

4.A. Exceptional Item Request Schedule

84th Regular Session Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **529** Agency Name: **Health and Human Services Commission**

Item Name: Maintain Cost Trends for Medicaid Current Services

Item Priority: 1

Includes Funding for the Following Strategy or Strategies:

| | |
|----------|---|
| 02-01-01 | Aged and Medicare-Related Eligibility Group |
| 02-01-02 | Disability-Related Eligibility Group |
| 02-01-03 | Pregnant Women Eligibility Group |
| 02-01-04 | Other Adults Eligibility Group |
| 02-01-05 | Children Eligibility Group |
| 02-02-01 | Non-Full Benefit Payments |
| 02-02-02 | Medicaid Prescription Drugs |
| 02-02-03 | Medical Transportation |
| 02-02-04 | Health Steps (EPSDT) Dental |
| 02-02-05 | For Clients Dually Eligible for Medicare and Medicaid |

OBJECTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|---------------------------------|------------------------|------------------------|
| 3001 CLIENT SERVICES | 1,147,154,505 | 2,231,198,806 |
| TOTAL, OBJECT OF EXPENSE | \$1,147,154,505 | \$2,231,198,806 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|--|-------------|---------------|
| 555 Federal Funds 93.767.778 CHIP for Medicaid (EFMAP) | 2,906,903 | 7,504,612 |
| 555 Federal Funds 93.778.000 XIX FMAP | 661,327,316 | 1,278,936,177 |
| 555 Federal Funds 93.778.003 XIX 50% | 258,062 | 540,801 |
| 555 Federal Funds 93.778.005 XIX FMAP @ 90% | 6,964,971 | 10,615,710 |
| 555 Federal Funds 93.778.007 XIX ADM @ 10 | 2,426,606 | 6,439,370 |
| 555 Federal Funds 93.778.009 SHARS | 8,764,776 | 17,967,792 |

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| | | |
|--|------------------------|------------------------|
| 706 Vendor Drug Rebates - Medicaid | 34,549,500 | 73,997,403 |
| 758 GR Match for Medicaid | 426,280,923 | 816,098,963 |
| 8081 Vendor Drug Rebates - Sup Rebates | 3,675,445 | 7,603,919 |
| 8092 Medicare Giveback Provision | 0 | 11,494,059 |
| TOTAL, METHOD OF FINANCING | \$1,147,154,505 | \$2,231,198,806 |

DESCRIPTION/JUSTIFICATION:

Although the baseline request for Medicaid may include amounts sufficient for projected caseload growth and maintaining projected FY 2015 average costs, other elements of cost such as rate increases, cost inflation, utilization and acuity must be requested as an exceptional item. This request represents the incremental costs in FY 2016-17 over the FY 2015 levels for this entitlement program. The Federal Medical Assistance Percentage (FMAP) rates of 57.30 percent of FY 2016 and 57.23 percent for FY 2017 are assumed. The Enhanced FMAP rates of 91.19 percent for FY 2016 and 93.06 percent for FY 2017 are assumed for children previously served in CHIP at or below 133% FPL that moved to Medicaid starting in January 2014 as well as qualified aliens.

Overall, the Medicaid cost growth trend is 6.8 percent for fiscal year 2016 over fiscal year 2015, and is 4.2 percent for fiscal year 2017 over fiscal year 2016, an average of 5.5 percent per year. These cost trends include cost growth attributed to new long term services and supports costs to HHSC that are not (fully) in the fiscal year 2015 costs: STAR+PLUS nursing facility costs are only present in 6 months of fiscal year 2015, but are in all twelve months of 2016 and 2017. Additionally, costs from the medically Dependent Children Program are assumed to transfer to HHSC upon the implementation of the new STAR Kids program in fiscal year 2017. These costs remain at DADS prior to September 1, 2016.

The cost growth above the FY 2015 levels for the Health Insurance Issuer Fee and resulting Federal Income Tax impact is included (\$115.8 million GR and \$281.3 million All Funds).

Finally, hospitals may make presumptive eligibility determinations for children, pregnant women, parents and caretaker relatives, former foster care children, and individuals with breast or cervical cancer beginning January 2015. This request includes the increased costs above FY 2015 levels for TANF-level adults.

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EXTERNAL/INTERNAL FACTORS:

Some cost elements of Medicaid are not controlled by the state. For example, the federal matching rate and Medicare related payments are set by the federal government. Federal regulations can increase state costs. In addition, some medical cost increases can be attributed to changes in medical technology, the adoption of new procedures and drugs, and changes in medical practice.

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Item Name: Maintain Cost Trends for CHIP Current Services

Item Priority: 2

Includes Funding for the Following Strategy or Strategies:

| | |
|----------|--|
| 03-01-01 | Children's Health Insurance Program (CHIP) |
| 03-01-02 | CHIP Perinatal Services |
| 03-01-03 | CHIP PRESCRIPTION DRUGS |

OBJECTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|---------------------------------|---------------------|---------------------|
| 3001 CLIENT SERVICES | 31,247,076 | 65,424,064 |
| TOTAL, OBJECT OF EXPENSE | \$31,247,076 | \$65,424,064 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|-----------------------------------|---------------------|---------------------|
| 555 Federal Funds 93.767.000 CHIP | 28,494,209 | 60,883,634 |
| 8010 GR Match for Title XXI | 2,669,374 | 4,452,982 |
| 8070 Vendor Drug Rebates - CHIP | 53,493 | 87,448 |
| TOTAL, METHOD OF FINANCING | \$31,247,076 | \$65,424,064 |

DESCRIPTION/JUSTIFICATION:

Although the baseline request for CHIP may include amounts sufficient for projected caseload growth and maintaining projected FY 2015 average costs, rate increases, cost inflation, utilization and acuity must be requested as an exceptional item. This request represents the incremental costs in FY 2016-17 over the FY 2015 levels for this entitlement program. The Enhanced Federal Medical Assistance Percentage (EFMAP) rates of 91.19 percent for FY 2016 and 93.06 percent for FY 2017 are assumed.

Traditional CHIP recipient month premiums are assumed to grow at 3.9 percent each year in FY 2016 and 2017. This exceptional item only represents CHIP cost growth. Total CHIP vendor drug cost growth is 3.8 percent each year, and CHIP perinatal costs grow at just 2 percent a year. Cost growth in the CHIP perinatal program accounts for 16 percent of this exceptional item.

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Although the costs for the Health Insurance Issuer Fee and resulting Federal Income Tax impact are estimated to be higher than the 2015 levels, there is no exceptional item for this increase as the general revenue portion is lower than the 2015 assumed in the base due to the new EFMAP rates effective October 2015.

EXTERNAL/INTERNAL FACTORS:

Certain cost elements of CHIP are not controlled by the state. For example, the federal match rate is set by the federal government. Federal regulations can increase state costs. In addition, some medical cost increases can be attributed to changes in medical technology, the adoption of new procedures and drugs, and changes in medical practice.

