	\$1,355,275	\$1,355,275	\$1,682,333	\$1,682,333	\$3,037,608	\$3,037,608	25	25
4.	Ensure Stable Staffing of Technical and Scientific Public Health Positions	\$4,402,041	\$4,402,041	\$4,402,041	\$4,402,041	\$8,804,082	\$8,804,082	-	-
5.	Bolster Public Health Capacity to Identify and Respond to Infectious Disease Outbreaks	\$3,021,403	\$3,021,403	\$2,854,721	\$2,854,721	\$5,876,124	\$5,876,124	15	14
6.	Detect and Control the spread of Tuberculosis in Texas	\$14,649,042	\$14,649,042	\$12,608,779	\$12,608,779	\$27,257,821	\$27,257,821	12	13
7.	Drive Public Health Decision-Making through Useful and Accessible Data	\$2,822,623	\$2,822,623	\$1,732,026	\$1,732,026	\$4,554,649	\$4,554,649	7	7
8.	One Time Disaster Preparedness Funding for Rapid Response	\$979,880	\$979,880	-	-	\$979,880	\$979,880	-	-
Total, Exceptional Items		\$59,776,605	\$59,766,605	\$45,095,058	\$45,095,058	\$104,861,663	\$104,861,663	71	70
Total, DSHS Base + Exceptional Items		\$473,462,963	\$871,308,211	\$456,157,085	\$855,282,347	\$929,620,048	\$1,726,590,558	3,284.7	3,283.7



EI 1: Safeguard the Future of the State Public Health Laboratory

- ◆ **Address the Laboratory Shortfall, \$17.6 M:** Protect the foundation of the state’s public health system by providing funds to continue full operations at the state public health laboratory.
- ◆ **Promote a Safe and Efficient Laboratory Environment, \$28.4 M and 12 FTEs:** Ensure uninterrupted safe operation of laboratory testing by providing an emergency power generator, roof and HVAC repairs, information system updates, and FTEs to meet increasing testing demands.
- ◆ **Retain Trained Laboratory Science Staff, \$8.4 M:** Bring 318 high turnover laboratory staff to market-range salaries to ensure a dependably staffed and experienced laboratory.

Method of Finance	FY 2020	FY 2021	Biennium
General Revenue	\$32.5 M	\$21.8 M	\$54.4 M
All Funds	\$32.5 M	\$21.8 M	\$54.4 M

FTEs	12 (11 in FY 21)
Program Data	Annual
Public Health Lab Tests	1.6 million
Newborn Screens	800,000

The Laboratory is the Backbone of Texas Public Health

Newborn
Screening for
53 Disorders

Safe Food,
Milk, and
Water

Tuberculosis

Mosquito-
Borne Illness

High
Consequence
Infectious
Disease (e.g.
Ebola)

Biological and
Chemical
Threats

Rabies

HIV/STD
Testing



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The State Public Health Laboratory Has Operated at a Shortfall since 2015

The primary driver of the shortfall is a budget gap in the Newborn Screening Program.

- ◆ The Newborn Screening Program operates at an approximately \$8 Million annual loss.
- ◆ The entire laboratory budget gap is \$8.9 Million annual.

Due to tightening restrictions and reporting requirements, DSHS is not allowed to use HIV rebate funds to fund the full laboratory shortfall.

- ◆ HIV rebates were the primary mechanism DSHS has been using to cover the shortfall.
- ◆ DSHS received updated federal guidance this summer.
- ◆ Only expenses directly related to HIV prevention and control services are eligible.



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Maintenance of Lab Equipment is Critical to Ongoing Reliability of Testing Services



Liquid Handlers



Specialty
Freezers



SCID Screening
Equipment



Chemical Fume
Hoods



Aging TB
Equipment



Bacteria
Detectors



Leaking Roofs and Exterior Walls are a Risk to High Cost Laboratory Equipment



Makeshift Approaches for Protecting
\$250,00 Equipment from Incoming
Rainwater



Water Damage to Walls from
Roof Leaks



Lab Staff Turnover Challenges the Lab's Ability to Maintain Timeliness and Accuracy

The state laboratory in Austin is staffed with 386 full time equivalents (FTEs) and the South Texas Laboratory is staffed with 16 FTEs.

- ◆ Testing occurs 6 days a week for newborn screening.
- ◆ 24/7 coverage for certain tests to maintain quick response times for critical public health tests.

Technical laboratorians require training of up to 18 or 24 months, depending on specialty, to be fully effective in conducting sophisticated public health testing.

This exceptional item would provide increases for the following positions that have an 18.6% turnover rate:

- ◆ Microbiologists
- ◆ Laboratory Technicians
- ◆ Chemists
- ◆ Molecular Biologists
- ◆ Medical Technologists



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EI 2: Combat Maternal Mortality and Morbidity

Contingent on Passage of Legislation

- ◆ **Implement Maternal Safety Initiatives Statewide, \$0:** Promote and scale up implementation of new TexasAIM maternal safety bundles statewide.
- ◆ **Implement a Maternal Care Coordination Pilot for High Risk Women, \$0:** At least three pilot sites, establish and track outcomes for the use of maternal care coordination during routine prenatal care. Create or standardize and promote use of provider-specific risk assessment tools and training modules to identify women with high risk factors; provide education on preventive measures; and make appropriate referrals to care.
- ◆ **Increase Public Awareness and Prevention Activities, \$0:** Enhance provider and community understanding about maternal risk factors and related preventive measures.

