



Legislative Appropriations Request for FY 16-17 Joint Budget Hearing

**Presented to the Governor's Office of Budget, Planning
and Policy and the Legislative Budget Board**

September 22, 2014

Jon Weizenbaum, Commissioner

DADS Mission

Mission

- To provide a comprehensive array of aging and disability services, supports and opportunities that are easily accessed in local communities.

FY 14-15 Major Budget Issues

Managed Care Expansion

- ❑ SB 7, 83rd Legislature, Regular Session, 2013, requires the Health and Human Services Commission (HHSC) and the Department of Aging and Disability Services (DADS) to jointly design and implement an acute care services and long-term services and supports system for individuals with intellectual and developmental disabilities through managed care.

- ❑ Implementation began in September 2013, and the full redesign will roll out gradually through 2020.

- ❑ September 1, 2014:
 - STAR+PLUS expanded statewide, and intellectual and developmental disabilities (IDD) acute care benefits transitioned into STAR+PLUS.
 - The Community-based Alternatives (CBA) waiver is no longer at DADS. All individuals are now served through HHSC's STAR+PLUS program.

FY 14-15 Major Budget Issues

Managed Care Expansion (Cont.)

- A small number of individuals will still receive Primary Home Care (PHC) or Medicaid Day Activity and Health Services (DAHS) through DADS fee-for-service – about 1,300 PHC and 1,100 DAHS.
- ❑ March 1, 2015:
 - Nursing facility services will transition into STAR+PLUS. Approximately 53,000 nursing facility residents will transition to STAR+PLUS. (95 percent of the current population, as 5 percent will remain at DADS.)

Community First Choice (CFC)

- ❑ Tentatively scheduled for implementation on March 1, 2015, pending federal approval.
- ❑ Final program design still under development.

FY 16-17 Key Budget Issues

State Supported Living Centers

Census Reduction

- The census at the 13 state supported living centers (SSLCs) is expected to continue the decrease seen in recent years, moving from an average of 3,649 total residents in 2013 to an expected 3,144 in 2016-17.
- Rider 39 requires DADS to develop a 10-year plan to consider current and future SSLC operational and infrastructure needs.

- The Texas Sunset Commission has recommended, as part of its review of DADS, that the Austin SSLC be closed by August 31, 2017, and that a special restructuring committee determine which, if any, additional centers should be closed by August 2025.

FY 16-17 Summary of Request

[Agency Name] Goals	FY 14-15 Exp/Bud	FY 16-17 Base Request	FY 16-17 Excep. Items	FY 16-17 Total Request
Goal 1: Long Term Services and Supports	\$11,376,069,498	\$7,835,928,735	\$1,166,240,269	\$9,002,169,004
Goal 2: Regulation, Certification and Outreach	\$152,454,168	\$158,438,070	\$5,784,120	\$164,222,190
Goal 3: Indirect Administration	\$193,876,300	\$200,386,486	\$5,602,779	\$205,989,265
Goal 4: DADS Exceptional Items HHSC Impact	-	-	\$132,991,329	\$132,991,329
Total Agency Request	\$11,722,399,966	\$8,194,753,291	\$1,310,618,497	\$9,505,371,788
General Revenue	\$4,644,877,799	\$3,302,123,517	\$531,216,037	\$3,833,339,554
General Revenue - Dedicated	\$131,389,403	\$131,389,402	-	\$131,389,402
Federal Funds	\$6,875,256,704	\$4,716,068,494	\$685,414,736	\$5,401,483,230
Other Funds	\$70,876,060	\$45,171,878	\$93,987,724	\$139,159,602
Total Agency Method of Finance	\$11,722,399,966	\$8,194,753,291	\$1,310,618,497	\$9,505,371,788
FTEs (in last year of biennium)	16,968.2	16,910.4	207.8	17,118.2