The Patient Protection and Affordable Care Act, enacted in March 2010, extended the authorization of the federal CHIP program for an additional two years, through September 30, 2015. The laws require states to maintain current income eligibility levels for CHIP through September 30, 2019. States are prohibited from implementing eligibility standards, methodologies or procedures that are more restrictive than those in place as of March 23, 2010. Beginning on October 1, 2015 the CHIP enhanced federal matching rate for states will increase by 23 percentage points, contingent upon reauthorization of the federal CHIP program.

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- Higher facility rental costs being experienced in the Austin commercial real estate market
- Capital improvements, including replacing worn and broken furniture and equipment
- Overhead and general and administrative (G&A) factors applied to direct costs

HHSC will continue to contract with the former vendor for Pharmacy claims/Rebate Administrator and paper document intake, imaging, and unique claim form identification for all documents sent to the claims administrator.

EXTERNAL/INTERNAL FACTORS:

A competitive major procurement process requires significant time for planning, review, state and federal approval, and implementation. The State alleged fraud committed by the previous vendor, resulting in litigation under the Texas Medicaid Fraud Prevention Act. A rapid, seamless transition to avoid disrupting services under the Medicaid program required an expedited agreement with an experienced vendor to operate the claims administrator function.

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Item Name: Maintain Funding for Data Center Services (HHS)

Item Priority: 4

Includes Funding for the Following Strategy or Strategies: 01-02-01 Consolidated System Support

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|-------------------------------------|--------------------|---------------------|
| 2001 PROFESSIONAL FEES AND SERVICES | 7,369,395 | 11,350,438 |
| TOTAL, OBJECT OF EXPENSE | \$7,369,395 | \$11,350,438 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|--|--------------------|---------------------|
| 1 General Revenue Fund | 6,680,543 | 8,957,991 |
| 555 Federal Funds 00.000.001 Comptroller Miscellaneous Claims Federal Fund Payment | 685,015 | 2,380,871 |
| 777 Interagency Contracts | 3,837 | 11,576 |
| TOTAL, METHOD OF FINANCING | \$7,369,395 | \$11,350,438 |

DESCIRPTION/JUSTIFICATION:

HHS agencies are participants in the State's consolidated data center services contract. The agreement includes management of services in 31 legacy data centers, consolidation of these services to the Austin and San Angelo Data Centers, and ongoing operations.

In response to various performance and financial issues surrounding the contract, DIR restructured the contract in FY 13, with rate structures significantly different from prior years. Levels of server monitoring, charges for tape storage, changes in disaster recovery models and charges have all led to increases in billings. Ongoing transformations from legacy data centers to the consolidated data center have changed cost projections as well.

This exceptional item includes funding to support projected DCS needs for the 2016-17 biennium, preparation of current applications and environments for data center services transformation by upgrading applications and refreshing technology platforms, and meeting requirements for disaster recovery functionality.

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This funding request includes costs for each agency as follows:

- HHS [\$0.6 million GR / \$0.8 million All Funds]
- DADS [\$2.6 million GR / \$5.2 million All Funds]
- DFPS [\$3.2 million GR / \$3.5 million All Funds]
- DSHS [\$4.1 million GR and All Funds]
- DARS [\$5.1 million GR and All Funds]

EXTERNAL/INTERNAL FACTORS:

Staying current with the DCS requirements and providing sufficient funding for agencies to pay for those services allows HHS agencies to take advantage of technology advancements in infrastructure and comply with state requirements for using the state's Consolidated Data Centers.

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monitoring, provider referrals, and utilization review of both Medicaid fee-for-service claims and Medicaid encounter data. MFADS uses targeted queries on procedure or diagnosis codes and billing practices to investigate potential fraud, abuse, and identify inappropriately paid claims. The current contract terminates August 31, 2015. Funding would support the cost increase for a 3 year extension and mandatory enhancements in order for the services to be continued. Enhancements provided during this extension period will include a new case tracker and online inquiry.

The current location for OIG provides approximating 54,000 square feet of usable space. This lease, which has been in place since October 1, 2004, expires March 29, 2015. Working with TFC, HHSC has sought to meet the ongoing demands for space for OIG employees. As OIG responsibilities and staffing have increased, so too has the need for additional work space. During recent years, HHSC has used temporary space for employees in numerous other leased facilities in the Austin area. Funding would support Annualization of the increased lease costs for the 2016-17 biennium.

Although caseload growth for entitlement programs is allowed in the baseline request for FY 2016-17, the contracted eligibility determination support services, which are based on fixed and variable pricing associated with caseload growth, must be requested as an exceptional item. Funding is requested to maintain the enrollment broker contract increases that exceed the 2106-17 baseline request.

EXTERNAL/INTERNAL FACTORS:

The improvements in MFADS are anticipated to increase the detection of erroneous and overpayment billings which, in turn may result in increased cost recoveries. The current application being used is no longer supported by the vendor so this change is critical. Additionally, the current online inquiry and case management tool is not compatible with the software and must be updated.

The Austin rental market has become increasingly competitive over the last several years resulting in escalated square footage pricing for lease space. This new lease, with approximately 102,000 square feet of usable space, is projected to house more than 400 OIG employees in one centralized site and meet their operational needs for years to come.

Contractors leverage HHSC's current investments in technology and support best practices and improved business processes that result in efficient an defective utilization of the state's eligibility determination staff and enrollment of clients, as well as support for improved

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accuracy, timeliness, and customer service. Other impacts include caseload growth and laws and standards for benefit issuance, including federal standards that determine imposition and financial penalties.

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Agency Code: **529** Agency Name: **Health and Human Services Commission**

Item Name: Maintain HHSC Vehicle Fleet to Support Program Operations

Item Priority: 6

Includes Funding for the Following Strategy or Strategies: 01-02-01 Consolidated System Support

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|---------------------------|-----------|-----------|
| 5000 CAPITAL EXPENDITURES | 637,457 | 289,523 |
| TOTAL, OBJECT OF EXPENSE | \$637,457 | \$289,523 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|----------------------------|-----------|-----------|
| 1 General Revenue Fund | 637,457 | 289,523 |
| TOTAL, METHOD OF FINANCING | \$637,457 | \$289,523 |

DESCRIPTION/JUSTIFICATION:

There are still several HHSC vehicles currently meeting or exceeding established agency replacement criteria. If they are not replaced, certain services and jobs performed through the use of these vehicles may be adversely affected as they tend to breakdown or are in the shop for maintenance more often.

The current HHSC fleet includes a total of 83 vehicles used within Regional Administrative Services (RAS), Facilities Management, the Enterprise Fleet Management Office, Enterprise Mail Services, and the Office of the Inspector General (OIG). HHSC vehicles are used to perform food and supply deliveries, fraud investigations, regulatory inspections, and other services provided across the HHS enterprise such as consolidated mail delivery.

Additional funding of \$0.9 million general revenue would allow the replacement of 22 vehicles within Regional Administrative Services, Facilities Management, and the vehicle pool managed by the Enterprise Fleet Management Office. HHSC was appropriated \$1.1 million general revenue in the 2014-15 biennium which supported the replacement of 36 vehicles.