Method of Finance	FY 2020	FY 2021	Biennium
General Revenue	-	-	-
All Funds	-	-	-

FTEs	-
------	---

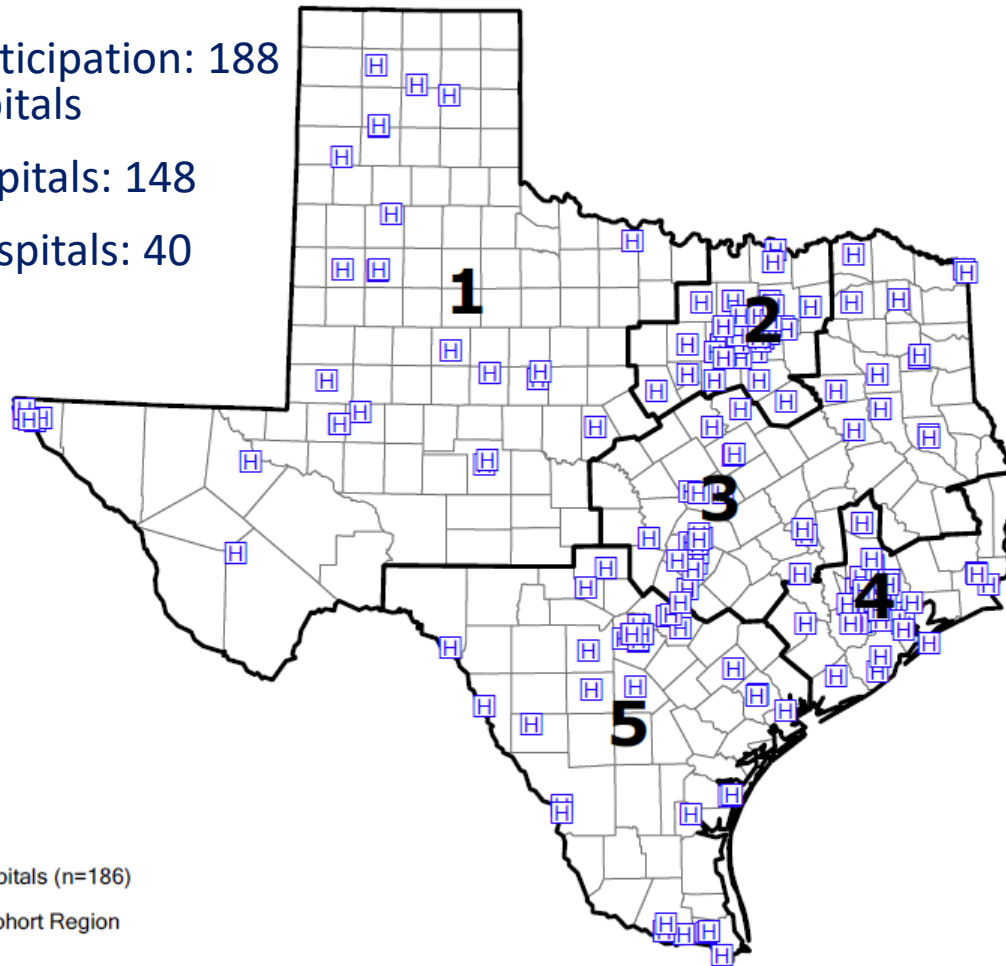
Program Data	
Potential Birthing Hospital Partners for TexasAIM	238
Confirmed Maternal Deaths, 2012-2015	382

Additional Staff Support and Resources Would Allow Texas to Maximize the Effectiveness of Maternal Safety Bundles

Total AIM Participation: 188
Birthing Hospitals

AIM Plus Hospitals: 148

AIM Basic Hospitals: 40



Legend

 Enrolled hospitals (n=186)

 TexasAIM Cohort Region

Sources:
TexasAIM Enrollment Data
Prepared by: Maternal & Child Health Epidemiology, 9/6/2018.

AIM = Alliance for Innovation on Maternal Health

Next Steps for TexasAIM

- ◆ DSHS would like to implement a bundle for hypertension, one of the leading but most preventable causes of maternal mortality.
- ◆ An opioid maternal safety bundle is now being piloted; with EI funding, full roll out could take place in 2020.
- ◆ Bundles are available for ten maternal risk factors.
- ◆ As bundles are implemented, staff efforts will shift to identification of best practices and new interventions.



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Complex Factors Contribute to Maternal Deaths and Require an Approach Beyond AIM

The Maternal Mortality and Morbidity Task Force found that, in 2012, an average of 5.2 factors contributed to the deaths of Texas mothers.

Types of factors that increase risk for mothers include:

- ◆ Individual and family factors, like underlying medical conditions, obesity, and chronic disease
- ◆ Provider factors, including delays in diagnosis, treatment, and appropriate referral
- ◆ Facility factors, such as lack of continuity of care from inpatient to outpatient settings
- ◆ System and community factors, like care coordination issues

Through care coordination, routine risk assessments, and increased public and provider awareness, these factors can be more comprehensively addressed at a patient and population level.



New Interventions Could Help Address Multifaceted Maternal Conditions

A care coordination pilot and new public awareness efforts can help address certain recommendations made by the Maternal Mortality and Morbidity Task Force.

- ◆ Increased attention to the health needs of high-risk populations, especially black women
- ◆ Enhanced screening and referral for maternal risk conditions
- ◆ Prioritization of care coordination for pregnant and postpartum women, for both physical and behavioral health
- ◆ Public awareness campaigns to promote health-enhancing behaviors
- ◆ Education for patients and families around postpartum care management



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EI 3: Increase Quality and Security of Vital Event Records

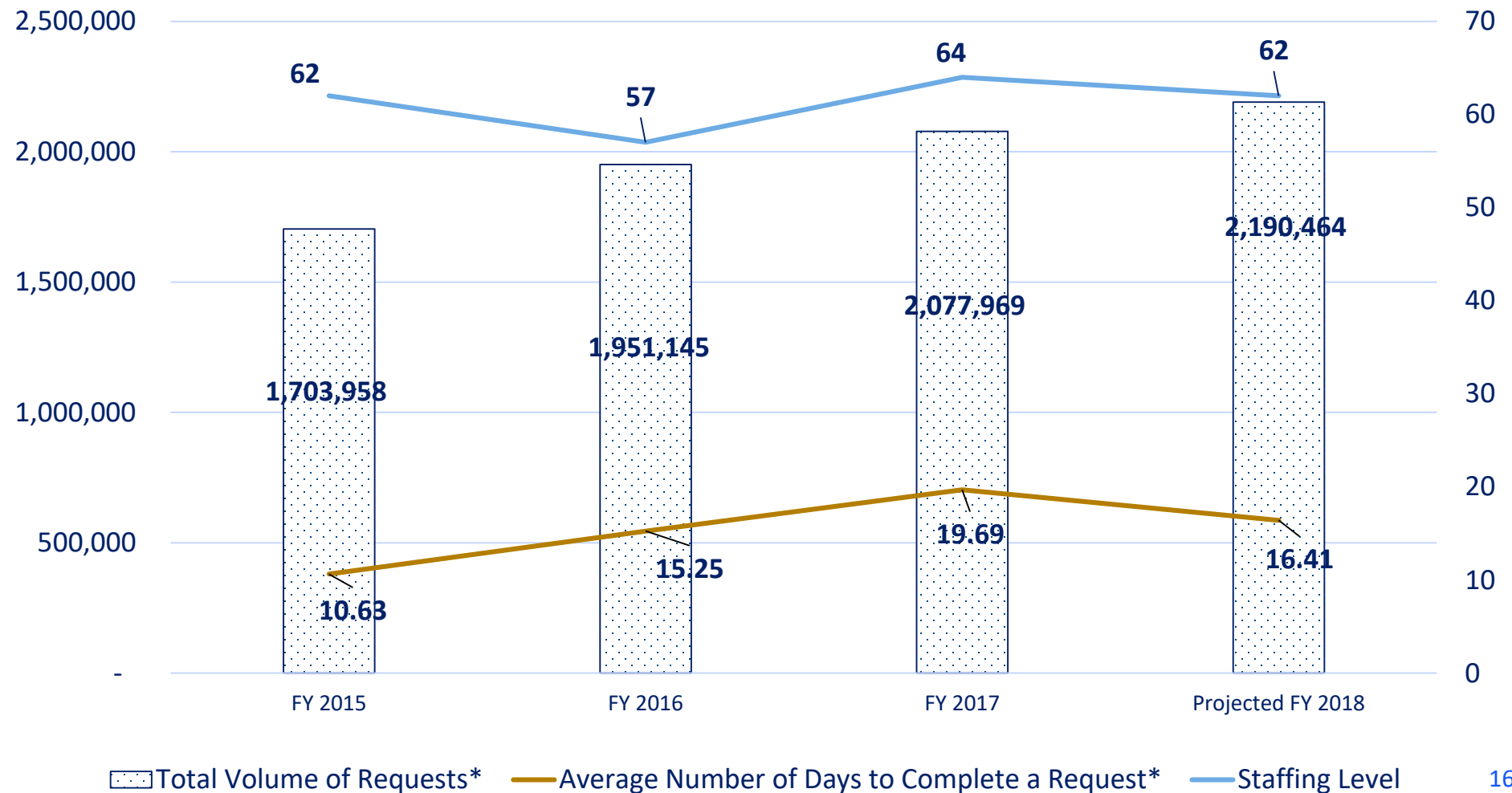
- ◆ **Address Backlogs and Improve Customer Service, \$3.04 M and 17 FTEs:** Reduce the backlog in processing vital events requests and improve responsiveness to customer needs by increasing staffing by 17 FTEs.
- ◆ **Increase Security of Vital Records, Capital Authority and 6 FTEs:** Take immediate steps to better ensure the physical security of Texas vital records through items like surveillance systems, high density shelving, appropriate fire suppression, and smoking detection. \$1.6 Million in capital budget authority is needed to implement.
- ◆ **Improve the Quality of Death Data, \$0 and 2 FTEs:** Provide training and ongoing support for medical certifiers to more accurately identify the cause of death on death certificates.

