



# **Legislative Appropriations Request for Fiscal Years 2024-2025**

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**Cecile Young**

**Executive Commissioner**

**Trey Wood**

**Chief Financial Officer**



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**September 29, 2022**



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# Presentation Overview

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# Mission & Vision

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## Our Mission:

- We serve Texas

## Our Vision:

- Making a positive difference in the lives of the people we serve



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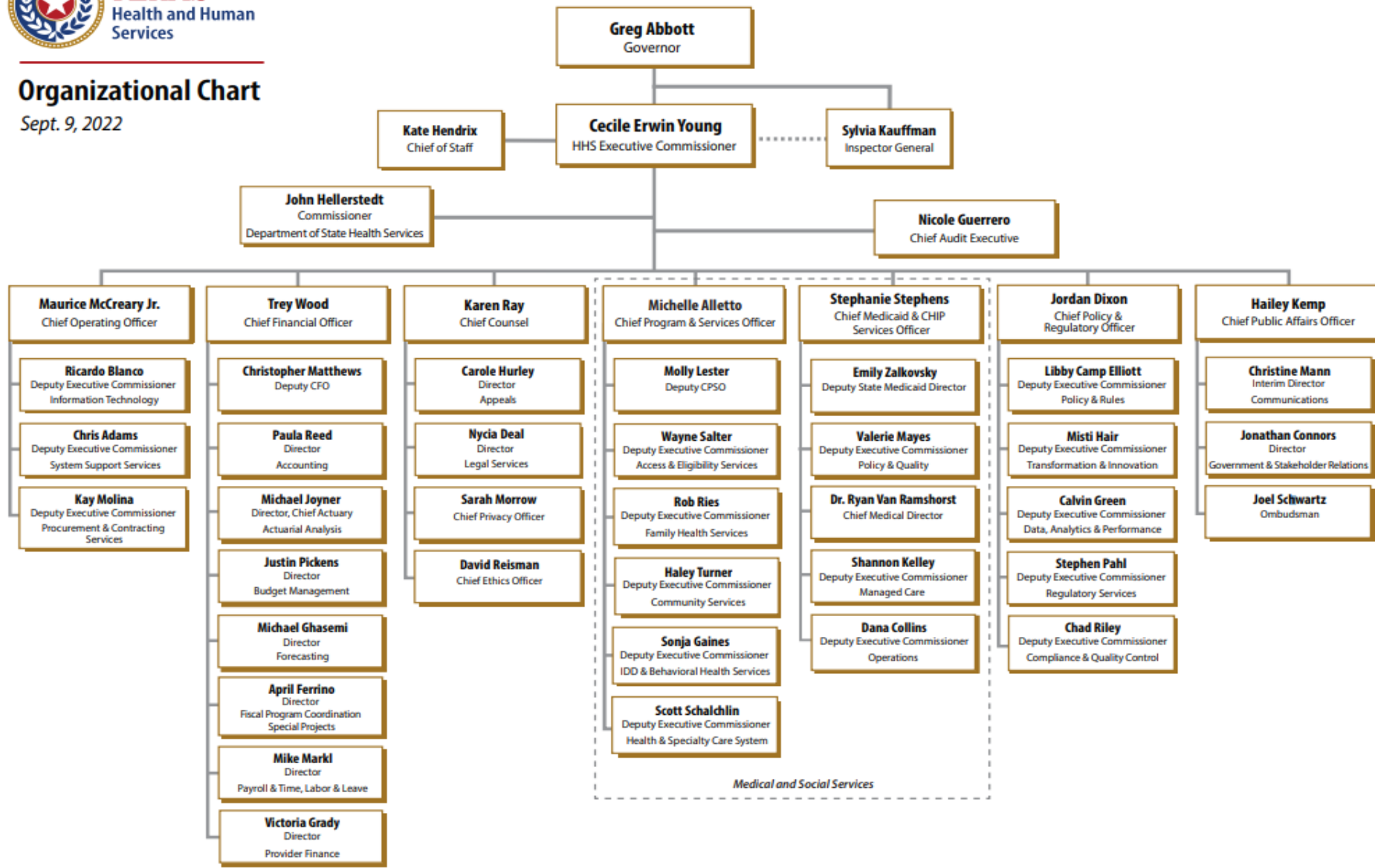
# Key Functions