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EXTERNAL/INTERNAL FACTORS:

As vehicles breakdown or become unusable, programs must rent or lease vehicles to fulfill obligations and daily tasks, with no guarantee that the specific size and type of vehicle needed would be available when needed. Maintenance and repair costs on older vehicles are typically much more costly than maintenance and repairs on newer vehicles. Furthermore, new vehicles would ensure that required services continue uninterrupted.

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Agency Code: **529** Agency Name: **Health and Human Services Commission**

Item Name: Regional Laundry - Replacement of Equipment and Trailer

Item Priority: 7

Includes Funding for the Following Strategy or Strategies: 01-02-01 Consolidated System Support

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|---------------------------|-------------|-----------|
| 5000 CAPITAL EXPENDITURES | 2,290,436 | 0 |
| TOTAL, OBJECT OF EXPENSE | \$2,290,436 | \$0 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|----------------------------|-------------|-----------|
| 1 General Revenue Fund | 2,290,436 | 0 |
| TOTAL, METHOD OF FINANCING | \$2,290,436 | \$0 |

DESCRIPTION/JUSTIFICATION:

This request maintains the replacement schedule for regional laundry facility equipment and related trailers to support the State Supported Living Centers (DADS) and the State Mental Health Hospitals (DSHS).

In 2005, SSLCs and state MH hospitals consolidated 13 individual laundry facilities to 5 regional facilities. Although a significant amount of equipment was replaced as part of the Energy Savings Performance Initiative through the State Energy Conservation Office (SECO) and with 2014-15 funding, a 10 year replacement plan was established to ensure the replacement of equipment on a regular industry standard schedule. Additionally trailers are required to transport soiled linens and clothing and replace them with fresh, clean laundry. Clean clothing, towels, bed linens, and blankets are daily essentials that play a pivotal role in ensuring that the individuals dependent on these facilities receive appropriate care. The laundry request totals \$2.3 million GR and All Funds.

EXTERNAL/INTERNAL FACTORS:

By following the replacement schedule for laundry equipment, failures will be held to a minimum. Down-time for equipment failures is problematic for regional laundries as they attempt to meet the tight time schedules for processing patients' and individuals' laundry for their customer facilities.

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Agency Code: **529** Agency Name: **Health and Human Services Commission**

Item Name: Maintain Defense on Children's Litigation

Item Priority: 8

Includes Funding for the Following Strategy or Strategies: 01-01-01 Enterprise Oversight and Policy

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|-------------------------------------|-----------|-----------|
| 2001 PROFESSIONAL FEES AND SERVICES | 0 | 0 |
| TOTAL, OBJECT OF EXPENSE | \$0 | \$0 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|----------------------------|-----------|-----------|
| 1 General Revenue Fund | 0 | 0 |
| TOTAL, METHOD OF FINANCING | \$0 | \$0 |

DESCRIPTION/JUSTIFICATION:

During the 2014-15 biennium, the Health and Human Services Commission was appropriated approximately \$4.0 million general revenue to effectively support the legal defense of the state agencies and officials named in related to the defense of the lawsuit styled M.D., et al. Rick Perry, Kyle Janek, and John Specia, U.S. District Court, Southern District of Texas, Civil Action No. 2: 11cv00084.

The class action lawsuit is currently pending in federal court against the Governor, the Health and Human Services Commission (HHSC), and the Department of Family and Protective Services (DFPS). This exceptional item is a placeholder as we anticipate additional costs to continue to support the legal defense in this case during the 2016-17 biennium.

EXTERNAL/INTERNAL FACTORS:

The length of the litigation, including the trial and all appeals, and potential expenses related to the defense of the Governor and the agencies are unknown at this time.

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Agency Code: **529** Agency Name: **Health and Human Services Commission**

Item Name: Increase Capacity of Existing Family Violence Providers

Item Priority: 9

Includes Funding for the Following Strategy or Strategies: 04-02-01 Family Violence Services

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|---------------------------------|--------------------|--------------------|
| 4000 GRANTS | 1,500,000 | 1,500,000 |
| TOTAL, OBJECT OF EXPENSE | \$1,500,000 | \$1,500,000 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|-----------------------------------|--------------------|--------------------|
| 1 General Revenue Fund | 1,500,000 | 1,500,000 |
| TOTAL, METHOD OF FINANCING | \$1,500,000 | \$1,500,000 |

DESCRIPTION/JUSTIFICATION:

Funding would be allocated to existing Family Violence providers to serve more clients, address unmet need, and reach underserved areas. In FY 2013, HHSC family violence contractors served 75,870 individuals, but were unable to serve an additional 11,485 individuals due to lack of capacity. Providers funded from this exceptional item would meet all or a combination of these objectives:

- Expand services for underserved areas and populations as identified by the state plan,
- Provide additional services dedicated to address complex survivor needs, such as legal services and economic stability, to support efforts for clients to become self-sufficient and
- Participate in systemic statewide change such as establishing a Fatality Review Board or enhancing capacity for prevention efforts.

Exceptional item funding would be awarded to current contractors with successful HHSC contract performance, and a documented strategy to address unmet needs in their community.

EXTERNAL/INTERNAL FACTORS:

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The primary external factor that impacts this request is population growth and the changing demographics of the population served by the Family Violence Program. Victims that present for services at the family violence shelters and nonresidential facilities are bringing increasingly complex issues that typically require additional resources or time to address. Examples include custody and other legal issues, severe economic concerns, and mental health and substance abuse issues.

Stakeholder, including the service providers and victims of family violence, have indicated a need for resources that can address the increasingly complex and challenging issues facing victims. While shelter and nonresidential staff have the skills and training to address many situations, some clients present with issues that require specialized expertise.

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Agency Code: **529** Agency Name: **Health and Human Services Commission**

Item Name: Implement Enhanced Asset Verification System (AVS) for Certain Populations

Item Priority: 10

Includes Funding for the Following Strategy or Strategies: 01-01-02 Integrated Eligibility and Enrollment (IEE)

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|-------------------------------------|-----------|-----------|
| 2001 PROFESSIONAL FEES AND SERVICES | 880,720 | 880,720 |
| TOTAL, OBJECT OF EXPENSE | \$880,720 | \$880,720 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|--------------------------------------|-----------|-----------|
| 555 Federal Funds 93.778.003 XIX 50% | 44,360 | 44,360 |
| 758 GR Match for Medicaid | 44,360 | 44,360 |
| TOTAL, METHOD OF FINANCING | \$880,720 | \$880,720 |

DESCRIPTION/JUSTIFICATION:

Funding would implement the federally required Asset Verification System (AVS). States are required to implement a system to verify the assets of Medicaid applicants and recipients that are aged, blind or disabled. In Texas, these programs fall under the Medicaid for the Elderly and people with Disabilities program (MEPD). MEPD programs represent around 25 percent of the total Texas Medicaid population, but comprise more than 55 percent of the total costs. The AVS system provides the state with independent verification of data from financial institutions, preventing waste, fraud and abuse due to non-disclosure of assets or misunderstanding of asset polices.