Method of Finance	FY 2020	FY 2021	Biennium
General Revenue	\$1.4 M	\$1.7 M	\$3.04 M
All Funds	\$1.4 M	\$1.7 M	\$3.04 M

FTEs	25
------	----

Program Data	
Physical Records Held by DSHS	60 Million
Annual Newly Registered Vital Events	890,000

Increasing Requests with Constant Staff Level Challenge Customer Service and Timeliness



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Modifications Will Provide Safety for Physical Records



Fixed One-Directional
Security Cameras Provide
Limited Protection Against
Theft



Adoption Paper Files Sit
Unprotected Under Water
Sprinklers



Historical Documents Have
No Security Tracking
Mechanisms on Them



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Texas Depends on a Variety of Certifier Types for Accurate Cause of Death Information

Rider 36, Death Certificate Quality Improvement

2011-2015	All Death Certificates	
<i>Certifier</i>	<i>Count</i>	<i>% of All Deaths</i>
Physician	735,127	81.0
Justice of the Peace	87,629	9.7
Medical Examiner	84,634	9.3
Total	907,390	

- ◆ Certifiers come from a variety of backgrounds, and have a range of experience with completing death certificates.
- ◆ Certifiers have indicated a need for a real-time feedback loop to help them maintain and improve death certificate data quality.
- ◆ They also indicated a need for real-time technical assistance with data entry, especially for those certifiers unfamiliar with the process.
- ◆ Two FTEs within this EI would be dedicated to continuation of steps taken by the Legislature and DSHS for higher vital events data quality.



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EI 4: Ensure Stable Staffing of Technical and Scientific Public Health Positions

- ◆ **Public Health and TCID Nurses, \$3.0 M:** Retain in-the-field public health expertise by increasing public health nurse and Texas Center for Infectious Disease nurse salary levels.
 - ◆ ~200 nurses
- ◆ **Meat Safety Inspectors, \$3.4 M:** Minimize the loss of investment in training meat safety inspectors by compensating these positions at market level.
 - ◆ ~150 inspectors
- ◆ **Finance Staff, \$2.4 M:** Protect the Department’s fiscal responsibility and compliance with state and federal requirements by compensating staff with financial expertise at midpoint.
 - ◆ ~120 staff

Method of Finance	FY 2020	FY 2021	Biennium
General Revenue	\$4.4 M	\$4.4 M	\$8.8 M
All Funds	\$4.4 M	\$4.4 M	\$8.8 M

FTEs	0
------	---

Program Data	
FTEs impacted	474
Amount of Time to Train New Staff in these Positions	6 weeks to 24 months

Technical and Scientific Staff Turnover Wastes Resources and Decreases Public Health Coverage

Public Health and TCID Nurses, 26.4% turnover rate

- ◆ Public Health Nurses act as the boots-on-the-ground for public health, including disease surveillance and control, immunizations, and emergency response
- ◆ TCID Nurses provide care for Tuberculosis inpatients and Hansen's disease patients, including the most complex and difficult-to-treat forms of TB
- ◆ 6 weeks to 5 months to train new nursing staff

Meat Safety Inspectors, 20.3% turnover rate

- ◆ Inspect every livestock animal slaughtered in Texas to ensure the meat is not diseased before it enters intrastate commerce
- ◆ 2 years until the staff can operate completely independently

Finance Staff, 21.7% turnover rate

- ◆ Manage budget and accounting for complex federal and state funding streams for multiple programs that must each comply with specific state and federal laws, regulations, and policies
- ◆ At least 6 to 9 months to train new staff



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EI 5: Bolster Public Health Capacity to Monitor and Respond to Outbreaks

- ◆ **Stability of the Electronic Disease Reporting System, \$3.5 M and 8 FTEs:** Stabilize and maintain the dependability of this critically at-risk system called NEDSS through purchase of servers and software, and system maintenance.
- ◆ **Increased Surveillance and Analysis Capacity, \$1.6 M and 7 FTEs:** Meet increasing demand to provide technical assistance to external system users, customize and improve the system for more robust disease surveillance and investigation, and coordinate support for investigation during emergencies.
- ◆ **Continuation of the Infectious Disease Response Unit, \$750 K:** Provide state support for the Infectious Disease Response Unit program, which trains and equips deployable teams of experts that can safely transport patients and assist hospitals in providing care for patients suspected or confirmed with high consequence infections like Ebola, MERS, or Marburg.