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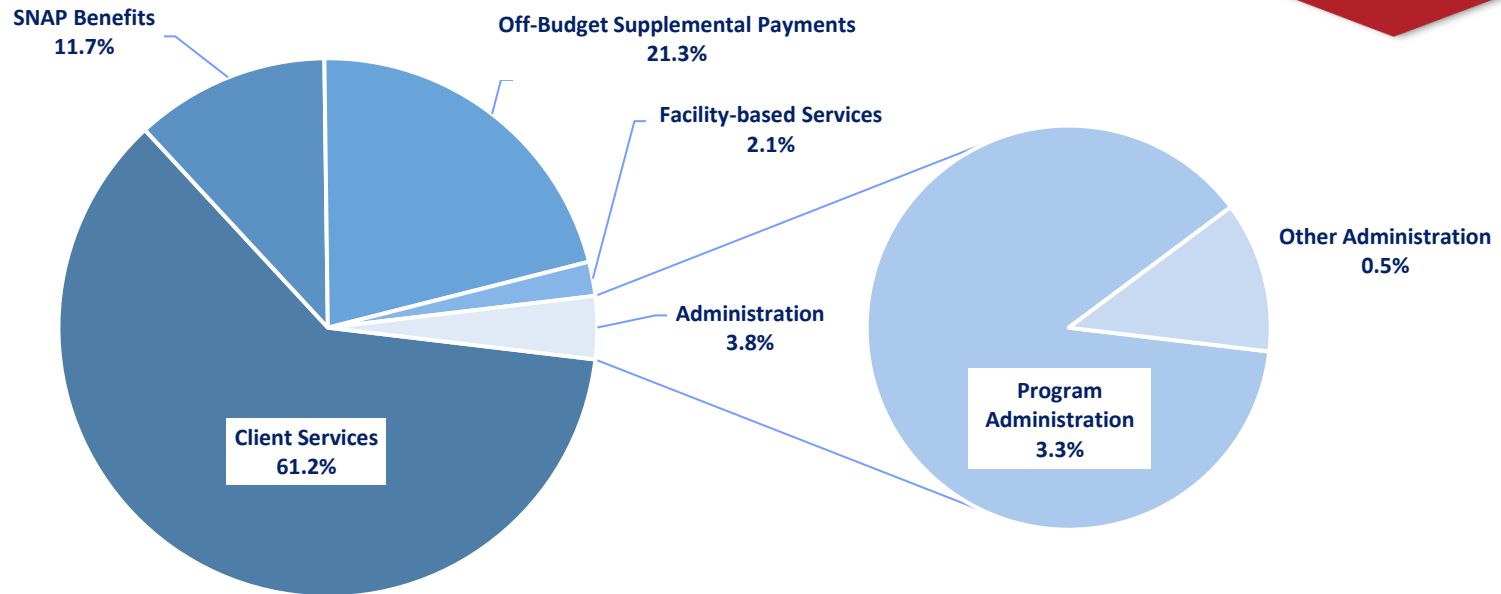
- Provides oversight and administrative support for Health and Human Services (HHS) agencies
- Administers the state's Medicaid, women's health, behavioral health, and other client services programs
- Provides a comprehensive array of long-term services and supports for people with disabilities and people age 60 and older
- Operates state psychiatric hospitals and state supported living centers (SSLCs)
- Regulates healthcare providers, professions, and facilities
- Sets policies, defines covered benefits, and determines eligibility for client services programs

## Organizational Chart

Sept. 9, 2022



# Agency Overview 2022-23 Biennium



## Health and Human Services Commission (HHSC) – Percentages of Estimated Total Available Funds (2022-23 Biennium)

Does not include Interagency Contract Funds in Goal K, Office of Inspector General (\$10.6 million), and Goal L, System Oversight and Program Support (\$294.0 million). SNAP benefits are shown using fiscal year 2020 estimates and Off-Budget Supplemental Payments are shown using fiscal year 2021 estimates.