Funding will be used to cover the processing and transaction fees associated with the new verification system. Current verifications utilized by eligibility staff will be expanded to include direct requests to financial institutions. Financial institutions will return information on any accounts or assets held by the MEPD applicant or recipient that may or may not have been disclosed on the individual's application for MEPD. Annual vendor processing fees are estimated at \$240,000. There will also be transaction fees estimated at \$640,720 per year (232,989 transactions X \$2.75 fee).

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EXTERNAL/INTERNAL FACTORS:

State are required to comply with Section 1940 of the Social Security Act; specifically, Title VII, section 001(d) of P.L. 110-252 (Supplemental Appropriations Act of 2008). Client services savings may be realized since the new system will improve HHSC's ability to identify and deny individuals with undisclosed assets. This project is federally mandated; however, no federal funding was provided for implementation or ongoing costs.

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Agency Code: **529** Agency Name: **Health and Human Services Commission**

Item Name: Security Enhancements for Regional HHS Client Delivery Facilities

Item Priority: 11

Includes Funding for the Following Strategy or Strategies: 01-02-01 Consolidated System Support

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|---------------------------|-------------|-----------|
| 5000 CAPITAL EXPENDITURES | 1,078,486 | 0 |
| TOTAL, OBJECT OF EXPENSE | \$1,078,486 | \$0 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|---|-------------|-----------|
| 1 General Revenue Fund | 588,330 | 0 |
| 555 Federal Funds 00.000.001 Comptroller Misc Claims Federal Fund Payment | 87,827 | 0 |
| 555 Federal Funds 10.561.000 State Admin Match SNAP | 70,456 | 0 |
| 555 Federal Funds 93.566.000 Refugee and Entrant Assis | 467 | 0 |
| 555 Federal Funds 93.767.000 CHIP | 18,020 | 0 |
| 555 Federal Funds 93.778.003 XIX 50% | 117,797 | 0 |
| 758 GR Match for Medicaid | 117,798 | 0 |
| 8010 GR Match for Title XXI | 7,335 | 0 |
| 8014 GR Match Food Stamp Adm | 70,456 | 0 |
| TOTAL, METHOD OF FINANCING | \$1,078,486 | \$0 |

DESCRIPTION/JUSTIFICATION:

HHSC Regional Administrative Services (RAS) has conducted annual vulnerability assessments for all regional HHS facilities since 2007. Access control continues to be a key area of vulnerability identified each year. Given the tragic events in the last few years, HHSC was appropriated \$1.5 million in the 2014-15 biennium to install keyless access systems at 58 facilities, install video surveillance systems at 32 facilities, complete 6 exterior lighting projects, and erect parking lot fencing and lighting at 5 facilities.

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There is an expectation from staff and others to continue to improve the safety of our many clients and 24,000 staff served or located in the 545 regional facilities throughout the state. Approximately \$1.9 million All Funds in our base request for 2016-17 would be used to install keyless access in 54 facilities and video surveillance in 48 facilities. Increased funding would allow for the expansion of this initiative to install keyless access in 33 additional facilities and install video surveillance in 36 additional facilities.

EXTERNAL/INTERNAL FACTORS:

These annual vulnerability assessments continue to identify opportunities for improving security. Employee and client safety is a high priority for HHS agencies and must be addressed. These security measures also protect increasingly valuable technology infrastructure in these facilities and the data retained in those systems.

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Item Name: Food Service Management and Nutrition Care Management Software Expansion to all Sites

Item Priority: 12

Includes Funding for the Following Strategy or Strategies: 01-02-01 Consolidated System Support

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|-------------------------------------|-------------|-----------|
| 2001 PROFESSIONAL FEES AND SERVICES | 1,854,244 | 466,478 |
| TOTAL, OBJECT OF EXPENSE | \$1,854,244 | \$466,478 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|--|-------------|-----------|
| 1 General Revenue Fund | 1,370,437 | 352,587 |
| 555 Federal Funds 00.000.001 Comptroller Miscellaneous Claims Federal Fund Payment | 483,807 | 113,891 |
| TOTAL, METHOD OF FINANCING | \$1,854,244 | \$466,478 |

DESCRIPTION/JUSTIFICATION:

This request allows statewide expansion and upgrade of food service management and nutrition care management software to support the State Supported Living Centers (DADS) and the State Mental Health Hospitals (DSHS).

Control processes for food safety, allergies, textures, patient preferences, food production, and ordering in the SSLCs and state MH hospitals are performed manually using non-standardized error prone spreadsheets. This method raises the risk of safety-related mistakes, which can result in costly medical complications. SSLCs and state MH hospitals are under routine regulatory review by Joint Commission, Department of Justice (DOJ), Intermediate Care Facilities for the Intellectually Disabled (ICF/ID) and the Centers for Medicare and Medicaid Services (CMS). Failure to meet nutritional requirements, food safety standards, and failure to maintain patient satisfaction can result in deficiencies and jeopardize federal funds. The software request totals \$1.7 million GR / \$2.3 million All Funds.

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EXTERNAL/INTERNAL FACTORS:

In fiscal year 2013, the food service management and nutrition care management software was upgraded to a web hosted version for pilot projects with SSLCs (Brenham and Mexia) and a state MH hospital (San Antonio). The pilots demonstrated improved patient safety measures leading to reduced risk of harmful reactions to food allergens and diet errors.

Additionally, Hazard Analysis Critical Control Point (HACCP) guidelines are built into the software to help avoid costly food-borne illness, save time, and meet requirements of regulatory agencies to maintain accreditation and certification. Statewide expansion of this software could greatly reduce the change of deficiencies being cited.

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Agency Code: **529** Agency Name: **Health and Human Services Commission**

Item Name: Increase HHS Recruitment and Retention

Item Priority: 13

Includes Funding for the Following Strategy or Strategies:

| | |
|----------|---|
| 01-01-02 | Integrated Eligibility and Enrollment (IEE) |
| 01-02-01 | Consolidated System Support |
| 02-01-01 | Aged and Medicare-Related Eligibility Group |
| 02-01-02 | Disability-Related Eligibility Group |

