



HHSC's Budget Request: 10 Things in Detail

Prior to the start of each legislative session, the Legislative Budget Board (LBB) and the Governor's Office of Budget, Policy and Planning jointly issue instructions to each Texas state agency regarding how to develop their Legislative Appropriations Request (LAR). An LAR is the agency's budget request for money to operate their programs over the next two-year biennium — Fiscal Years (FY) 2018–2019. An LAR usually includes exceptional item requests for priorities that the agency considers of great importance in addition to the base budget. At the beginning of the legislative session, the House and Senate propose budgets for Texas state agencies that may include exceptional item requests as part of the base budget.

The Texas Health and Human Services Commission (HHSC) released its FY 2018–2019 LAR to the public on Friday, September 16, 2016. The HHSC LAR is seven volumes, 2,458 pages, and includes 64 exceptional items. Because parts of the Department of Aging and Disability Services (DADS), the Department of Assistive and Rehabilitative Services (DARS), the Department of Family and Protective Services (DFPS), and the Department of State Health Services (DSHS) consolidated into HHSC on September 1, the HHSC LAR is massive in comparison to prior biennia.

Budget instructions required HHSC to reduce its base budget request by 4%. The Administrator's Statement offers detail regarding program eliminations recommended by HHSC to meet the 4% budget reduction:

The program eliminations include \$10 million for the In-Home Family Support Program (formerly housed at DADS), \$1 million for the Lifespan Respite program, and \$5 million for elimination of relocation specialist function, redundant to ongoing managed care efforts. Program reductions include \$1.7 million for Child Care Licensing and APS [Adult Protective Services]-I, and \$3 million for Blindness Education, Screening, and Treatment (BEST) and Comprehensive Rehabilitation. These important

client and regulatory services are being requested for restoration in an exceptional item.

The LAR also includes 14 options for reducing the base budget by an additional 10%.

The Texas Council for Developmental Disabilities staff reviewed the HHSC LAR and summarized the exceptional items and budget reduction options that could impact people with intellectual and developmental disabilities (IDD). In the summary below, the General Revenue (GR), or state funds, are identified where possible. Due to complicated methods of finance, only the All Funds (AF) figure is provided for some items. In some cases, the GR and AF number is the same, which means only state funds are requested.

Below are the 10 exceptional items most likely to impact people with IDD:

1. Maintain Waiver Caseloads (Exceptional Item 4)

\$29.9M GR, \$70.2M AF

The LBB's budget instructions did not allow HHSC to prepare a draft budget request that continues to pay for waiver services that the 2015 Texas Legislature said it funded. This routine practice requires people with disabilities to make multiple requests for the same services. If not funded, people expecting waiver offers in 2017 will not receive them or people who are receiving services at the end of the biennium, particularly in the Home and Community-Based Services (HCS) waiver program, will lose their waiver services on August 31, 2017.

2. Maintain ECI Caseloads (Exceptional Item 6)

\$44.76M AF

Funding for this exceptional item is to maintain FY 2017 Early Childhood Intervention (ECI) caseloads. Federal Individuals with Disabilities Education Act (IDEA) Part C regulations require all children determined eligible for the program to be served. To reduce state funding for the program, the Texas Legislature narrowed ECI eligibility criteria in FY 2012. However, the ECI program has historically seen growth in the number of children served while federal IDEA Part C funding has remained relatively level. Consequently, many providers have to resort to fundraising in order to fully meet the needs of children with developmental delays in their ECI programs. If additional funding is not appropriated, decision makers may further narrow eligibility criteria.

3. Community Attendant Wages (Exceptional Item 38)

\$156M GR, \$364M AF

This item would increase the wage floor for community attendants from \$8 per hour to \$8.50 per hour, a 6.25% increase.

