



Presentation to the House Appropriations Committee

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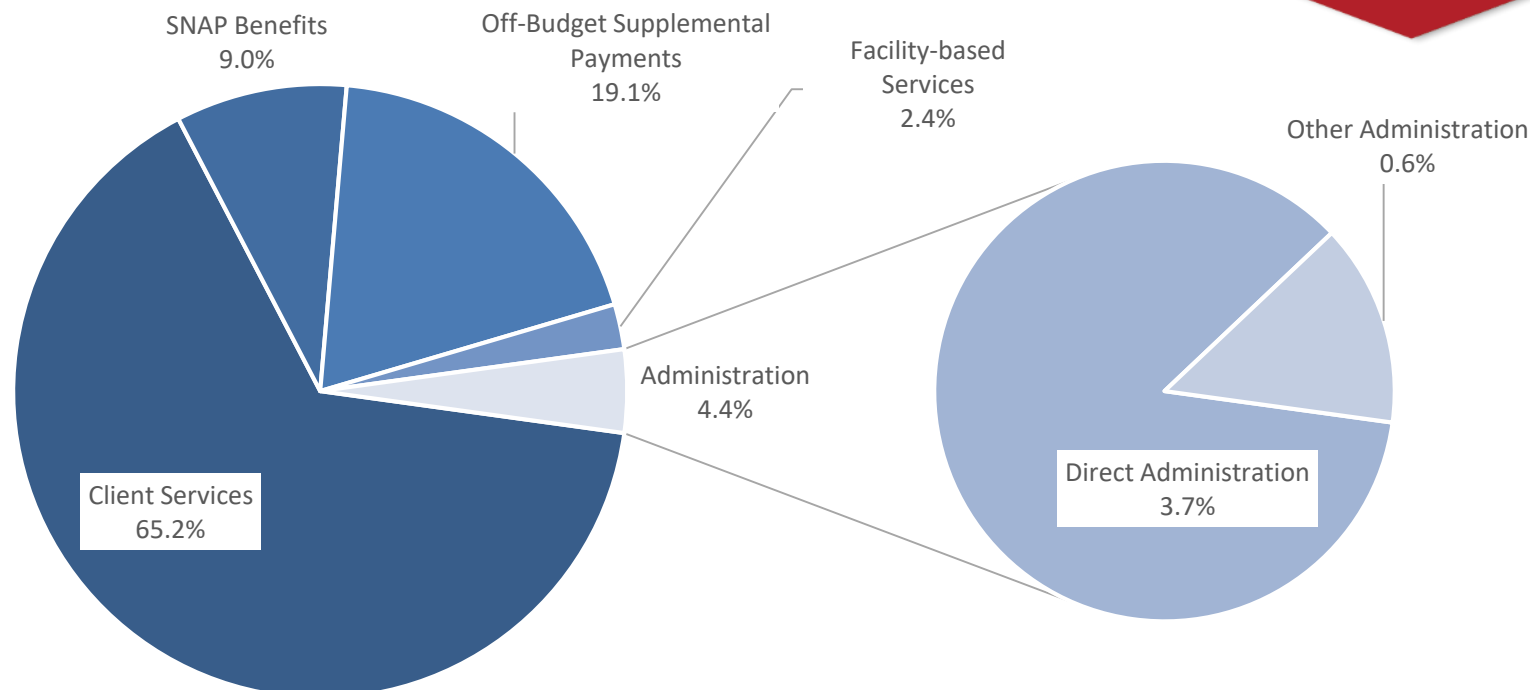
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Health and Human
Services

February 23, 2021

Agency Overview



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Health and Human Services Commission – Percentages of Estimated Total Available Funds (2020-21 Biennium)

Does not include Interagency Contract Funds in Goal K, Office of Inspector General (\$11.3 million), and Goal L, System Oversight and Program Support (\$328.7 million). The Direct Administration category includes Access and Eligibility Services and Regulatory Oversight. SNAP benefits and Off-Budget Supplemental Payments are shown using fiscal year 2019 estimates.