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|---------------------------------|----------------------|----------------------|
| 1001 SALARIES AND WAGES | 12,064,026 | 13,579,937 |
| 2009 OTHER OPERATING EXPENSE | 225,962 | 203,699 |
| 3001 CLIENT SERVICES | 164,843,252 | 171,960,733 |
| TOTAL, OBJECT OF EXPENSE | \$180,133,240 | \$185,744,369 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|--|------------|------------|
| 1 General Revenue Fund | 35,855,607 | 35,328,285 |
| 555 Federal Funds 00.000.001 Comptroller Miscellaneous Claims Federal Fund Payment | 33,460,369 | 33,582,452 |
| 555 Federal Funds 10.561.000 State Admin Match SNAP | 1,762,062 | 1,664,047 |
| 555 Federal Funds 93.566.000 Refugee and Entrant Assis | 16,776 | 16,374 |
| 555 Federal Funds 93.767.000 CHIP | 526,685 | 504,344 |
| 555 Federal Funds 93.778.000 XIX FMAP | 61,895,996 | 65,947,182 |
| 555 Federal Funds 93.778.003 XIX 50% | 444,522 | 339,488 |
| 555 Federal Funds 93.778.004 XIX ADM @ 75% | 5,640,597 | 5,577,302 |
| 758 GR Match for Medicaid | 38,554,232 | 40,915,611 |
| 777 Interagency Contracts | 13 | 7 |
| 8010 GR Match for Title XXI | 214,319 | 205,230 |
| 8014 GR Match Food Stamp Adm | 1,762,062 | 1,664,047 |

4.A. Exceptional Item Request Schedule
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Agency Code: **529** Agency Name: **Health and Human Services Commission**

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|---------------------------|---------------|---------------|
| TOTAL,METHOD OF FINANCING | \$180,133,240 | \$185,744,369 |

DESCRIPTION/JUSTIFICATION:

HHSC is requesting targeted funding for five categories: 1) 5% increase for community attendant care wages, 2) 5% salary increase for certain agency staff, 3) changes to state classification plan for certain IT series, 4) career ladder tracks for eligibility determination workers and certain IT staff, and 5) recruitment and retention bonuses for certain IT staff. HHS requested funding in the 2014-15 biennium for direct care and other professional staff. This request expands recruitment and retention efforts to other HHS critical positions.

Funding would provide:

- 5% Community Attendant Care Wage Increase (\$97.9 million GR / \$223.5 million All Funds]
- 5% salary increase for:
 - DADS direct support professionals - 7,0157 FTEs [\$7.4 million GR / \$16.6 million All Funds
 - DSHS psychiatric nurse assistants - 3,146 FTEs [\$7.3 million GR and All Funds]
 - RNs and LVNs at DADS - 1,939 [\$4.1 million GR / \$9.7 All Funds and DSHS - 1,580 [\$6.8 million GR and All Funds]
 - Custodial and laundry staff at DADS - 471 FTEs [\$0.4 million GR / \$1.0 million All Funds] and DSHS - 420 FREs [\$0.8 million GR and All Funds]
 - Food personnel at DADS - 654 FTEs [\$0.6 million GR / \$1.4 million All Funds] and DSHS - 364 FTEs [\$0.7 million GR and All Funds]
- Changes to the state classification plan for IT related series [\$1.6 million GR / \$2.3 million All Funds]
- Career ladder tracks for:
 - IT related series [\$2.2 million GR / \$3.1 million All Funds]
 - Eligibility determination workers [\$10.7 million GR / \$22.3 million All Funds]
- Recruitment and retention bonus for IT related series [\$0.6 million GR / \$0.9 million All Funds]

4.A. Exceptional Item Request Schedule
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EXTERNAL/INTERNAL FACTORS:

HHS agencies continue to experience high employee turnover. During FY 2013 the overall turnover rate for the five agencies was 22.9 percent as compared to the statewide average of 17.6 percent. HHS agencies have seen employee turnover increase for the last five fiscal years, losing almost 13,000 employees during FY 2013.

The cyclical impact to operations and administrative costs associated with employee retention continues to increase, reducing the agencies' return on investment in training, salaries and benefits paid. The lack of structured career advancement tracks and professional development opportunities have been identified by former staff as key contributors to the attrition rate. These initiatives would seek to mitigate the impact of staff turnover, promoting professional development and retaining institutional knowledge required for succession planning.

4.A. Exceptional Item Request Schedule
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Agency Code: **529** Agency Name: **Health and Human Services Commission**

Item Name: Cybersecurity Advancement for HHS Enterprise

Item Priority: 14

Includes Funding for the Following Strategy or Strategies: 01-02-01 Consolidated System Support

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|-------------------------------------|--------------------|--------------------|
| 1001 SALARIES AND WAGES | 193,152 | 193,152 |
| 1002 OTHER PERSONNEL COSTS | 5,333 | 5,333 |
| 2001 PROFESSIONAL FEES AND SERVICES | 4,131,223 | 3,991,223 |
| 2009 OTHER OPERATING EXPENSE | 34,404 | 20,664 |
| 5000 CAPITAL EXPENDITURES | 3,072,981 | 3,072,981 |
| TOTAL, OBJECT OF EXPENSE | \$7,437,093 | \$7,283,353 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|--|--------------------|--------------------|
| 1 General Revenue Fund | 5,304,487 | 5,207,831 |
| 555 Federal Funds 00.000.001 Comptroller Miscellaneous Claims Federal Fund Payment | 1,043,773 | 1,020,043 |
| 555 Federal Funds 10.561.001 Food Stamps @ 100% | 181,245 | 175,693 |
| 555 Federal Funds 93.566.000 Refugee and Entrant Assis | 2,016 | 1,953 |
| 555 Federal Funds 93.767.000 CHIP | 51,662 | 50,080 |
| 555 Federal Funds 93.778.003 XIX 50% | 325,819 | 315,838 |
| 758 GR Match for Medicaid | 325,819 | 315,838 |
| 8010 GR Match for Title XXI | 21,027 | 20,384 |
| 8014 GR Match Food Stamp Adm | 181,245 | 175,693 |
| TOTAL,METHOD OF FINANCING | \$7,437,093 | \$7,283,353 |
| FULL-TIME EQUIVALENT POSITIONS (FTE) | 2.00 | 2.00 |

4.A. Exceptional Item Request Schedule
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Agency Code: **529** Agency Name: **Health and Human Services Commission**

DESCRIPTION/JUSTIFICATION:

In 2001, to address the cyber security challenges faced by state agencies, DIR established a statewide Enterprise Security and Risk Management (ESRM) program aimed at strengthening the overall security posture of the State. The following risks have been identified by DIR security assessments of the HHS agencies:

- Insufficient levels of staffing focused on IT security and risk management
- Governance processes and awareness programs are not mature
- Lack of standardized approach to identity management and access control which prevents users from improperly accessing systems or data.
- Data may not be classified to optimize security protection
- Lack of consistent and comprehensive analysis of network and system monitoring data

This request will provide funding to continue addressing security risks outlined in the HHS agency specific assessments to:

1. Automate routine risk assessments by using a customizable intelligent repository to track findings, allow system risk response coordination, and report compliance resulting in improved efficiencies and effectiveness [\$2.1 million All Funds]
2. Protect HHS data against hackers, 3rd party security vulnerabilities, and malicious traffic that could compromise agency information [\$6.5 million All Funds]
3. Automate manual processes to initiate, capture, record and manage network user identifies and their related access permission [\$1.2 million All Funds]
4. Secure contracted resources to enhance the current security infrastructure, enable secure transmission and access of data, and ensure state and federal privacy requirements are met [\$4.8 million All Funds]

EXTERNAL/INTERNAL FACTORS:

Security threats continue to be a number one concern for industry and organizations in both the public and private sectors. HHSC serves millions of Texans who rely on our ability to provide them with basic services and protect their confidential information. Building and maintaining a strong HHS security program will allow us to reduce the number of security breaches and respond quicker to security threats while minimizing agency impact.