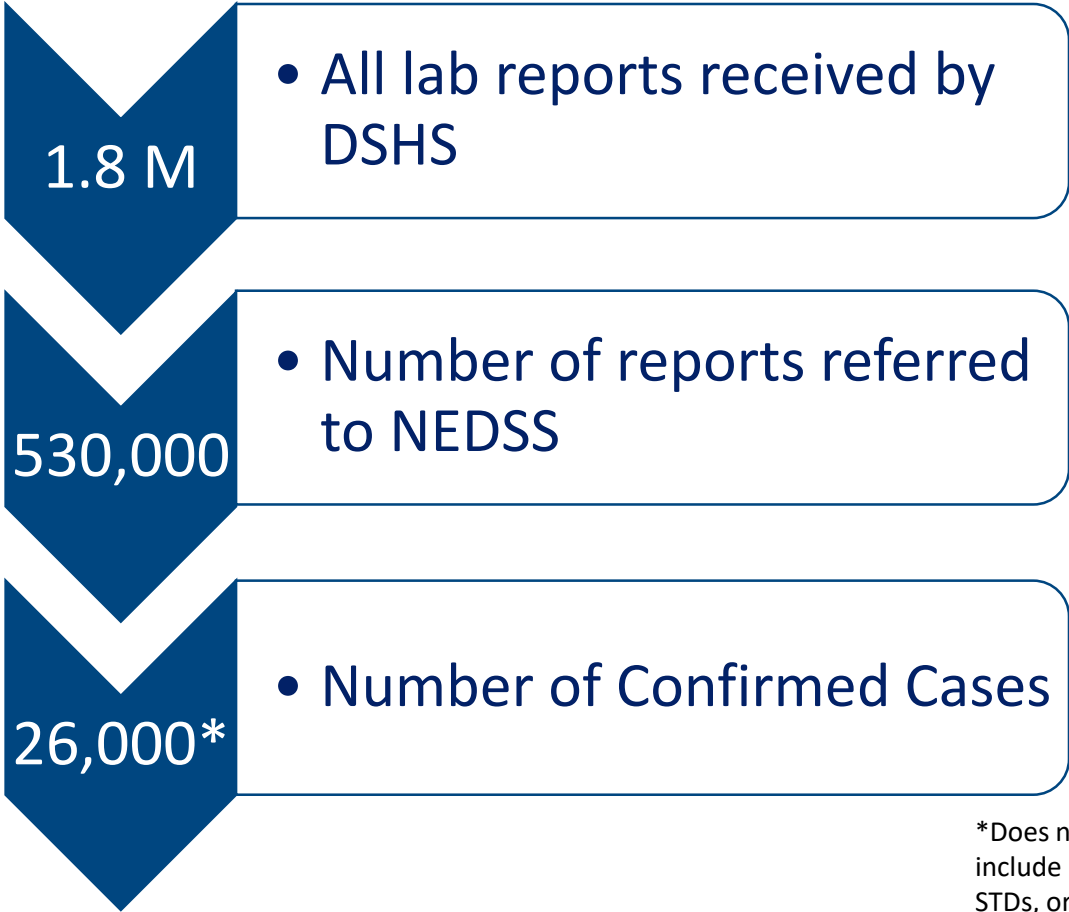
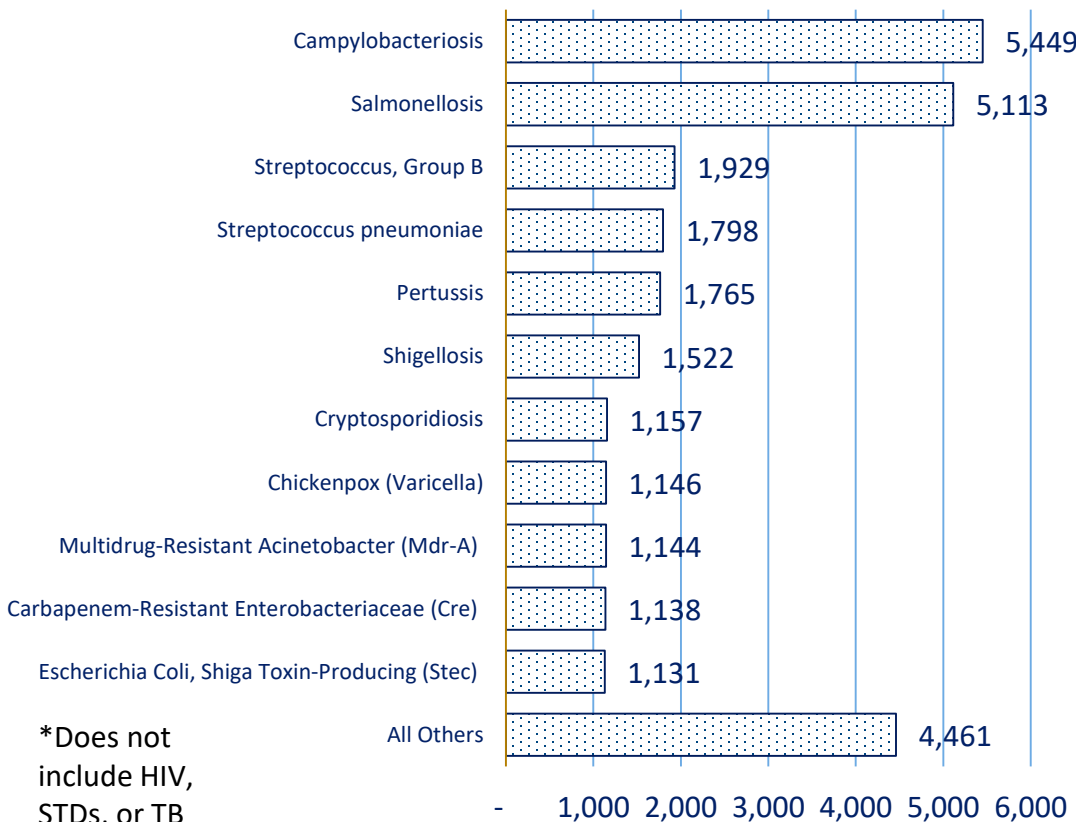
Method of Finance	FY 2020	FY 2021	Biennium
General Revenue	\$3.0 M	\$2.8 M	\$5.9 M
All Funds	\$3.0 M	\$2.8 M	\$5.9 M