# Critical Budget Issues for Fiscal Year 2023



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HHSC projects a net supplemental appropriation need of approximately \$3.7 billion in General Revenue for the 2022-23 biennium.

Supplemental Need	2022-23 Biennium (in millions)
Medicaid Acute Care for Full-Benefit Clients	(\$1,214.0)
Medicaid Long Term Care Entitlement	\$238.4
Medicaid Long Term Care Non-Entitlement	\$17.2
Medicaid Other Medical Services	(\$123.8)
Other Impacts to Medicaid	(\$2,647.9)
Children's Health Insurance Program (CHIP)	\$254.2
Disaster Transfer to Department of State Health Services (DSHS)	(\$200.0)
<b>Current Projected HHSC Shortfall as of September 2022</b>	<b>(\$3,675.9)</b>

Notes:

1. Current supplemental impact assumes the PHE will end in mid-October 2022 with the enhanced FMAP continuing through December 31, 2022.
2. HHSC currently estimates the "Tipping Point" in which the monthly costs associated with receiving the increased FMAP begin to exceed the monthly benefit of FMAP to have occurred in May/June 2022.
3. Cash Flow projections estimate HHSC will not be able to make payments to Medicaid providers beginning May 2023.



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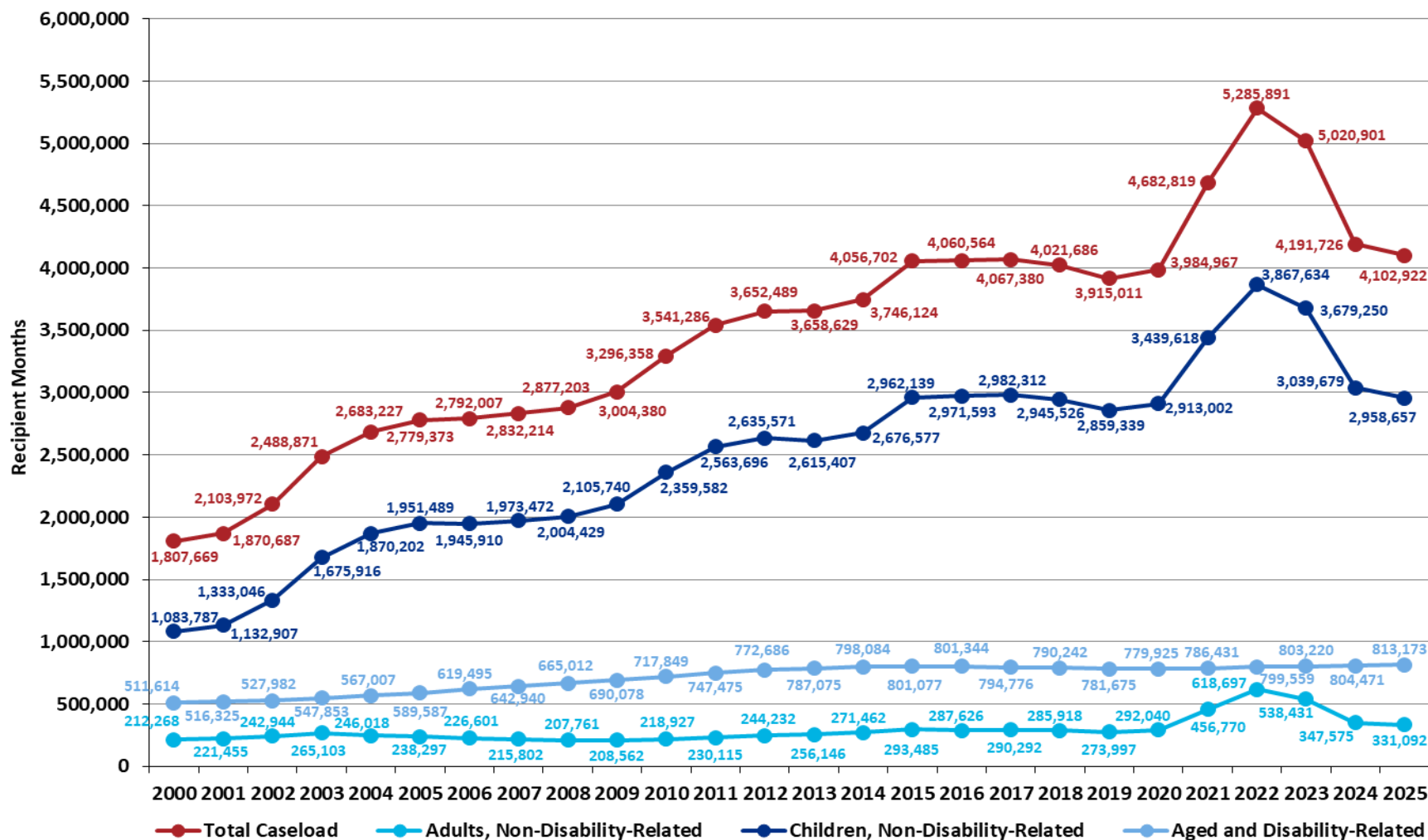
# Key Budget Drivers