Impact Perspective

A light gray silhouette of the state of Texas is positioned behind the text "4.3 million".

4.3 million

Texans receiving
Medicaid services

15% of Texans covered

53% of Texas births covered by Medicaid

43% of Texas children on Medicaid or CHIP

62% of nursing home residents covered by
Medicaid



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Medicaid Federal Funds

Medicaid is an entitlement program

There is no cap on federal funding to provide eligible services to eligible persons

- Federal Medical Assistance Percentage (FMAP) is derived from each state's average per capita income
- The Centers for Medicare & Medicaid Services (CMS) updates the rate annually
- For federal fiscal year (FFY) 2021, Texas' Medicaid standard FMAP is 61.81 percent
- The Federal Families First Coronavirus Response Act (FFCRA) authorized a 6.2 percentage point increase in FMAP beginning in January 2020
 - The FFY is on a different calendar cycle than the state fiscal year (SFY)
 - The standard SFY 2021 FMAP rate is 61.73 percent (one month of the FFY 2020 rate of 60.89 and 11 months of FFY 2021 rate of 61.81 percent)
 - Adjusted for the FMAP increase under the FFCRA (assumed through June 2021), the SFY 2021 FMAP rate is 66.90 percent



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CHIP Federal Funds

The Children's Health Insurance Program (CHIP) is not an entitlement program

Federal funds are capped – when a state's CHIP funds are spent, no more are available

- Like Medicaid, the match rate is derived from each state's average per capita income and changes annually
- States are allotted a portion of the total federal funds based on a formula then receive federal matching funds up to that allotment
- CHIP has a more favorable match rate than Medicaid
- The FFY 2021 match rate is 73.27 percent
 - Adjusted for SFY and the FMAP increase under the FFCRA (assumed through June 2021), the SFY 2021 rate is 77.79 percent.