4.A. Exceptional Item Request Schedule
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Agency Code: **529** Agency Name: **Health and Human Services Commission**

Item Name: Network, Performance, and Capacity

Item Priority: 15

Includes Funding for the Following Strategy or Strategies: 01-02-01 Consolidated System Support

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|-------------------------------------|--------------------|--------------------|
| 2001 PROFESSIONAL FEES AND SERVICES | 54,417 | 834,240 |
| 2009 OTHER OPERATING EXPENSE | 40,600 | 568,497 |
| 5000 CAPITAL EXPENDITURES | 2,878,178 | 155,430 |
| TOTAL, OBJECT OF EXPENSE | \$2,973,195 | \$1,558,167 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|--|--------------------|--------------------|
| 1 General Revenue Fund | 1,900,139 | 982,688 |
| 555 Federal Funds 00.000.001 Comptroller Miscellaneous Claims Federal Fund Payment | 465,161 | 239,931 |
| 555 Federal Funds 10.561.000 State Admin Match SNAP | 108,292 | 55,855 |
| 555 Federal Funds 93.566.000 Refugee and Entrant Assis | 1,204 | 621 |
| 555 Federal Funds 93.767.000 CHIP | 30,868 | 15,921 |
| 555 Federal Funds 93.778.003 XIX 50% | 194,675 | 100,408 |
| 758 GR Match for Medicaid | 194,675 | 100,408 |
| 8010 GR Match for Title XXI | 12,564 | 6,480 |
| 8014 GR Match Food Stamp Adm | 65,617 | 55,855 |
| TOTAL,METHOD OF FINANCING | \$2,973,195 | \$1,558,167 |

DESCRIPTION/JUSTIFICATION:

Today's technology and business processes are driving the need to converge voice, data, and video networks, implement wireless capability, and ensure adequate network capacity. Combining those networks across the enterprise results in a more economical business solution and reduces duplicity.

4.A. Exceptional Item Request Schedule
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Agency Code: **529** Agency Name: **Health and Human Services Commission**

With a focus on improving service to Texans, HHS is expanding capabilities for teleworking and mobility, along with integrating voice and data networks and expanding we self-service capabilities. Implementation of these new technologies requires continued improvements in network performance and increased capacity. This initiative addresses those needs by:

Expanding Wireless Access

HHS has a significant number of mobile workers especially in Child and Adult Protective Services with limited access to wireless hotspots in certain areas of the state. This limitation impacts the timeliness of sending and receiving critical case investigation information [\$3.0 million All Funds].

Developing a Test Environment

As agencies deploy system modifications, new functionality and applications, it is critical to maintain timely network performance and availability. A system that creates a test environment to determine the impact on performance, security, and band width requirements is necessary to avoid down time or disrupting productivity [\$0.6 million All Funds].

Consolidating Employee Access Management

Currently HHS agencies maintain separate methods for employee access to systems and applications. As employees move between agencies, access must be terminated and re-established. Obtaining a single system to manage employee access will allow staff to move within HHS agencies and maintain needed access avoiding delay. Funding would be used to procure the system and initiate phased deployment [\$0.9 million All Funds].

EXTERNAL/INTERNAL FACTORS:

This initiative provides the needed capacity and capability to allow increased mobility for CPS caseworkers and other HHS staff who provide direct services outside an office setting.

Any reorganization of HHS agency programs resulting from Sunset Committee recommendations and legislation may further the need for staff moves within the Enterprise increasing the need for a single system for managing employee access to systems and applications. The recent consolidation of procurement and contracting services and the transfer of staff for managed care expansion resulted in staff movement from other HHS agencies to HHSC.

4.A. Exceptional Item Request Schedule
 84th Regular Session Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **529** Agency Name: **Health and Human Services Commission**

Item Name: HHS Telecom Managed Services Re-procurement

Item Priority: 16

Includes Funding for the Following Strategy or Strategies: 01-02-01 Consolidated System Support

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|-------------------------------------|--------------------|--------------------|
| 2001 PROFESSIONAL FEES AND SERVICES | 2,040,630 | 3,837,595 |
| 2009 OTHER OPERATING EXPENSE | 5,195,724 | 0 |
| 5000 CAPITAL EXPENDITURES | 1,258,104 | 0 |
| TOTAL, OBJECT OF EXPENSE | \$8,494,458 | \$3,837,595 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|--|--------------------|--------------------|
| 1 General Revenue Fund | 6,268,846 | 2,334,273 |
| 555 Federal Funds 00.000.001 Comptroller Miscellaneous Claims Federal Fund Payment | 1,735,309 | 648,667 |
| 555 Federal Funds 10.561.000 State Admin Match SNAP | 163,838 | 139,621 |
| 555 Federal Funds 93.566.000 Refugee and Entrant Assis | 4,583 | 1,631 |
| 555 Federal Funds 93.767.000 CHIP | 112,318 | 39,969 |
| 555 Federal Funds 93.778.003 XIX 50% | 0 | 253,771 |
| 758 GR Match for Medicaid | 0 | 253,771 |
| 8010 GR Match for Title XXI | 45,726 | 16,271 |
| 8014 GR Match Food Stamp Adm | 163,838 | 139,621 |
| TOTAL,METHOD OF FINANCING | \$8,494,458 | \$3,387,595 |

DESCRIPTION/JUSTIFICATION:

Since the Telecommunications Managed Services contract was initiated in 2008, how and where people use phones for business has changed dramatically, as has the technology for managing and supporting telecommunicaitons. Today's business needs for mobility, telework and collaboration have significantly changed the way HHS staff communicates with one another and with our clients.

4.A. Exceptional Item Request Schedule
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Agency Code: **529** Agency Name: **Health and Human Services Commission**

The current contract does not cover all HHS phone systems, does not include more current telecom capabilities and functions and causes inefficiencies:

- Nearly 8,000 telephones in 11 state MH hospitals are on extremely aged phone systems that are costly to maintain and are in danger of failing.
- Phones are tied to on premise servers, so that when a building is out of service, such as the DARS headquarters due to flooding, employees who have to relocate cannot keep their phone numbers.
- Many employees end up using both a desk and mobile phone because we do not have the technology to support just one phone number per person.

In 2015, HHSC will re-procure the telecommunications contract for HHS agencies. An enterprise wide evaluation has identified the following strategies:

- Transition obsolete phone systems to a vendor-delivered service which offers use of leased desk phones or a individual's existing mobile device (cloud) [\$4.9 million All Funds]
- Expand vendor-delivered service to 11 state MH hospitals [\$7.4 million All Funds]
- Increase reliance on data lines which results in avoiding long distance costs
- Provide scalability for short-term needs such as disaster response or spikes in call volume

The current telecommunications infrastructure at the State Supported Living Centers and DARS will be adequately maintained through the vendor supported contracts through FY 18.