FTEs	15
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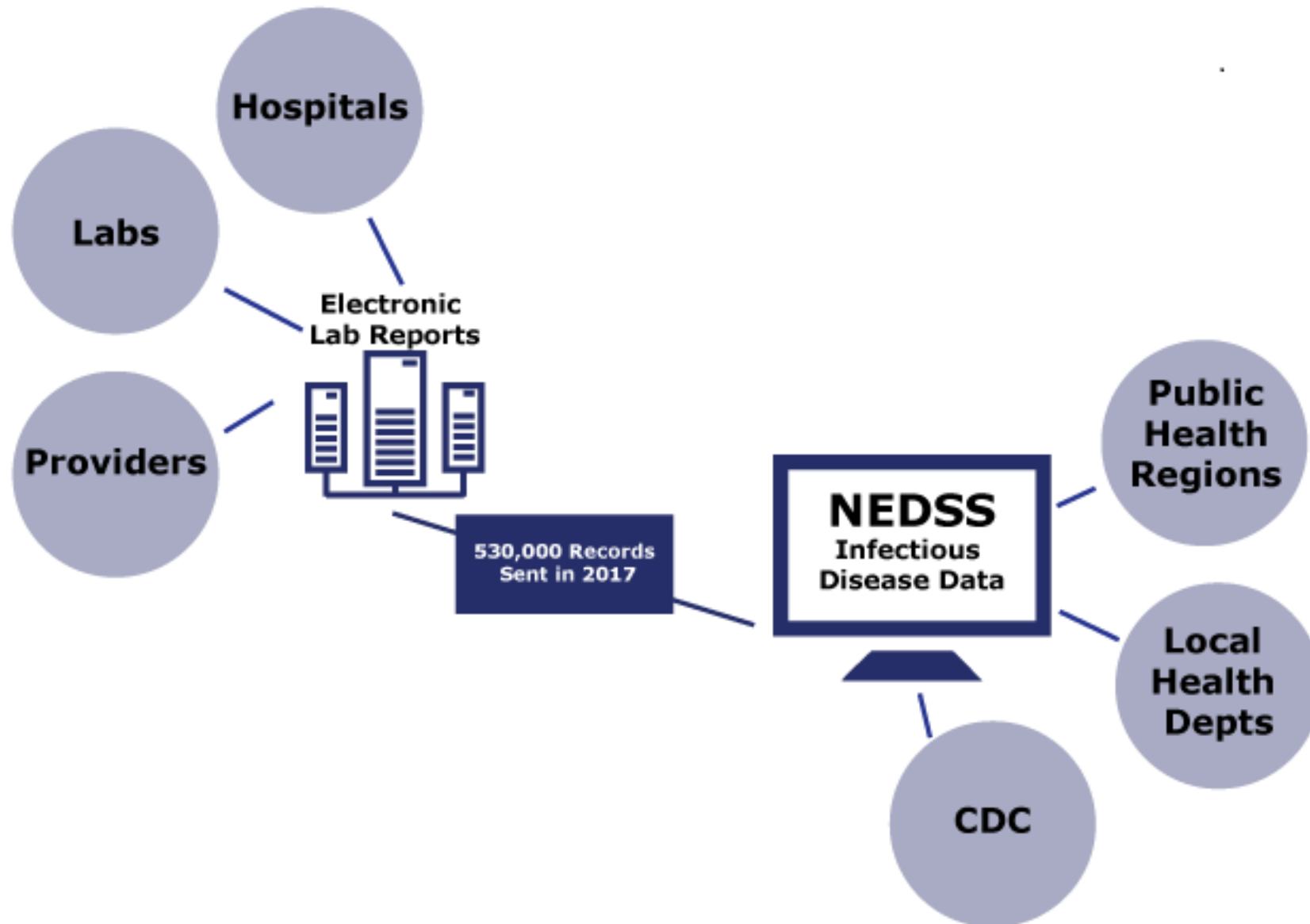
Program Data	Annual
Electronic Laboratory Records Reported to NEDSS	530,000
Infectious Disease Investigations Initiated	34,000
Confirmed and Probable Cases of Disease	26,000

Each Year, Almost Two Million Laboratory Reports are Analyzed to Pinpoint Emerging Disease Outbreaks and Risks

Confirmed Cases, Select Diseases, 2017



Electronic Disease Reporting Facilitates Seamless Communication and Initiation of Response



Infectious Disease Response Units Maintain Readiness for High Consequence Disease

The five-year federal Ebola grant is expiring on June 30, 2020. The grant included \$0.7 Million annually to maintain the IDRU program.

Without an alternate source of funding:

- ◆ Texas will lose the capability to train and exercise personnel to provide deployable surge medical support to transport and care for a patient infectious with high consequence diseases like Marburg or Ebola.
- ◆ Texas will lose the ability to store and maintain a cache of equipment and pharmaceuticals to protect medical personnel, community members, and emergency responders from exposure to infectious disease.



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EI 6: Detect and Control the Spread of Tuberculosis in Texas

- ◆ **Local Health Department Capacity for TB Response, \$9.2 M:** Support a more than 60 percent increase in state funding to local health departments for increase TB detection and response.
- ◆ **Essential Inpatient Capacity, Staffing and Tools for Responding to TB, \$16.3 M and 12 FTEs:** Provide additional DSHS capacity for TB detection, follow up activities. Maintain inpatient capacity at Texas Center for Infectious Diseases (TCID). Maximize the effectiveness of existing and new TB investigation capacity through tools like laboratory testing support, TB nurse surge capacity, medications, video direct observed therapy, and phlebotomy training.
- ◆ **TCID Renovations, \$1.8 M and 1 FTE:** Make needed repairs to TCID facilities, including repair and ongoing maintenance of the negative air pressure system, which contains the spread of airborne Tuberculosis within the facility.

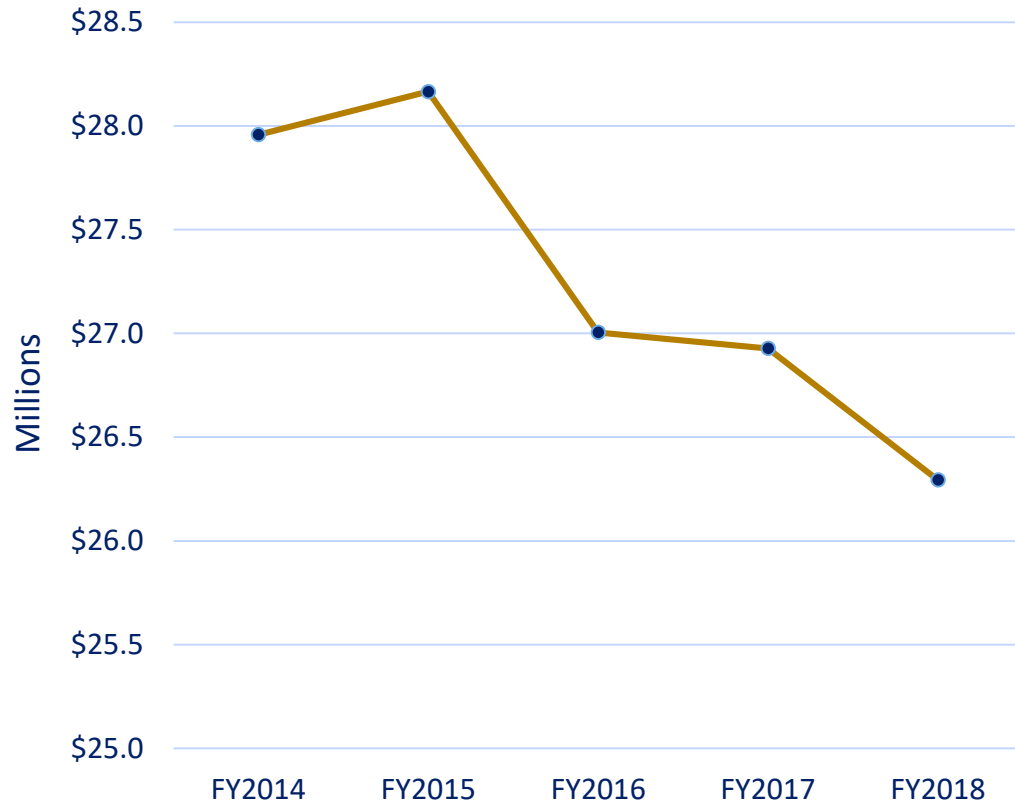
Method of Finance	FY 2020	FY 2021	Biennium
General Revenue	\$14.7 M	\$12.6 M	\$27.3 M
All Funds	\$14.7 M	\$12.6 M	\$27.3 M