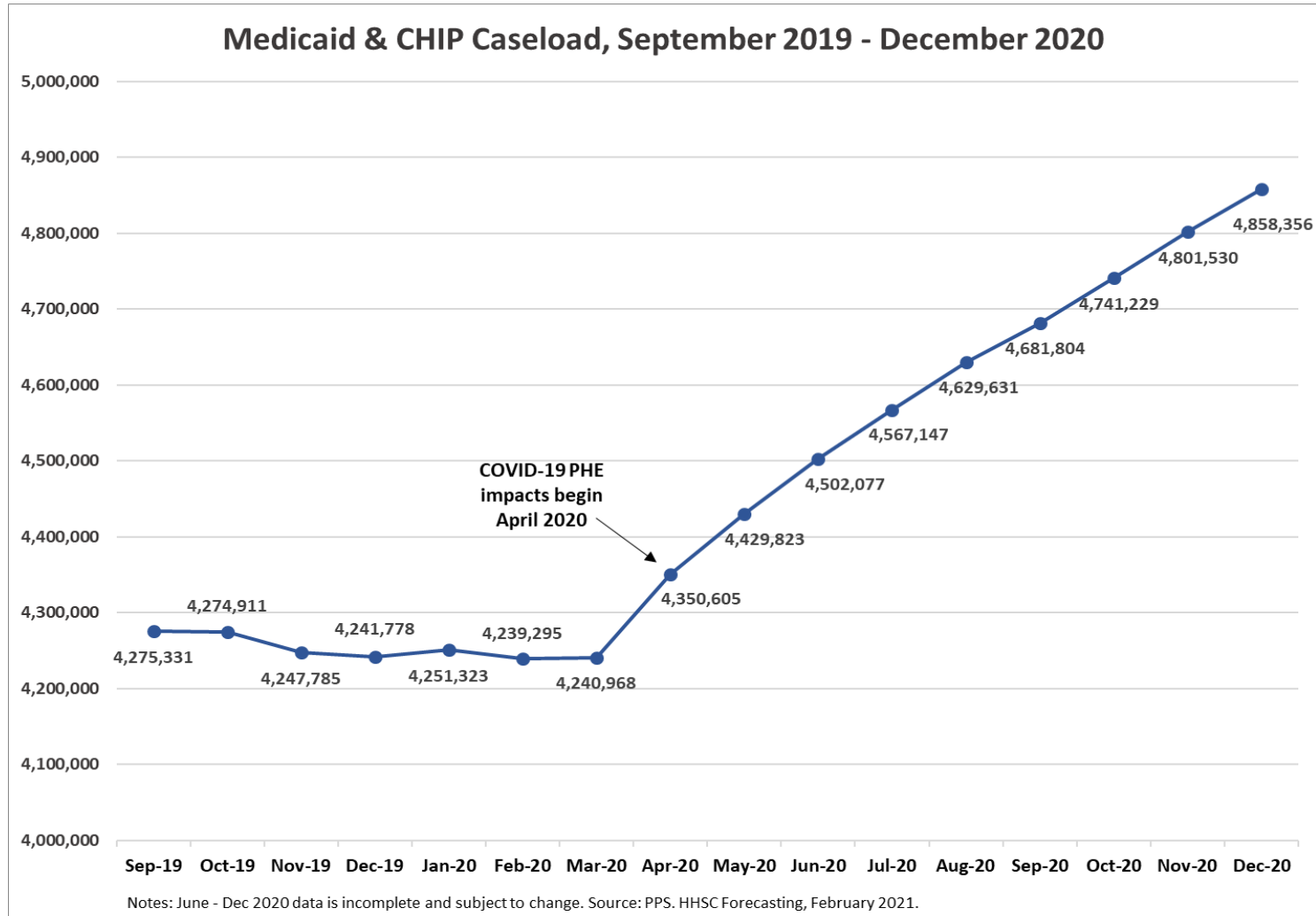


Key Budget Drivers

The following assumes the Public Health Emergency (PHE) and related policies end June 2021:

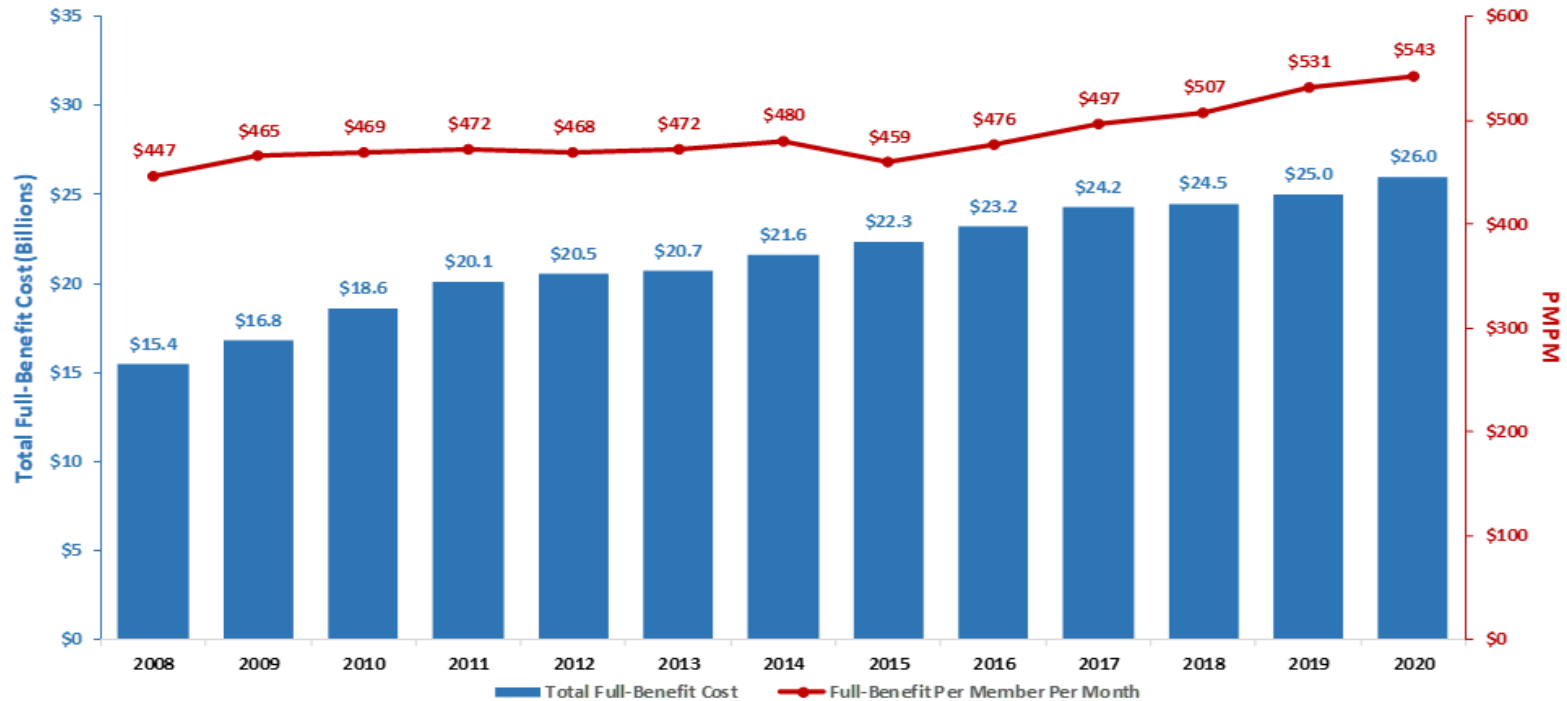
- Medicaid caseloads are projected to decrease by 8.2 percent in SFY 2022 and 4.9 percent in SFY 2023
- CHIP caseloads are expected to increase by 20.8 percent in SFY 2022 and 2.5 percent in SFY 2023
- Cost (per client) growth is projected to increase by 7 percent each year of the biennium due to changing case mix resulting from the PHE
- Total cost growth is 0.1 percent each year
- Cost growth is impacted by:
 - 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 & CHIP Caseload Growth



Medicaid Cost Growth

Texas Medicaid Acute and Long-Term Services Costs, FY 2008-2020:
Total and Per Member Per Month Full-Benefit Cost Clients