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The following assumes the Public Health Emergency (PHE) and related policies end December 2022, figures are impacted due to continued policy recovery over the biennium:

- Medicaid caseloads are projected to decrease by 0.8 percent in FY 2024 and 1 percent in FY 2025
- CHIP caseloads are expected to increase by 64 percent in FY 2024 and 6 percent in FY 2025
- Cost growth has experienced volatility due to caseload change (casemix) resulting from federal PHE policy, in general cost growth is impacted by the following factors:
  - Utilization trends
  - Case mix distribution
  - Benefit changes
  - Population acuity factors
  - Aging and births
  - Evolutionary and revolutionary advances in medicine
- Cost growth for Texas' Medicaid program has averaged a slower rate of increase when compared to national trends

# Medicaid Caseloads by Group – FYs 2000-25

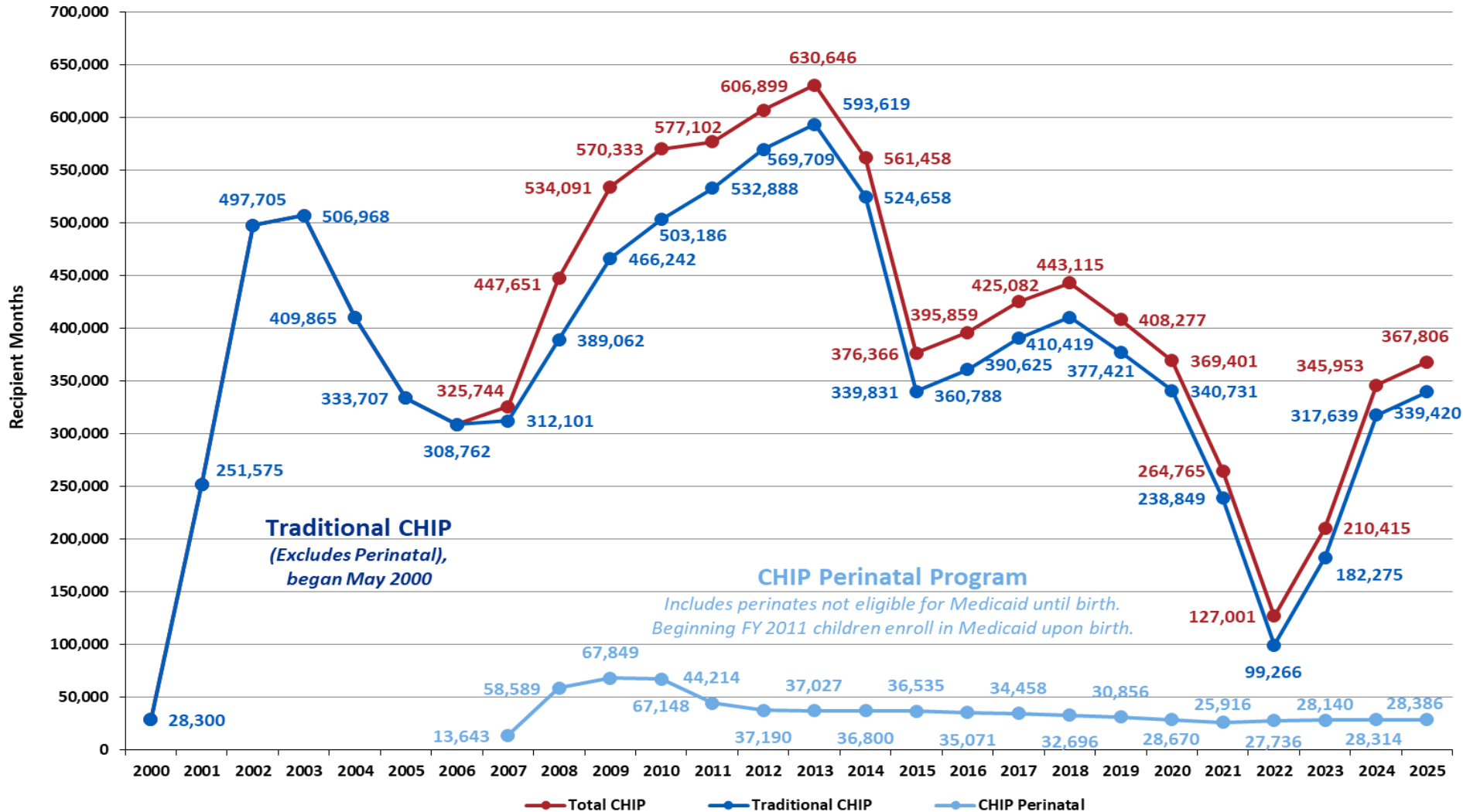


Data for FY 2022 is estimated; FY 2023-25 is projected based on June 2022 forecasts. Non-Disability-Related Adults include TANF-level parents and Pregnant Women; Children are all non-disability-related children under age 21; Disability-Related clients include clients both over and under age 21. Source: HHSC Forecasting, June 2022.



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# CHIP Caseloads – FYs 2000-25



Data for FY 2022 is estimated; FY 2023-25 is projected based on June 2022 forecasts. Source: HHSC Forecasting, June 2022.



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# Summary of Request 2024-25 Biennium



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Method of Financing	2024-25 Base Request	2024-25 Exceptional Items	2024-25 Total Request
General Revenue Funds	\$33,876,037,805	\$3,183,392,130	\$37,059,429,935
General Revenue-Dedicated Funds	\$190,859,312	\$754,530	\$191,613,842
Federal Funds	\$50,979,133,940	\$3,828,963,770	\$54,808,097,710
Other Funds	\$1,626,244,905	\$ -	\$1,626,244,905
<b>Total Method of Financing</b>	<b>\$86,672,275,962</b>	<b>\$7,013,110,430</b>	<b>\$93,685,386,392</b>
Full-Time-Equivalents (FTEs)	38,509.3	105.5	38,614.8

Note: Includes a combined \$170.2 million in All Funds and 657.9 FTEs associated with baseline and exceptional item requests for the Office of Inspector General and the Texas Civil Commitment Office.