Summary of Exceptional Items

Exceptional Item	FY 16 GR/GRD	FY 16 All Funds	FY 17 GR/GRD	FY 17 All Funds	Biennial GR/GRD	Biennial All Funds	FY 16 FTEs	FY 17 FTEs
DADS Base Request	\$1,733,432,980	\$4,142,529,162	\$1,700,079,939	\$4,052,224,129	\$3,433,512,919	\$8,194,753,291	16,969.4	16,910.4
1 Caseload/Maintenance of Current Service Levels	\$27,170,478	\$56,988,297	\$26,551,664	\$55,456,292	\$53,722,142	\$112,444,589	-	-
2 Cost Trends	\$7,222,155	\$16,913,714	\$16,480,653	\$38,533,207	\$23,702,808	\$55,446,921	-	-
3 Reducing Community Program Interest Lists	\$75,961,843	\$179,876,729	\$228,913,552	\$545,842,208	\$304,875,395	\$725,718,937	39.8	110.9
4 Promoting Independence	\$7,668,072	\$22,157,402	\$23,547,266	\$62,843,176	\$31,215,338	\$85,000,578	9.4	19.1
5 Enhancing Community IDD Services	\$14,846,691	\$21,896,892	\$26,217,847	\$36,427,372	\$41,064,538	\$58,324,264	6.0	6.0
6 Complying with Federal PASRR Requirements	\$18,671,800	\$52,133,320	\$23,415,313	\$65,518,138	\$42,087,113	\$117,651,368	27.2	38.8
7 Protecting Vulnerable Texans	\$13,375,218	\$27,443,259	\$7,781,580	\$14,337,459	\$21,156,798	\$41,780,718	23.0	33.0
8 Maintaining/Improving SSLC Operations	\$5,593,853	\$103,019,423	\$5,598,052	\$9,031,699	\$11,191,905	\$112,051,122	-	-
9 ADRC Structural Enhancements	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$2,200,000	\$2,200,000	-	-
10 Total Exceptional Items	\$171,610,110	\$481,528,946	\$359,605,927	\$829,089,551	\$531,216,037	\$1,310,618,497	105.4	207.8

Exceptional Item 1

Caseload/Maintain Current Service Levels

- ❑ The FY 2014–15 General Appropriations Act included funding to expand community-based services and assumed the steady ramp-up of those slots over the biennium.
- ❑ The requested amounts are necessary to annualize appropriations for approximately 1,775 non-entitlement Medicaid waiver clients expected to be served at the end of FY 2015. This funding would allow DADS to continue services to individuals receiving assistance as of August 31, 2015.
- ❑ Funding for this initiative does not create new slots. Instead, it allows DADS to continue financing slots it received in 2013.
- ❑ No FTE impact is associated with funding for this item.

MOF (\$ in millions)	FY 2016	FY 2017	Biennium
GR Related	\$27.2	\$26.6	\$53.8
All Funds	\$57.0	\$55.5	\$112.5

Program Impact: Number of Slots Needed to Annualize Programs		
	FY 2016	FY 2017
Home and Community-based Services (HCS)	857	857
Community Living Assistance and Support Services (CLASS)	195	195
Deaf-Blind Multiple Disabilities (DBMD)	9	9
Medically Dependent Children Program (MDCP)	89	89
Texas Home Living Waiver (TxHmL)	319	319
Program of All-Inclusive Care for the Elderly (PACE)	42	42

Exceptional Item 2

Cost Trends

- ❑ Increases in client acuity and costs are expected to trigger a need for additional funding in the next biennium.
- ❑ Requested funds are tied to growth in DADS entitlement programs, where the agency has minimal discretion, if any, regarding the provision of services.
- ❑ The cost trend estimate was based on cost increases in the current biennium of approximately 2 percent in some of the agency's largest programs.
- ❑ No FTE impact is associated with funding for this item.

MOF (\$ in millions)	FY 2016	FY 2017	Biennium
GR Related	\$7.2	\$16.5	\$23.7
All Funds	\$16.9	\$38.5	\$55.4

Program Impact: Projected Increase in Monthly Cost per-Client		
	FY 2016	FY 2017
Primary Home Care	\$20.06	\$40.58
Community Attendant Services	\$19.49	\$39.34
Nursing Facilities	\$49.77	\$142.26
Hospice	\$34.80	\$99.30

Exceptional Item 3

Reducing Community Program Interest Lists

This item would result in an increase of 15,780 slots for DADS community-based services.