Medicaid Caseload - Recipient Months and Per Member Per Month Costs with Trends

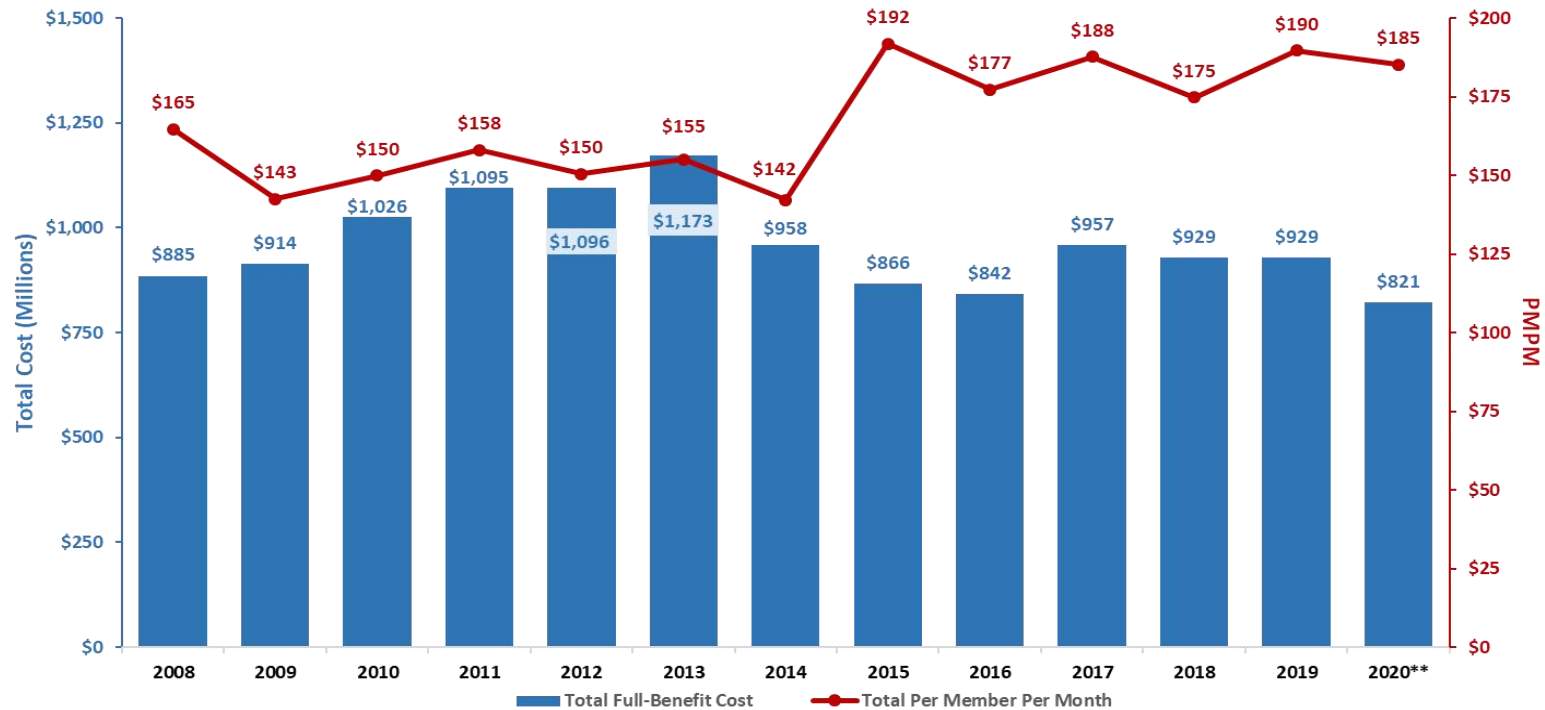
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
RMs	2,878,126	3,005,620	3,298,099	3,543,057	3,655,930	3,658,629	3,746,124	4,056,702	4,060,564	4,067,380	4,021,686	3,915,011	3,988,580
RM Trend		4%	10%	7%	3%	0%	2%	8%	0%	0%	-1%	-3%	2%
PMPM	\$447	\$465	\$469	\$472	\$468	\$472	\$480	\$459	\$476	\$497	\$507	\$531	\$543
PMPM Trend		4%	1%	1%	-1%	1%	2%	-4%	4%	4%	2%	5%	2%

Notes: FY20 is not yet final. Excludes Supplemental & Directed Payment Programs, Medicare premiums, and agency admin. Source: PPS, CMS-37 Historical (FFY). HHSC Forecasting, November 2020.



CHIP Cost Growth

Texas CHIP Costs, FY 2008-2020: Total and Per Member Per Month Costs



CHIP Program Caseload - Recipient Months and Per Member Per Month Costs with Trends

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
RMs	447,651	534,091	570,333	577,102	606,899	630,646	561,458	376,366	395,859	425,082	443,115	408,277	369,436
RM Trend		19%	7%	1%	5%	4%	-11%	-33%	5%	7%	4%	-8%	-10%
PMPM	\$165	\$143	\$150	\$158	\$150	\$155	\$142	\$192	\$177	\$188	\$175	\$190	\$185
Trend		-13%	5%	6%	-5%	3%	-8%	35%	-8%	6%	-7%	9%	-2%

Notes: All data is final except FY 2020, which is incomplete and subject to change. Data includes CHIP Perinatal. Source: CMS-21B (FFY). HHSC Forecasting, November 2020.