# Summary of All Funds Request by Goal

## 2024-25 Biennium

Goal	2024-25 Base Request	2024-25 Exceptional Items	2024-25 Total Request	FY 2024 FTEs	FY 2025 FTEs
Goal A - Medicaid Client Services	\$71,388,040,484	\$5,632,419,245	\$77,020,459,729	-	-
Goal B – Medicaid and CHIP Support	\$1,456,683,353	\$36,362,138	\$1,493,045,491	1,043.9	1,044.9
Goal C – CHIP Client Services	\$1,822,030,394	\$134,845,648	\$1,956,876,042	-	-
Goal D – Additional Health-Related Services	\$3,142,183,269	\$178,049,715	\$3,320,232,984	795.9	795.9
Goal E – Encourage Self Sufficiency	\$1,703,633,527	\$6,338,135	\$1,709,971,662	205.1	205.1
Goal F – Community and Independent Living Services and Coordination	\$747,434,352	\$4,643,153	\$752,077,505	230.2	230.2
Goal G - Facilities	\$2,695,241,016	\$417,117,554	\$3,112,358,570	19,842.1	19,842.1
Goal H – Regulatory Services	\$342,370,704	\$107,951,558	\$450,322,262	2,567.6	2,571.6
Goal I – Program Eligibility Determination and Enrollment	\$1,961,797,617	\$183,747,659	\$2,145,545,276	9,429.7	9,429.7
Goal J – Disability Determination	\$209,623,384	\$8,250	\$209,631,634	830.2	830.2
Goal K – Office of the Inspector General	\$108,464,442	\$12,495,136	\$120,959,578	616.9	616.9
Goal L – System Oversight and Program Support	\$1,054,553,579	\$290,071,976	\$1,344,625,555	3,009.0	3,007.2
Goal M – Texas Civil Commitment Office	\$40,219,841	\$9,060,263	\$49,280,104	41.0	41.0
<b>Total Agency Request</b>	<b>\$86,672,275,962</b>	<b>\$7,013,110,430</b>	<b>\$93,685,386,392</b>	<b>38,611.6</b>	<b>38,614.8</b>

Note: Includes 105.5 FTEs requested through exceptional items.





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# Exceptional Item Requests

## **We stand ready to work with the Governor and Legislature throughout the budget process**

- HHSC is fully aware of the challenges the Texas Legislature faces in writing the state's budget.
- In developing its LAR, HHSC continues to be guided by the following principles:
  - Maintain essential client services
  - Request funding for only what is necessary to prevent agency operations from breaking
- HHSC prioritized and grouped its exceptional item requests into the following categories
  - Maintain Access for Essential Client Services
  - Prevent Disruption of Critical Operations and Achieve Efficiencies
  - Improve Access and Delivery of Behavioral Health Services
  - Comply with State and Federal Regulations
  - Address IT Infrastructure Needs
- HHSC solicited and received more than 200 emails with more than 500 specific recommendations from the public and stakeholders

# Summary of Agency Exceptional Item Requests 2024-25 Biennium

Exceptional Item Category	GR & GR-D Total	Biennial Total	FY24 FTEs	FY25 FTEs
Category 1 – Prevent Disruption of Critical Operations and Achieve Efficiencies	\$ 425,829,763	\$ 624,224,883	18.8	18.8
Category 2 – Improve Access and Delivery of Behavioral Health Services	\$ 133,151,172	\$ 152,124,432	-	-
Category 3 – Comply with State and Federal Regulations	\$ 28,613,368	\$ 56,303,018	45.9	48.9
Category 4 – Maintain Access and Improve Outcomes for Essential Client Services	\$ 2,474,590,868	\$ 5,992,117,191	1.0	1.0
Category 5 – Address IT Infrastructure Needs	\$ 98,846,952	\$ 155,829,715	8.6	8.8
<b>Total Exceptional Item Requests</b>	<b>\$ 3,161,032,123</b>	<b>\$ 6,980,599,239</b>	<b>74.3</b>	<b>77.5</b>

Note: Does not include a combined \$32.5 million in All Funds and 28.0 FTEs associated with exceptional item requests from the Office of the Inspector General and the Texas Civil Commitment Office