FTEs	12 (13 in FY 21)
------	------------------

Program Data	Annual
TB Diagnoses, 2016	1,250
Percent of Exposed Individuals Who are Screened for TB	62%
Time Spent in Travel to Administer TB medications, Region 9/10	440 Work Days

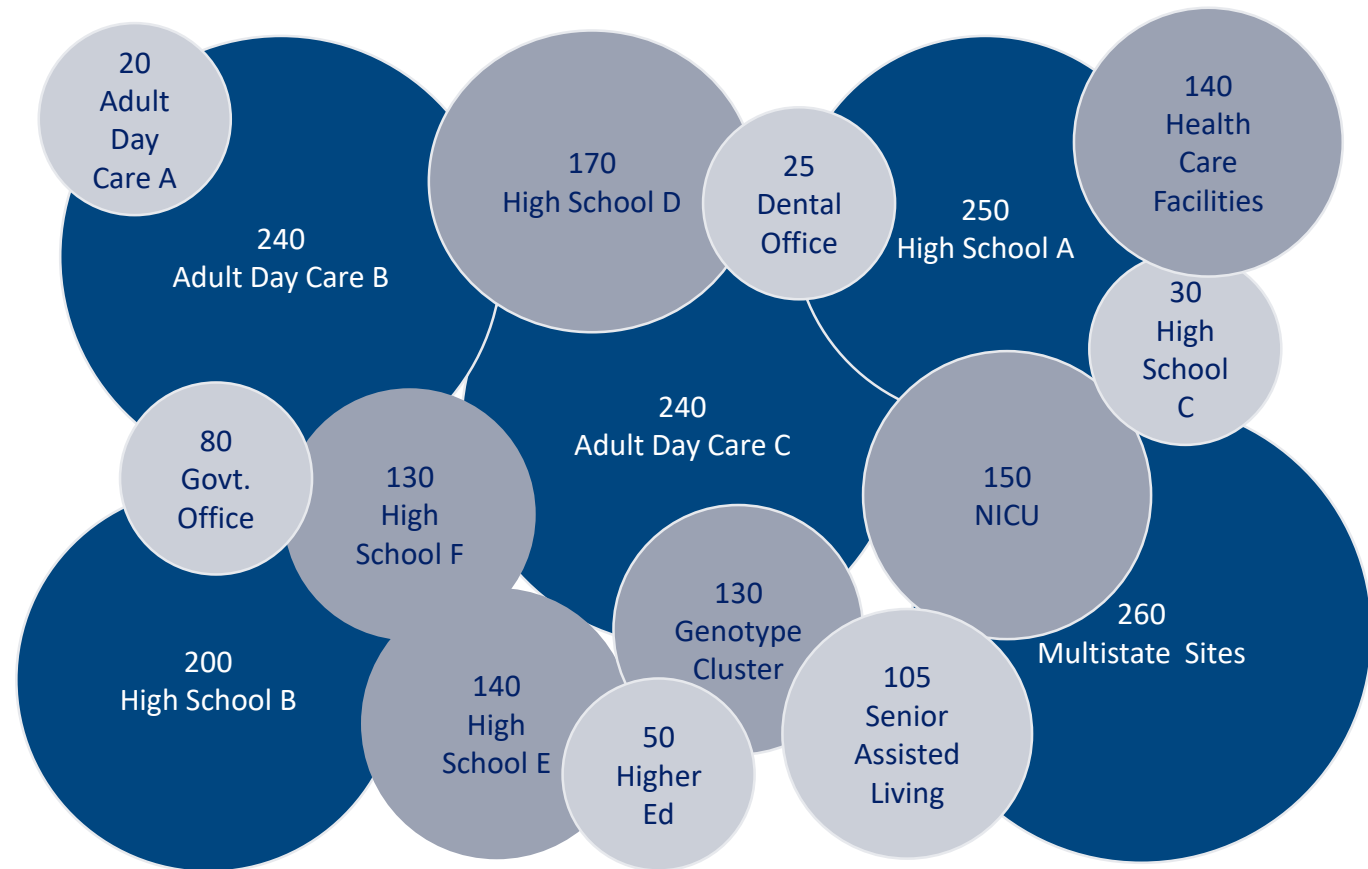
Tuberculosis Investigations Grow More Complex While Resources Decline

Tuberculosis Funding*, FY 2014-2018



*Does not include DSRIP funding

Complex Investigations with Number of Exposed Individuals, 2017-2018



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Additional Staffing and Resources Will Increase the Effectiveness of TB Investigations

In 2015, approximately 14,500 individuals were exposed to active tuberculosis in Texas.

- Of those individuals, public health only was able to screen with 62 percent of exposed individuals.
- This is due to staffing limitations and the time needed to track and engage these individuals into screening and treatment.



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Ongoing Maintenance and Renovations at TCID would Improve Safety and Operations

Negative Air Pressure System Repair and Maintenance

- ◆ This specialized system ensures that contagions from TB and Hansen's Disease patients are contained appropriately within the facility.
- ◆ The system is about eight years old, a crucial point in its life span.
- ◆ With maintenance planning, a testing regimen, and a repair schedule, the dependability of this system can be maximized.

TCID Entry Modifications

- ◆ TCID shares a campus with other facilities.
- ◆ A lack of appropriate pathway signage, and clear entries to TCID leads to confusion for campus visitors.
- ◆ Unnecessary visitor traffic poses a risk because of the nature of the diseases being treated at TCID.

SSLC Building Upgrade

- ◆ The State Supported Living Center uses a building on TCID campus for staff training.
- ◆ This building needs bathroom facilities, and finishing of internal walls.



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EI 7: Drive Public Health Decision-Making through Useful and Accessible Data

- ◆ **Technological Tools for Health Data Synthesis, \$4.0 M and 7 FTEs:** Increase data accuracy, timeliness, and comprehensiveness by purchasing server space, query tools, and a database for merging and analyzing public health data sets.
- ◆ **Tools and Consultant for User-friendliness of DSHS Public Health Data, \$500 K:** Translate public health data sets into visually meaningful and easily understandable formats and language by engaging a health communications expert for consultation.