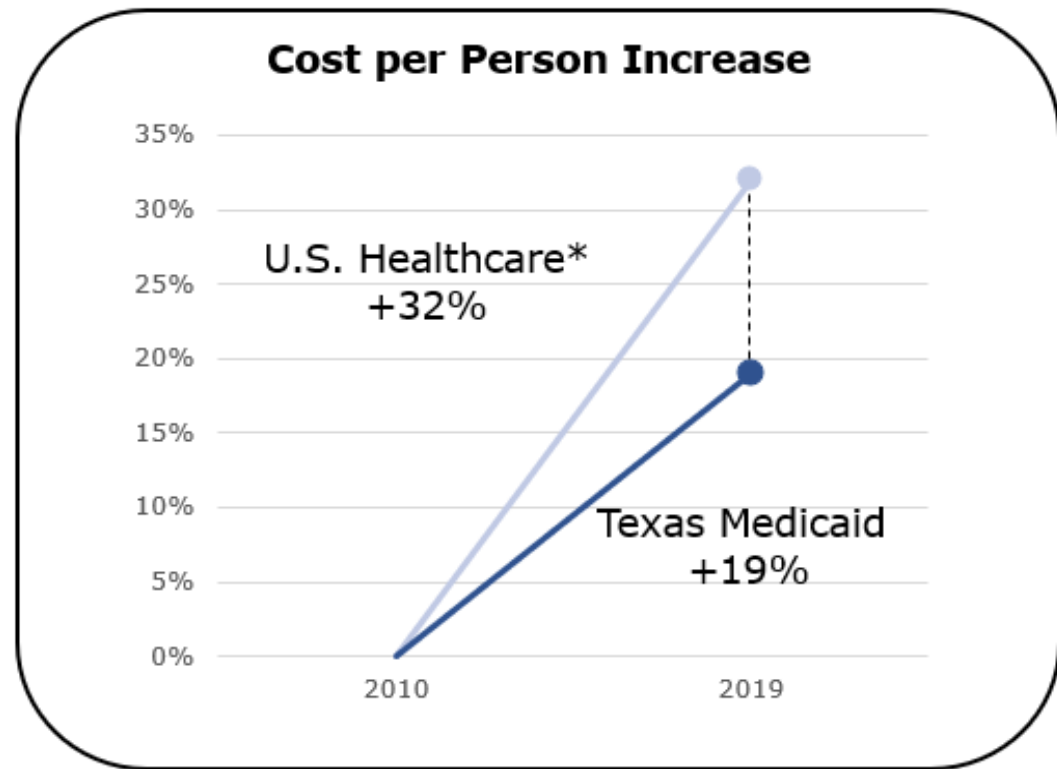
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Cost Growth Trends



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Increased enrollment and improved preventative care within managed care keeps Texas Medicaid costs contained – 13 percentage points lower than the U.S. national average for healthcare



Texas Medicaid is based on full-benefit clients.