- ❑ These slots would provide full interest list funding for:
 - STAR+PLUS Community-based Alternatives
 - Deaf-Blind Multiple Disabilities

- ❑ Requested slots would serve 20 percent of the estimated number of eligible individuals on the interest lists for:
 - Home and Community-based Services
 - Medically Dependent Children Program
 - Texas Home Living Waiver
 - Comm. Living Assist. and Support Services
 - Title XX services

- ❑ Requested slots would increase the number of individuals served by 10 percent for:
 - In Home and Family Support
 - IDD community services

MOF (\$ in millions)	FY 2016	FY 2017	Biennium
GR Related	\$76.0	\$228.9	\$304.9
All Funds	\$179.0	\$545.8	\$725.7

FTEs	39.8	110.9
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Program Impact: Number of Additional Clients Served (by end of year)		
	FY 2016	FY 2017
STAR+PLUS CBA	823	1646
DBMD	10	21
HCS	3396	6792
MDCP	641	1282
TxHmL	520	1040
CLASS	2076	4151
Title XX Services	652	1303
In-Home & Family Support	300	600
IDD Comm. Services	591	591

Exceptional Item 4

Promoting Independence

- ❑ Under the Promoting Independence initiative, DADS will continue to move individuals into the HCS waiver program:
 - 500 slots for persons moving from large intermediate care facilities and the SSLCs
 - 216 slots for children aging out of foster care at the Department of Family and Protective Services (DFPS)
 - 400 slots for those on the interest list with imminent risk of institutionalization associated with their disability
 - 145 slots for individuals in state hospitals and DFPS facilities.

MOF (\$ in millions)	FY 2016	FY 2017	Biennium
GR Related	\$7.7	\$23.5	\$31.2
All Funds	\$22.2	\$62.8	\$85.0

FTEs	9.4	19.1
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Program Impact: New HCS Slots to be Created (by end of year)		
	FY 2016	FY 2017
HCS Slots SSLCs	200	400
HCS Slots ICFs/IID	50	100
HCS Slots Aging out of Foster Care	108	216
HCS Slots Crisis/Prevention of Institutionalization	200	400
HCS Slots State Hospitals	60	120
HCS Slots DFPS Facilities	13	25

Exceptional Item 5

Enhancing Community IDD Services for Persons with Complex Medical Needs and/or Behavioral Needs

- ❑ This request includes additional funding to support behavioral intervention and crisis respite programs at local IDD authorities (LAs):
 - Funding for behavioral intervention and crisis respite services (\$27.5m GR/27.9m AF)
 - Funding for eight regional medical, behavioral and psychiatric teams that will provide clinical technical assistance through the LAs (\$4.2m GR/\$8.4m AF)
 - If approved by CMS, the cost of this item may be offset by funding requested through the Money Follows the Person initiative.

- ❑ An add-on rate will be piloted as an incentive for ICF/IID and HCS providers to serve individuals with IDD who have higher medical needs in small ICF/IID facilities or in the HCS waiver. (\$5.9m GR/\$13.8m AF)

- ❑ Funding would be provided for more intensive local authority service coordination for SSLC residents transitioning to the community. (\$3.5m GR/\$8.2m AF)

MOF (\$ in millions)	FY 2016	FY 2017	Biennium
GR Related	\$14.8	\$26.2	\$41.0
All Funds	\$21.9	\$36.4	\$58.3

FTEs	6.0	6.0
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Program Impact: Individuals Served		
	FY 2016	FY 2017
Under the Add-on ICF/HCS Rate (\$75.76 per day)	150 (ICF Only)	350 (175 ICF + 175 HCS)

Exceptional Item 6

Complying with Federal PASRR Requirements

- ❑ Funding for this item will help Texas meet federal preadmission screening and resident review (PASRR) requirements applying to all persons with IDD entering, or at risk of entering, a nursing facility (NF).
- ❑ DADS is requesting resources for the following community slots:
 - 700 HCS transition slots for individuals with IDD moving from NFs (\$13.6m GR/\$48.9m AF for HCS)
 - 600 HCS diversion slots for individuals with IDD diverted from NF admission (\$18.1m GR/\$42.1m AF in HCS)
 - 200 TxHmL diversion slots for individuals with IDD diverted from NF admission (\$1.9m GR/\$4.4m AF)
 - Note: Request for HCS slots reflects an offset in NF costs due to lower NF census (\$25.5m GR/\$59.5m AF)
- ❑ Funding would support a full range of specialized services as well as intensive service coordination to eligible individuals in NFs or community settings (\$35.9m GR/\$86.1m AF).

