

# **Annual Revenue and Expenditure Report**

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**As Required by  
Title 4, Texas Government Code  
Section 531.021135**

**Health and Human Services  
Commission**

**November 2022**



**TEXAS**  
Health and Human  
Services

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# 1. Executive Summary and Background

The Health and Human Services Commission (HHSC) is authorized by Section 531.021135, Government Code to retain funds HHSC receives from a source other than the general revenue fund to operate a waiver program established under Section 1115 of the federal Social Security Act (42 U.S. Code Section 1315), a directed payment program, or a successor program. Section 531.021135 became effective on June 10, 2019, but was not implemented until state fiscal year 2022.

Under the 1115 Transformation and Quality Improvement Waiver (1115 Waiver), HHSC administers the Uncompensated Care (UC) program, the Comprehensive Hospital Increased Reimbursement Program (CHIRP), the Quality Incentive Payment Program (QIPP), the Texas Incentives for Physician and Professional Services (TIPPS) program, the Directed Payment Program for Behavioral Health Services (DPP BHS), the Rural Access to Primary and Preventive Services (RAPPS) program, and the Public Health Provider – Charity Care Program (PHP-CCP). In state fiscal year 2022, the programs had an estimated combined annual value of approximately \$12.25 billion annually. In state fiscal year 2023, the estimated total value of the programs is estimated to increase to \$12.40 billion. These programs are all funded using a combination of local and federal funds, with the local funds submitted in the form of intergovernmental fund transfers (IGT) and certified public expenditures (CPE).

Administering these programs is very resource-intensive for HHSC as they are complex programs that must adhere to federal regulations. Additionally, because they are funded via IGT and CPE, HHSC must provide oversight and monitoring to ensure that the funding sources are permissible under federal statutes and regulations. Section 531.021135 was enacted to grant HHSC the authority to be reimbursed for these incurred costs by the providers that benefit from the administration of these programs.

In state fiscal year 2022, HHSC collected an application fee at the time of application to UC, CHIRP, and QIPP from all privately-owned providers of \$10,000, \$8,500, and \$2,000, respectively.

HHSC utilized these funds to reimburse a portion of the administrative expenses of administering these programs, but the retained funds do not fully reimburse for all expenses associated with administering the 1115 Waiver as the fees cannot supplant expenditures that were funded via general revenue before June 1, 2019.

**Table 1. Summary of Revenues**

<b>Revenue Description</b>	<b>2022</b>
<b>CHIRP Application Fee</b>	\$ 2,643,500.00
<b>QIPP Application Fee</b>	\$ 564,000.00
<b>UC Application Fee</b>	\$ 2,343,086.75
<b>Total</b>	<b>\$ 5,550,586.75</b>

**Table 2. Summary of Expenditures**

<b>Expenditure Category</b>	<b>2022</b>	<b>Description of Expenditure</b>
<b>Salaries, Wages, Personnel Costs, and Fringe</b>	\$ 3,059,885.07	Full-time equivalents (FTEs) dedicated to the operation of supplemental and directed-payment programs, and various support or management staff related to those FTEs. Includes the 42 FTEs that were appropriated via Rider 15(h), as well as other FTEs that were previously supported by unrelated appropriated receipts.
<b>Professional Fees and Services</b>	\$ 1,350,744.23	Modeling and analyses of the economic impact of the 1115 Waiver, including various scenarios related to approval or disapproval of directed-payment programs; legal services and counsel related to the 1115 Waiver
<b>Consumable Supplies</b>	\$ 6,543.58	Office supplies for FTEs
<b>In-State &amp; Out-of-State Travel</b>	\$ 112.16	Travel to and from Tyler, TX related to federal litigation regarding the 1115 Waiver, including court orders related to the approval status of directed-payment programs
<b>Other Operating Expenses</b>	\$ 1,131,488.65	Software licenses, information technology resources, and other expenses related to the construction of the Local Funds Tracking System (LoFTS)
<b>Total</b>	<b>\$ 5,548,773.69</b>	

## **2. Examination of Adjustments**

HHSC examined the revenues received and compared them to the expenses in compliance with Section 531.021135(f)(3). In conducting this comparison, HHSC has determined that the amount collected was mostly sufficient to support administering the applicable programs. As a result, HHSC plans to maintain the same collection level in state fiscal year 2023.

### **3. Conclusion**

HHSC anticipates an adjustment may be necessary in the future because of certain market factors that have increased costs, including wages, supplies, and technology. A potential for an offsetting reduction in expenses may occur when the development of LoFTS is complete, and the cost of information technology resources decreases commensurately. It is unknown at this time whether the net impact will result in a positive, negative, or neutral impact to the estimated expenditures for state fiscal year 2024.

# List of Acronyms

<b>Acronym</b>	<b>Full Name</b>
CHIRP	Comprehensive Hospital Increase Reimbursement Program
CMS	Centers for Medicare and Medicaid Services
CPE	Certified Public Expenditures
DPP BHS	Directed Payment Program for Behavioral Health Services
FTE	Full-time Equivalent
HHSC	Health and Human Services Commission
IGT	Intergovernmental Transfer
LoFTS	Local Funds Tracking System
PHP-CCP	Public Health Provider – Charity Care Program
QIPP	Quality Incentive Payment Program
RAPPS	Rural Access to Primary and Preventive Services
TIPPS	Texas Incentives for Physicians and Professional Services
UC	Uncompensated Care