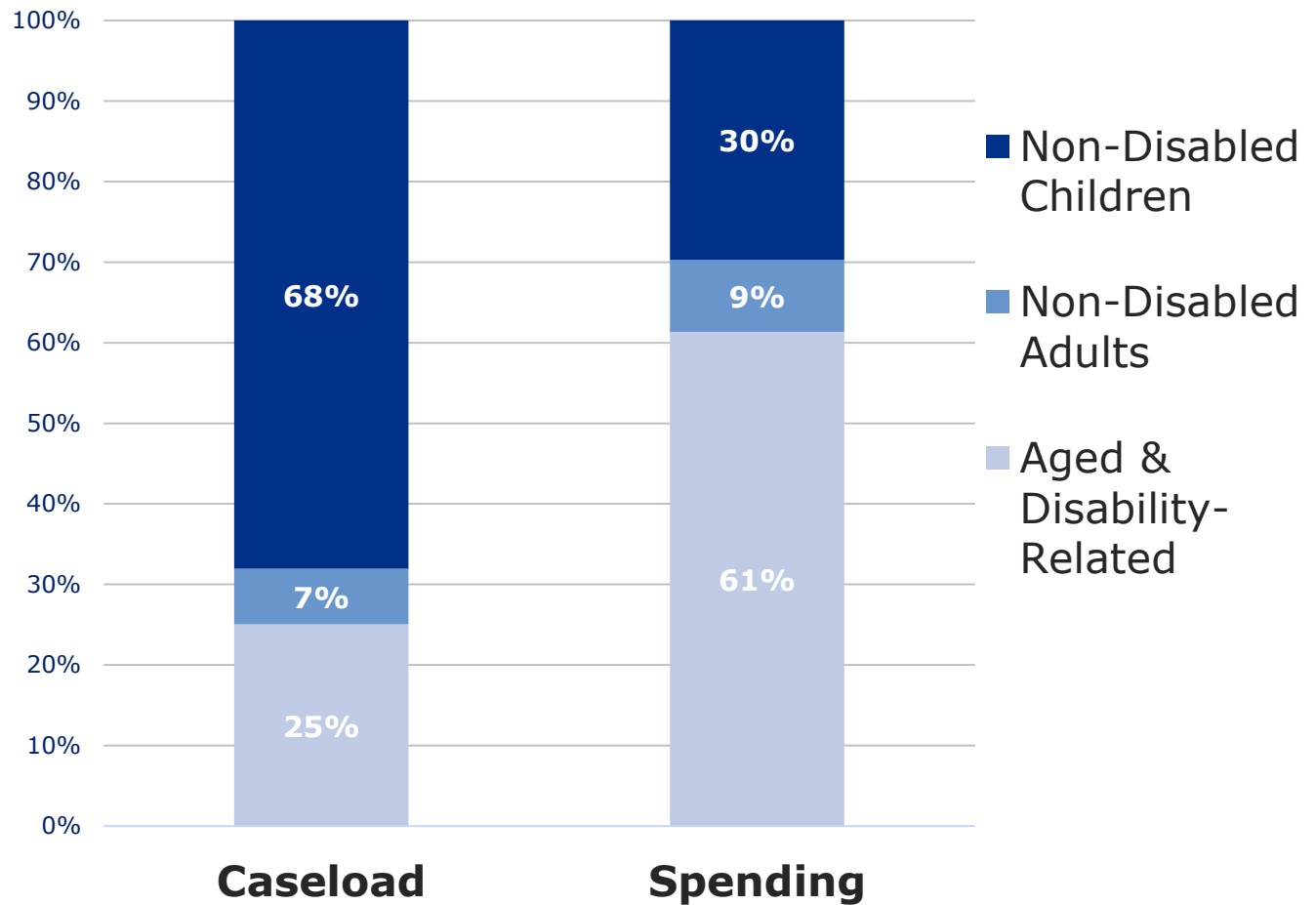
*Source: CMS, Office of the Actuary- data is for CY09-CY18