EXTERNAL/INTERNAL FACTORS:

Agencies struggle trying to find outdated phone parts and people to work on and maintain the aging equipment, making it difficult to ensure continuity of agency operations.

Transitioning to a vendor-delivered service will eventually result in costs savings on repair and maintenance as well as allow for calls to be transferred within the HHS agency offices statewide resulting in better service to clients as well as more efficiency for staff.

4.A. Exceptional Item Request Schedule
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Agency Code: **529** Agency Name: **Health and Human Services Commission**

Item Name: HHSAS Upgrade to CAPPS 9.2 and Enhancements

Item Priority: 17

Includes Funding for the Following Strategy or Strategies: 01-02-01 Consolidated System Support

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|-------------------------------------|-------------|-------------|
| 2001 PROFESSIONAL FEES AND SERVICES | 4,291,730 | 6,699,297 |
| 5000 CAPITAL EXPENDITURES | 872,686 | 1,149,584 |
| TOTAL, OBJECT OF EXPENSE | \$5,164,416 | \$7,848,881 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|--|-------------|-------------|
| 1 General Revenue Fund | 3,250,374 | 4,939,921 |
| 555 Federal Funds 00.000.001 Comptroller Miscellaneous Claims Federal Fund Payment | 798,011 | 1,212,817 |
| 555 Federal Funds 10.561.000 State Admin Match SNAP | 185,773 | 282,337 |
| 555 Federal Funds 93.566.000 Refugee and Entrant Assis | 2,066 | 3,140 |
| 555 Federal Funds 93.767.000 CHIP | 52,952 | 80,477 |
| 555 Federal Funds 93.778.003 XIX 50% | 333,957 | 507,548 |
| 758 GR Match for Medicaid | 333,957 | 507,548 |
| 8010 GR Match for Title XXI | 21,553 | 32,756 |
| 8014 GR Match Food Stamp Adm | 185,773 | 282,337 |
| TOTAL,METHOD OF FINANCING | \$5,164,416 | \$7,848,881 |

DESCRIPTION/JUSTIFICATION:

The financial administrative system serving HHS agencies is no longer supported by the vendor. This request would support an upgrade to be consistent with the financial software version required by the State Comptroller toda [\$5.2 million all Funds]. Additionally, HHSC is requesting funding to:

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Agency Code: **529** Agency Name: **Health and Human Services Commission**

- Implement a software solution to provide our consolidated procurement and contracting services with needed functionality such as soliciting bids, tabulating bid responses, evaluating HUB requirements, and reporting capabilities. Procurement tasks are currently performed using multiple systems as well as manual processes. This will allow HHS to establish a single procurement system and streamline tasks. In FY 2013, HHS agencies managed over 33,000 contracts for good and services totaling over \$24 billion. [\$6.9 million All Funds]
- Redesign of the accounts receivable tacking system (ARTS) into a single application software platform that would be utilized across the HHS system. ARTS is a standalone application, currently utilized by HHSC and DADS. In FY 2012 ARTS received and processed negotiable instruments and electronic funds transfers in excess of \$2 billion dollars across HHS agency programs. The ARTS environment is comprised of multiple application software platforms, complicating the ongoing development and maintenance support, which drives up costs and increases the risk of application failure. [\$0.9 million All Funds]

EXTERNAL/INTERNAL FACTORS:

HHSC is required to become compliant with House Bill (H.B.) 3106 of the 80th Legislative Session. The legislation requires the Texas Comptroller of Public Accounts to implement a uniform accounting system that includes enterprise resource planning. State agencies are required to modify, stop or delay implementation of individual accounting and payroll systems so those systems are compatible with the CPA uniform statewide accounting system.

4.A. Exceptional Item Request Schedule
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Agency Code: **529** Agency Name: **Health and Human Services Commission**

currently operates one small house NF for veterans in Tyler. The per resident day cost for this facility is \$157.01 greater than the current average Texas Medicaid NF rate.

Funding would allow for the establishment of an add-on payment of \$157.01 per day for NF days of service provided under the small house model. This request assumes that four current Texas Medicaid NF residents receiving services in a small house bed will continue receiving such services and that our two current Medicaid contracted small house facilities (which now have a total of 64 contracted bed) continue operating and slowly transition to serving Medicaid clients in their existing small house beds for a total of 29 Medicaid NF residents in a small house bed in FY 2016 and 58 in 2017. Additional small house beds are not expected to come online in the 2016-2017 biennium due to the time required to construct such beds.

EXTERNAL/INTERNAL FACTORS:

Currently, 29 non-GLO small house beds are Medicaid certified but only four of these beds are occupied by a Medicaid recipient. The add-on rate should offer an incentive for the facilities to serve Medicaid clients. At this time, they do not because HHSC's current Medicaid rate is half of their cost or other payer rates. HHSC is assuming that Medicaid clients would only come into the facilities as vacancies are created.

4.A. Exceptional Item Request Schedule
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Agency Code: **529** Agency Name: **Health and Human Services Commission**

Item Name: Improve Medicaid Staffing and Support

Item Priority: 19

Includes Funding for the Following Strategy or Strategies: 02-03-01 Medicaid Contracts and Administration

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|---------------------------------|--------------------|--------------------|
| 1001 SALARIES AND WAGES | 1,194,204 | 1,194,204 |
| 1002 OTHER PERSONNEL COSTS | 20,400 | 40,400 |
| 2003 CONSUMABLE SUPPLIES | 4,700 | 4,000 |
| 2004 UTILITIES | 3,900 | 3,900 |
| 2005 TRAVEL | 5,000 | 5,000 |
| 2009 OTHER OPERATING EXPENSE | 310,571 | 193,811 |
| TOTAL, OBJECT OF EXPENSE | \$1,538,775 | \$1,421,315 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|---|--------------------|--------------------|
| 1 General Revenue Fund | 455 | 269 |
| 555 Federal Funds 00.000.001 Comptroller Miscellaneous Federal Fund Payment | 10 | 60 |
| 555 Federal Funds 10.561.000 State Admin Match SNAP | 582 | 341 |
| 555 Federal Funds 93.566.000 Refugee and Entrant Assis | 7 | 4 |
| 555 Federal Funds 93.767.000 CHIP | 169 | 99 |
| 555 Federal Funds 93.778.003 XIX 50% | 393,248 | 334,925 |
| 555 Federal Funds 93.778.004 XIX ADM @ 75% | 562,733 | 562,734 |
| 758 GR Match for Medicaid | 580,827 | 522,502 |
| 8010 GR Match for Title XXI | 69 | 40 |
| 8014 GR Match Food Stamp Adm | 582 | 341 |
| TOTAL, METHOD OF FINAINCING | \$1,538,775 | \$1,421,315 |
| FULL-TIME EQUIVALENT POSITIONS (FTE) | 17.30 | 17.30 |

4.A. Exceptional Item Request Schedule
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Agency Code: **529** Agency Name: **Health and Human Services Commission**

DESCRIPTION/JUSTIFICATION:

HHSC is requesting additional staff to help support managed care expansions required under S.B. 8 and S.B. 58. These programs involve our most vulnerable populations and are very complex to administer.