MOF (\$ in millions)	FY 2016	FY 2017	Biennium
GR Related	\$18.7	\$23.4	\$42.1
All Funds	\$52.1	\$65.5	\$117.6

FTEs	27.2	38.8
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Program Impact: Individuals Receiving Services (at end of year)		
	FY 2016	FY 2017
HCS	650	1300
TxHmL	100	200

Exceptional Item 7

Protecting Vulnerable Texans

- ❑ This request would fund needed expansions in guardianship services provided by staff or through contracts (\$1.7m GR and AF).
- ❑ Additional contracted assisted living facility ombudsmen are included to address growth in the number of assisted living facilities (\$1.9m GR and AF).
- ❑ In response to a lack of respite care for many Texas communities, this proposal would expand the number of caregivers reached by the Texas Lifespan Respite Care Program. (\$2.0m GR/\$2.0m AF)
- ❑ The annual cost cap on HCS dental services would be increased from \$1,000 to \$2,000. (\$8.3m GR/\$19.2m AF)
- ❑ This item would provide resources so that eligible 4-bed HCS facilities could install sprinkler systems. (\$5.9m GR/\$13.8m AF)
- ❑ The continued growth of licensed home health and assisted living facility providers has generated a need for more DADS regulatory professionals who can ensure the safety and welfare of often-fragile consumers. (\$1.4m GR/\$3.0m AF)

MOF (\$ in millions)	FY 2016	FY 2017	Biennium
GR Related	\$13.4	\$7.8	\$21.2
All Funds	\$27.4	\$14.3	\$41.7

FTEs	23.0	33.0
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Program Impact: Key Service Indicators, Home and Community Support Services Agencies		
	FY 2016	FY 2017
Inspections per year	209	213
Licenses issued	156	161
Complaint investigations conducted	115	117

Exceptional Item 8

Maintaining/Improving SSLC Operations

- ❑ DADS would use funding from bond proceeds to make necessary life-safety repairs and renovations at SSLCs. (\$0.0m GR/\$94.0m AF [General Obligation Bonds])
- ❑ A 10-year replacement plan for vehicles would be implemented to ensure safe and efficient transportation of SSLC residents. (\$6.1m GR/\$6.1m AF)
- ❑ A proposed SAO reclassification of qualified intellectual disability professionals would be funded under this proposal. (\$2.1m GR/\$4.9m AF)
- ❑ This item would expand an outcomes-based Quality Improvement (QI) Program to assess and improve the quality of care and supports provided to individuals residing in SSLCs and as they are transitioning into an integrated community setting. (\$3.0m GR/\$7.1m AF)

MOF (\$ in millions)	FY 2016	FY 2017	Biennium
GR Related	\$5.6	\$5.6	\$11.2
All Funds	\$103.0	\$9.0	\$112.0

Exceptional Item 9

ADRC Structural Enhancements

- ❑ DADS is requesting \$2.2 million in GR and AF to provide a veterans resource navigation specialist at each of Texas' 22 ADRCs.
- ❑ These trained navigation specialists are required to ensure veterans have streamlined access to the complex systems of benefits and programs to which they are entitled.
- ❑ These specialists will work with existing veteran support systems to provide information, referral and assistance to veterans regarding VA benefits, healthcare systems and military support referral sources.

MOF (\$ in millions)	FY 2016	FY 2017	Biennium
GR Related	\$1.1	\$1.1	\$2.2
All Funds	\$1.1	\$1.1	\$2.2

10% GR Reduction Schedule

❑ FY 16-17 target: \$153.3 million

❑ Reduction Items:

- 5 percent reduction to administrative strategies (\$4.2 million)
 - Reduction of 29 FTEs
- 5 percent reduction to non-Medicaid services (\$12.6 million)
 - Approximately 2,000 clients to lose assistance
- To achieve an overall agency reduction of 5 percent, Medicaid rate reduction of 2.66 percent (\$59.8 million)
- To achieve the full 10 percent reduction, an additional Medicaid rate reduction of 3.4 percent (\$76.6 million)