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Major Category Spending

% Caseload vs. % Spending



COVID-19 Fiscal Impact Summary

	SERVICE	EXPENDITURE	REVENUE	IMPACT
HHSC COVID-19 Impact	45,434,126	\$8,832,622,077	\$10,314,663,212	\$1,482,041,135
MEDICAID & CHIP	1,012,698	\$4,651,701,945	\$6,252,712,930	\$1,601,010,985
Reduce Healthcare Barriers	1,012,698	\$4,192,832,755	\$5,942,305,592	\$1,749,472,837
Suspension of Disenrollments	911,915	\$3,146,727,975	\$2,098,665,536	(\$1,048,062,439)
Suspension of CHIP Cost Share	0	\$13,125,000	\$10,755,631	(\$2,369,369)
COVID-19 Testing	0	\$665,559,525	\$447,312,452	(\$218,247,073)
Increased FFP 6.2 Percent	0	\$0	\$3,133,611,233	\$3,133,611,233
Unemployment Impact	81,511	\$311,712,958	\$210,147,979	(\$101,564,979)
In-Home Day Habilitation	0	\$50,597,227	\$38,384,415	(\$12,212,812)
Extended Leave	19,272	\$5,110,070	\$3,428,346	(\$1,681,724)
Increase Healthcare Capacity	0	\$0	\$0	\$0
Support Healthcare System	-	\$458,869,190	\$310,407,338	(\$148,461,852)
Increase Rates	-	\$458,869,190	\$310,407,338	(\$148,461,852)
NON-MEDICAID	44,420,228	\$4,086,560,067	\$4,074,755,731	(\$11,804,336)
Nutrition Services	35,404,141	\$3,982,086,045	\$3,970,281,709	(\$11,804,336)
SNAP	31,050,310	\$3,970,895,334	\$3,959,090,998	(\$11,804,336)
WIC	4,353,831	\$11,190,711	\$11,190,711	\$0
Aging Services	9,016,087	\$72,910,489	\$72,910,489	\$0
Supportive S/lcs	0	\$13,504,830	\$13,504,830	\$0
Home-delivered Meals	8,123,206	\$38,502,267	\$38,502,267	\$0
Congregate Meals	892,881	\$10,115,121	\$10,115,121	\$0
Family Caregiver	?	\$6,432,408	\$6,432,408	\$0
Ombudsman	0	\$1,350,408	\$1,350,408	\$0
ADRCs	0	\$3,005,454	\$3,005,454	\$0
Mental Health Services	0	\$28,548,750	\$28,548,750	\$0
Family Violence	0	\$3,014,784	\$3,014,784	\$0
STATE-OWNED FACILITIES	0	\$53,676,497	\$19,515,383	(\$34,161,114)
State Supported Living Centers	0	\$35,822,113	\$8,141,816	(\$27,680,297)
Equipment & Supplies	0	\$35,822,113	\$0	(\$35,822,113)
Provider Relief Funds	0	\$0	\$8,141,816	\$8,141,816
State Hospitals	0	\$17,854,384	\$11,373,567	(\$6,480,817)
Equipment & Supplies	0	\$17,854,384	\$0	(\$17,854,384)
Provider Relief Funds	0	\$0	\$11,373,567	\$11,373,567
REGULATORY	1,200	\$11,837,911	\$3,600,000	(\$8,237,911)
Expand Healthcare Workforce	0	\$0	\$0	\$0
Support Healthcare System	1,200	\$11,837,911	\$3,600,000	(\$8,237,911)
Health Care Facilities	0	\$0	\$0	\$0
Long-Term Care Facilities	1,200	\$11,837,911	\$3,600,000	(\$8,237,911)
Increase Healthcare Capacity	0	\$0	\$0	\$0
ADMINISTRATION	0	\$28,845,657	\$14,079,168	(\$14,766,489)
ESS Contract Call Center	0	\$10,000,000	\$6,432,300	(\$3,567,700)
2-1-1 TIRN	0	\$1,370,157	\$589,778	(\$780,379)
Office Cleaning Services & PPE	0	\$10,573,077	\$4,229,837	(\$6,343,240)
Occupational Health Nurse	0	\$90,000	\$0	(\$90,000)
IT - Telecomm. & Infrastructure	0	\$6,812,423	\$2,827,253	(\$3,985,170)
TRANSFERS	0	\$0	\$(50,000,000)	\$(50,000,000)
Dept. State Health Svcs	0	\$0	\$(50,000,000)	\$(50,000,000)
HHSC-2020-N-628	0	\$0	\$(50,000,000)	\$(50,000,000)

*This amount represents the impact to HHSC, negative as shortage of General Revenue and positive as surplus of General Revenue.