Method of Finance	FY 2020	FY 2021	Biennium
General Revenue	\$2.8 M	\$1.7 M	\$4.5 M
All Funds	\$2.8 M	\$1.7 M	\$4.5 M

FTEs	7
------	---

Program Data	
Annual Number of Requests for Data	Thousands
Public Health Data Sets	~ 50
Annually Collected Records	Tens of Millions

DSHS Collects and Reports of a Full Array of Public Health Data per Legislative Direction

Birth

Death

Pregnancy

Infectious
Disease

Chronic
Disease

Health Care
Quality

Health Care
Facility Claims

Emergency
Medical
Services

Birth Defects

Cancer

Health
Professions

Health
Behaviors



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Four in Five Data Sets on the Texas Health Data Site are Two Years or Older

Home Health Facts Profiles Population & Demographics Birth Outcomes Causes of Death Health Registry Data Healthcare Utilization & Quality Opioids Health Risks & Preventions Healthcare Workforce & Facilities Definitions

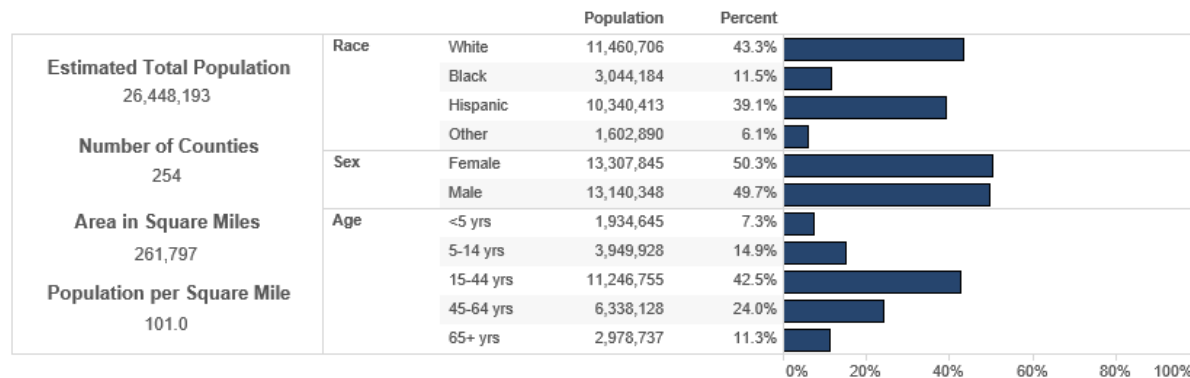
< Texas only By County By Metropolitan Statistical Area (MSA) By Border Designation (La Paz Agreement) By Public Health Region (11) By Health Service Region (8) By Metropolitan Status >

Health Facts Profiles Texas, 2013

Select Year

2013

Demography / Population



Socioeconomic Indicators

	Texas
Average Monthly TANF Recipients	89,590
Average Monthly SNAP Participation	3,550,700
Average Monthly CHIP Enrollment	593,619
Count of Medicaid Clients	
Medicaid Covered Births*	Not currently available
Medicaid Births %*	
Unemployment Rate	6.2%
Per Capita Income	\$43,862

Count Percent

Births (Natality)

	Count	Percent
Total Live Births	387,110	
Adolescent Mothers (<18)	12,245	3.2%
Unmarried Mothers	164,249	42.4%
Low Birth Weight	32,175	8.3%
Prenatal Care in First Trimester	229,352	62.5%
	Rate	
Fertility Rate	69.8	

Communicable Diseases - Reported Cases

Deaths (Mortality)

	Deaths	Rate
Deaths from All Causes	178,501	749.2
Accidents	9,341	36.8
Motor Vehicle	3,511	13.4
Alzheimer's	5,284	24.4
Assault (Homicide)	1,361	5.1
Cancer (All)	38,289	156.1
Breast Cancer (Female)	2,744	20.1
Colon Cancer	3,593	14.6
Lung Cancer	9,416	38.4
Prostate Cancer	1,762	18.7
Cerebrovascular Dis. (Stroke)	9,238	40.1



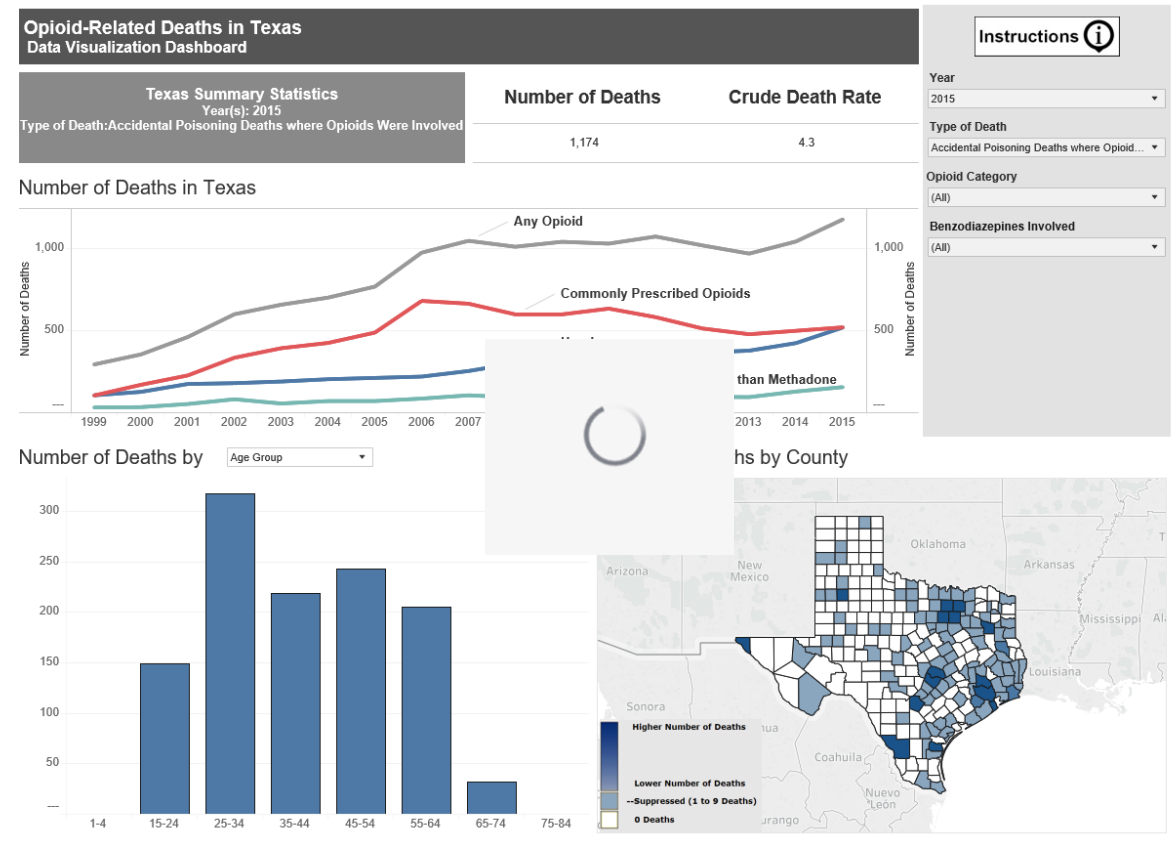
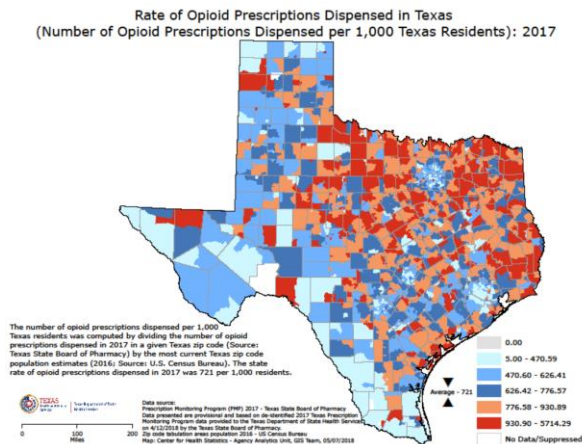
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Limited Server Space Results in Slow Data Processing and Long Loading Times For Users

For a set of four maps:

- ◆ Three computers solely devoted to data processing
- ◆ Four staff dedicated to the effort
- ◆ Three days, with the computers processing 24 hours a day



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EI 8: One-Time Disaster Preparedness Funding for Rapid Response

- ◆ **Shelter and Staging for High Cost Emergency Response Vehicles, \$980 K:**
Provide one staging location for medical emergency response vehicles, command and control, and specialized trailers to allow faster deployment and to protect high-cost emergency vehicle assets.