The Medicaid/CHIP Divisions is requesting the following FTEs:

- 5 FTEs to support health plan management for new managed care program expansions: MCD Program Operations -- 1 - PS VI (Health Plan Manager); 4 - Contract Specialist IV (Health Plan Specialists)
- 10 FTEs to expand utilization review functions to support managed care and the MMIS claims administrator contract management, appropriateness of services, and quality improvement Program Operations' Utilization Review Unit -- 1 - Nurse V (Acute Care Nurse Manager), 4 - Nurse IV (Acute Care UR Nurses), 5 - Nurse IV (LTC UR Nurses)
- 2 FTEs to support Medicaid/CHIP program data analytics for both the managed care and MMIS contract management and program improvements: MCD Data Analytics (a legislatively established unit) -- 1 - PS VII (Data Analyst, Team Lead), 1 - PSVI (Sr. Data Analyst)

EXTERNAL/INTERNAL FACTORS:

Utilization Review Unit

Required by SB 348, 83rd Regular Legislative Session, 2013, to establish an annual utilization review process for STAR+PLUS MCOs. Currently, there are five STAR+PLUS MCOs. Policies, processes and tools to be used in the reviews have been developed and tested. Actual reviews will begin in FY 2015.

In addition, SB 8 requires HHS to periodically review the prior authorization and utilization processes used within Medicaid FFS and managed care to reduce the authorization of unnecessary services and inappropriate use of services.

Data Analysis Unit

Required by SB 8, 83rd Regular Legislative Session, 2013. Designed to improve contract management, detect data trends, and identify anomalies relating to service utilization, providers, payment methodologies, and compliance with requirement sin Medicaid/CHIP contracts.

4.A. Exceptional Item Request Schedule
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This unit currently supports seven programs/areas within the Medicaid/CHIP Division and outside of the Medicaid/CHIP Division (this includes Deputy Executive Commissioner and State Medicaid Director) with requests for analysis to examine various aspects of daily operations. This unit's data will be used to develop dashboards and early alerts to better evaluate contractor performance.

4.A. Exceptional Item Request Schedule
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Agency Code: **529** Agency Name: **Health and Human Services Commission**

DESCRIPTION/JUSTIFICATION:

Providing support and management for desktops, laptops, and mobile devices used by employees is a major challenge for large organizations like the HHS system with over 55,000 staff.

IT staff currently use manual processes to track and deploy software upgrades and to address new computer viruses and threats across various operating systems and applications. This method is extremely labor intensive and costly to the state [\$5.7 million all Funds].

In addition, the IT Help Desk plays a critical role in ensuring that problems are addressed quickly to minimize business and service disruption. Currently, help desk technicians attempt to troubleshoot all issues via the telephone or in person. When call volumes increase, employees experience longer wait times to communicate their problems which results in lost productivity [\$3.4 million All Funds].

Funding would allow the procurement of software solutions to effectively track and secure computer devices across the system. These software applications would also allow:

- Remote deployment of software upgrades and security updates
- Remote help desk functionality (online problem reporting, live chat, and self-service for employees to look up the answers to common questions and issues)
- Measure actual usage of software applications for appropriate license allocation and distribution

EXTERNAL/INTERNAL FACTORS:

HHS employees would experience less down time if they can quickly and easily obtain technical assistance. As HHS continues to explore opportunities to advance mobility and telework initiatives, the need for these types of systems and capabilities is critical.

4.A. Exceptional Item Request Schedule
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Agency Code: **529** Agency Name: **Health and Human Services Commission**

Item Name: Implement Technology Solution to Support Improved Workload Distribution and Management

Item Priority: 21

Includes Funding for the Following Strategy or Strategies: 01-01-02 Integrated Eligibility and Enrollment (IEE)

OBEJCTS OF EXPENSE

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|-------------------------------------|--------------------|--------------------|
| 1001 SALARIES AND WAGES | 273,372 | 273,372 |
| 1002 OTHER PERSONNEL COSTS | 4,800 | 4,800 |
| 2001 PROFESSIONAL FEES AND SERVICES | 1,440,000 | 1,440,000 |
| 2009 OTHER OPERATING EXPENSE | 102,116 | 69,039 |
| 5000 CAPITAL EXPENDITURES | 1,300,000 | 40,000 |
| TOTAL, OBJECT OF EXPENSE | \$3,120,288 | \$1,827,211 |

METHOD OF FINANCING

| CODE/DESCRIPTION | Excp 2016 | Excp 2017 |
|---|--------------------|--------------------|
| 1 General Revenue Fund | 33,279 | 18,621 |
| 555 Federal Funds 00.000.001 Comptroller Miscellaneous Federal Fund Payment | 25 | 15 |
| 555 Federal Funds 10.561.000 State Admin Match SNAP | 754,249 | 439-129 |
| 555 Federal Funds 93.566.000 Refugee and Entrant Assis | 2,601 | 1,566 |
| 555 Federal Funds 93.767.000 CHIP | 154,299 | 90,124 |
| 555 Federal Funds 93.778.003 XIX 50% | 679,401 | 400,974 |
| 758 GR Match for Medicaid | 679,401 | 400,975 |
| 8010 GR Match for Title XXI | 62,784 | 36,678 |
| 8014 GR Match Food Stamp Adm | 754,249 | 439,129 |
| TOTAL, METHOD OF FINAINCING | \$3,120,288 | \$1,827,211 |
| FULL-TIME EQUIVALENT POSITIONS (FTE) | 12.10 | 12.10 |

4.A. Exceptional Item Request Schedule
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Agency Code: **529** Agency Name: **Health and Human Services Commission**

DESCRIPTION/JUSTIFICATION:

Funding of this item would allow the more efficient use of staff resources and allow the agency to more efficiently manage the growing eligibility workload. HHSC eligibility staff process over six million applications for public assistance benefits and serve more than four million recipients of benefits each year. Currently, work is distributed statewide based on applicant or client zip code, which results in greater volumes of work for certain areas of the state. To balance this workload, cases can be manually assigned to be worked by staff in another area of the state.

HHSC has initiated various projects to gain efficiencies in managed the eligibility workload; however, current monitored systems do not offer effective real-time data that is needed to maximize efficiencies within the system's current environment. This exceptional item funding would support the development of a workload distribution and monitoring tool that would enable HHSC to effectively track and monitor real-time production and performance. This solution would also support distribution of work based on a worker's availability and expertise rather than geographic location.

EXTERNAL/INTERNAL FACTORS:

The HHSC Office of Social Services continues to implement efficiencies in the eligibility business process in order to gain staff capacity to maximize existing resources and manage increasing caseloads, improve quality, and ensure timely case processing. Development of a real-time distribution and monitoring tool that integrates with the current eligibility system is a critical component of supporting the new business processes.