4. Promoting Independence (Exceptional Item 14)

\$50.1M GR, \$114.5M AF

This item provides the following new Promoting Independence services to persons who would otherwise be entitled to more expensive institutional services:

The number of people who will receive Promoting Independence services

Promoting Independence Groups	Number of People
HCS for People Moving from SSLCs	400
HCS for People Moving from Large ICFs	100
HCS for Youth Aging out of Foster Care	236
HCS for Persons at Imminent Risk of Entering an ICF	400
HCS for People with IDD Moving from State Hospitals	120
HCS for Children Moving from a general residence operations (GRO) facility (DFPS)	40
HCS for People with IDD moving from nursing facilities	700
HCS for People with IDD at risk of entering a nursing facility	600
Medically Dependent Children’s Program (MDCP) services for children at risk of entering a nursing facility (NEW)	550

5. Interest List Reduction (Exceptional Item 15)

\$346M GR, \$803.4M AF

This item says it funds 19,010 “slots,” but does not provide detail about how they would be allocated across waivers. Therefore, reviewers are unable to provide further analysis regarding how many people (by waiver) could receive waiver service offers.

6. Sale of SSLC Services to Persons in the Community (Exceptional Item 29)

\$19.3M AF

This item funds staff to operate clinics (\$1.07 million each) at 12 state-operated State-Supported Living Centers (SSLCs) for people with IDD in community-based settings. SSLCs would leverage their existing space and staff. Although additional

resources are required for SSLCs to exercise existing statutory authority to sell SSLC services, DADS is initiating a pilot program in September 2016 to offer limited services at two SSLCs. DADS estimates the annual cost to operate each clinic to be \$1.07 million per clinic. Through billing of services to Medicaid, DADS expects the operating costs to be partially offset by revenue from billing Medicaid for the services provided during the FY 2018-2019 biennium and become cost neutral in the next biennium.

7. Institutions: New Construction of State Hospitals & SSLCs (Exceptional Item 21)

\$1 GR/AF

Placeholder pending legislative direction to construct new institutions.

8. Day Habilitation Compliance (Exceptional Item 40)

\$30.6M GR, \$70M AF

This item is included to bring Texas into compliance with the Centers for Medicare and Medicaid Services (CMS) Home and Community-Based Services (HCBS) Settings Rule. The agency's primary proposed strategy is to assist waiver providers and their subcontracted day habilitation providers with rate increases. Though no specifics are provided, the item also anticipates additional services, adding services to the existing service array, and providing for increased contract oversight of program providers.

The federal HCBS Settings Rule require states to ensure that all locations in which HCBS services are provided meet criteria regarding community integration and self-determination, setting choice, the right to privacy, dignity and respect, and individual autonomy. Texas must be in compliance by March 17, 2019. The Children's Policy Council and the IDD Statewide Redesign Advisory Committee have approved specific recommendations to improve day habilitation. Their reports are expected in fall of 2016.

9. IBI for People with Autism (Exceptional Item 26)

\$14.3M GR, \$32.8M AF

This item would fund a new program/service called Intensive Behavioral Intervention (IBI) to address maladaptive behaviors among people with Autism Spectrum Disorder (ASD). The program would assess people for IBI treatment options and deliver a treatment plan to address targeted issues and goals. A contracted entity would assist with the development of medical policy, prior authorization criteria, and conduct a utilization review for the first two years of the benefit. This entity would also develop policy regarding caregiver involvement, and establish criteria for demonstrating adequate progress toward goals for continued service authorization. This item does not include behavior analyst licensing.

10. CLASS Cost Growth (Exceptional Item 3)

\$21.2M GR, \$48.4M AF

Community Living Assistance and Support Services (CLASS) waiver client acuity and service utilization costs are projected to increase by 3% per year.

10% Budget Reduction Options

A number of options were proposed for reducing the HHSC budget for FY 2018-2019 by 10%. Rate reductions make up about 2/3 of the 10% reduction options. Below are two of the options that, if passed by the Legislature, could impact people with IDD in Texas:

- **Program and Service Reductions (Option 12)**

Totaling \$20.6M GR

Little detail is provided in terms of the full impact, however, this item contains reductions to the following programs:

- A. Early Childhood Intervention — \$5.6M GR
- B. Children's Blind Services — \$1.1M GR
- C. Autism — \$1.4M GR
- D. Independent Living Services — \$900K GR
- E. Comprehensive Rehabilitation Services — \$5M GR
- F. BEST — \$78K GR
- G. Deaf and Hard of Hearing — \$550K GR

- **Rate Reductions (Option 3)**

Totaling \$291.2M GR, \$359.7M AF

The following programs could receive 8.2% rate reductions impacting client care: Community Attendant Services, Primary Home Care, nursing facilities, community-based intermediate care facilities, and developmental disabilities waivers.

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