Method of Finance	FY 2018	FY 2019	Biennium
General Revenue	\$980 K	-	\$980 K
All Funds	\$980 K	-	\$980 K

FTEs	0
------	---

Program Data	
Emergency Response Assets	26
Size of Proposed Deployment Area	30,000 square feet

High Cost Emergency Assets are Scattered and Unprotected

- ◆ 26 emergency response vehicles, command and control, and specialized trailers across the San Antonio area
 - ◆ Future availability of these locations is uncertain; TCID grounds could be used to securely store them.
 - ◆ This slows down the ability of public health emergency responders to stage vehicles for deployment.
- ◆ These assets are unprotected from the environment, which results in shorter duration between tire changes, damage to exterior, and significantly shorter life of supplies and equipment inside the trailers.
- ◆ Having the vehicles in one location, with protective covering and access to electricity and water, would maintain the investment in these assets and allow more timely deployment in critical situations.



**Special Provisions Relating to All Health and Human Services Agencies
Summary of Recommendations - House**

Page II-133
Liz Prado, Manager

Sec. Modification of Existing Riders (new section number)

4. **Federal Match Assumptions and Limitations on Use of Available General Revenue.** Recommendations align provision with Federal Medical Assistance Percentage (FMAP), Enhanced FMAP (EFMAP), and value of enhanced matches assumed for the 2020-21 biennium. Obsolete program references are removed.
6. **Limitations on Transfer Authority.** Recommendations limit transfers between HHSC and DSHS, and clarify that the Executive Commissioner of HHSC may only initiate transfers under this provision between HHSC and DSHS, not within an agency.
7. **Medicaid Informational Rider.** Recommendations update provision with funding recommendations for the 2020-21 biennium.
8. **Caseload and Expenditure Reporting Requirements.** Recommendations clarify the types of reports HHSC should submit to the LBB and Governor's Office relating to projected caseloads and required expenditure amounts. Recommendations also remove unnecessary restrictions relating to the reporting requirements.
12. **Professional Trainees and Interns.** Recommendations add language to clarify certain positions listed in the provision are exempt from Article IX, Sec. 2.01, Position Classification Plan.
14. **Rate Limitations and Reporting Requirements.** Recommendations clarify that requirements only apply to HHSC and DSHS. Recommendations allow new or increased rates for orphan drugs expected to have minimal fiscal impacts to be included in quarterly notifications. Recommendations remove the requirement that rate changes require separate notification or approval be included in quarterly notifications.
15. **Locality Pay.** Recommendations update references to include all health and human services agencies and continue authority provided in previous biennia to pay a salary supplement to certain employees.
16. **Limitation: Expenditure and Transfer of Public Health Medicaid Reimbursements.** Recommendations update strategy allocations and identify new DSHS strategies where recommendations include Public Health Medicaid Reimbursements Account No. 709 for the 2020-21 biennium. The amount assumed has also been reduced from the 2018-19 level.
17. **Use of Trauma Fund Receipts.** Recommendations modify provision to reflect funding recommendations for the 2020-21 biennium.
22. **Revolving Petty Cash Fund.** Recommendations align provision with correct program reference.
23. **Surplus Property.** Recommendation updates reference to the exempted Article IX provision.
28. **Transfers of Appropriation – State Owned Hospitals.** Recommendations update funding for the 2020-21 biennium.

Sec. Riders Deleted from Special Provisions but Moved to Agency Bill Patterns (original section number)

- 15. **Transfer Authority Related to the Texas Home Living Waiver.** Recommendations delete provision and move to HHSC's bill pattern since content of provision applies only to HHSC. (See HHSC Rider 108).
- 20. **Health Insurance Providers Fee.** Recommendations delete provision and move requirement to HHSC because the direction applies only to HHSC. (See HHSC Rider 21).

Sec. New Riders

- 30. **Appropriation of Local Funds.** Recommendations transfer identical requirements at all HHS agencies into a new provision continuing the unexpended balance authority for certain funds provided in previous biennia.
- 31. **Reporting of Child Abuse.** Recommendations transfer identical requirements at the Department of State Health Services and the Health and Human Services Commission into a new provision, applicable to all HHS agencies, continuing the limitation of providing and distributing appropriated funds only to recipients who show good faith efforts to comply with child abuse guidelines and requirements.
- 32. **Foster Care Rate Methodology.** Recommendations add new provision to require the Health and Human Services Commission to consult with the Department of Family and Protective Services to review and evaluate the foster care rate methodology.

Sec. Deleted Riders (original section number)

- 13. **Limitation on Unexpended Balances: General Revenue for Medicaid.** Recommendations delete rider because it is duplicative with Article IX, Section 14.05 – Unexpended Balance Authority Between Fiscal Years within the Same Biennium and other riders within the HHSC's bill pattern.
- 16. **HHS Office Consolidation and Co-location.** Recommendations delete provision because this is existing agency practice.
- 18. **Early Elective Deliveries.** Recommendations delete one-time reporting requirement.
- 23. **Waiver Program Cost Limits.** Recommendations delete provision because the limitations fall under agency rulemaking authority and the agency was directed to incorporate the limitations into the Texas Administrative Code during the 2018-19 biennium.
- 24. **Nurse Home Visiting Programs.** Recommendations delete provision as it refers to actions specific to the 2018-19 biennium.
- 25. **Review and Report: Health and Human Services System and Managed Care.** Recommendations delete provision for one-time reporting requirement.
- 26. **Administrative Savings in the Health and Human Services System.** Recommendations delete provision for one-time reporting requirement.
- 27. **Medicaid and Medicare Collections.** Recommendations delete provision because it is duplicative of existing agency practice and requirements to maximize the use of federal funding.

40. **Transfer Authority Related to Health and Human Services Consolidation.** Recommendations delete provision related to transfers of full-time equivalents to further support consolidation of administration services, which was completed in fiscal year 2018 and incorporated into 2020-21 recommendations.
41. **Office of the Ombudsman.** Recommendations delete provision because it is duplicative of the Health and Human Services practice within the Office of the Ombudsman.