



HHSC Legislative Appropriations Request FY2024-25 Highlights

On September 9, 2022 HHSC submitted its Legislative Appropriations Request (LAR) for FY2024-25. In the Administrator's Statement, HHSC Executive Commissioner Cecile Young identified the agency's top priority as addressing HHSC's workforce challenges across the state, including for front-line workers and specialized staff in the agency's headquarters. Expanding access to behavioral health services across the continuum of care is identified as a chief goal of the agency.

The HHSC LAR includes 35 exceptional items (EIs), or funding requests for priority initiatives for the FY2024-25 biennium. Of the 35 EIs, 21 are requested for HHSC, 8 are for HHSC's Office of Inspector General, and 6 are for the Texas Civil Commitment Office.

Below are highlighted EIs of particular interest to the Community Center system. Three items are placeholder requests and show a funding request of \$1 or \$3. Funding request amounts are forthcoming for these EIs.

[The full EI request schedule is available here.](#)

HHSC LAR FY2024-25 EI Highlights

Maintain Client Services and Cost Growth

FY24 All Funds: \$2.2 billion

FY25 All Funds: \$3.6 billion

Maintain Medicaid and CHIP cost growth provides for the incremental cost increase in FY24-25 over FY23 levels for all acute and LTSS (HCS, TxHmL, ICF services). The EI would resolve an ongoing issue that Medicaid waivers are short on funds by funding waivers at the end-of-year population level.

Improve Mental Health Services

FY24 All Funds: \$1 (Placeholder)

FY25 All Funds: \$1 (Placeholder)

Funding amounts and method of finance are not included as this EI is a placeholder. The item seeks to reduce costs related to incarceration, court costs, emergency room visits, and hospitalization. The EI would expand access to behavioral health services and supports by:

- including funding requests for a continuum of behavioral health services that reflect the everchanging needs of our populations;
- recruiting and retaining a competent behavioral health workforce; and
- an information technology infrastructure that supports the coordination of services, data-informed clinical decision-making, and quality improvement initiatives.

Expanding State Hospital Capacity

FY24 All Funds: \$36.5 million

FY25 All Funds: \$82.7 million

This EI would fully fund operations, planning, and land acquisition for certain hospitals, maintain additional contracted beds, and account for inflationary costs. The item includes funding for:

- John S. Dunn Behavioral Sciences Center - Houston to fully operationalize 168 beds for the full 2024-25 biennia;
- The planned Dallas hospital operations, including 100 beds at the planned children's unit (300 beds total);
- Operational funds to maintain contracted beds levels and assist with reducing the state hospital system waitlist;
- Planning and land acquisition for a new inpatient psychiatric hospital in the panhandle;
- Pre-planning and planning for Terrell and Wichita Falls state hospital campuses; and
- Cover inflationary costs for Health and Specialty Care System, including increases in construction costs, food, supplies, and current contracted services.

Better Birth Outcomes

FY24 All Funds: \$52.9 million

FY25 All Funds: \$38.6 million

This EI includes interventions to, among other strategies, promote screening, referral, and treatment of prenatal and perinatal mood and anxiety disorders such as postpartum depression (PPD).

Support for Community-based Services and Promoting Independence

FY24 All Funds: \$3 (Placeholder)

FY25 All Funds: \$3 (Placeholder)

Expense of grants and method of finance are not included as this EI is a placeholder. The item includes a four-pronged approach to:

- Increase rates for community attendants, expand the type of people eligible to provide services, and provide support for a Texas-specific attendant job matching website;
- Provide critical support services within program cost caps, support policy changes needed to better support vulnerable Texans in the setting of their choice, and provide supports to serve more medically fragile children in the community and diverting them from admission to an institution;
- Improve the state's infrastructure around program enrollment and oversight, including ensuring timely investigation of critical incidents involving Medicaid enrollees; and
- Reduce Medicaid Interest Lists, while also recognizing the need to stabilize these program and services before enrolling more Texans.

Maintain Client Services Base

FY24 All Funds: \$29.5 million

FY25 All Funds: \$28.9 million

This item includes funding to maintain current service levels in several client service programs, to account for lower federal financial participation due to changes to the federal medical assistance

percentage (FMAP), or Medicaid matching rate. This funding is necessary to maintain current service levels in certain programs not included in another EI and for which HHSC will not be able to absorb the additional cost within baseline appropriations.

Impacted programs include: State Supported Living Centers; Behavioral Health Waiver Programs, and Targeted Case Management for Long-Term Care Intake & Access.

STAR+PLUS Pilot Program

FY24 All Funds: \$10.1 million

FY25 All Funds: \$9.6 million

This funding request would address services, ongoing infrastructure and oversight supports for the STAR+PLUS pilot program, and the pilot's operation for 24 months, including:

- New IT systems enhancements and ongoing maintenance;
- Pre- and post-evaluation of the pilot, including evaluation of assessment, service planning, and service delivery;
- Agency staff to support the operation and oversight of the pilot, as well as planning for the transition of IDD waiver programs into managed care; and
- Funding for contracts with outside vendors, including the External Quality Review Organization (EQRO), Medicaid claims administrator, client assessment tool software vendor, and managed care enrollment broker vendor.

HHSC assumptions for this item includes: approximately 14,800 pilot participants could be enrolled; existing Medicaid LTSS and LTSS new to Texas Medicaid, such as housing supports and remote monitoring.

The EI does not include funding for capitated managed care payments that include client services and administrative expenses.

Grants Management System for Improving Mental Health Services

FY24 All Funds: \$15.2 million

FY25 All Funds: \$17.8 million

Funding requested will support the cost of acquiring and configuring an agency web-based grant management system to electronically manage more than 450 active mental health-specific grants totaling more than \$2.1 billion per fiscal year.

ECI Caseload and Method of Finance

FY24 All Funds: \$29.1 million

FY25 All Funds: \$37.2 million

This EI requests \$56.6 million in general revenue (\$66.3 million in all funds) for the FY2024-25 biennium to fund anticipated caseload growth in the Early Childhood Intervention (ECI) program. HHSC projects ECI will serve 11% more children in FY24 than it is targeted to serve in FY23 and an additional 4% increase in children served in FY25.

Consolidated Rate Request

FY24 All Funds: \$1 (Placeholder)

FY25 All Funds: \$0 (Placeholder)

Funding amounts and method of finance are not included as this EI is a placeholder. HHSC has identified 5 categories of reimbursement rates that are not currently reimbursed in accordance with the methodology and where HHSC believes a reimbursement rate increase would positively impact client's access to high quality care:

The top 5 categories for reimbursement rates that HHSC has identified are:

1. Community Attendant Services
2. Physician Evaluation and Management
3. End Stage Renal Disease
4. Female Genital System Surgery
5. Private Duty Nursing

Comply with State and Federal Regulations

FY24 All Funds: \$18.2 million

FY25 All Funds: \$18.5 million

The funding request includes four items. Of note, the request would support the implementation of the Individualized Skills Socialization (ISS) program to comply with the federal Home and Community-Based Services (HCBS) Settings Rule by March 2023. The funding would support the additional workload to create a registry for ISS providers and staff to monitor an estimated 800 service workers.

An HHSC EI request to the 87th Legislature was not funded. The agency cannot absorb the additional workload.

Funding to Support Regulatory Compliance

FY24 All Funds: \$5.8 million

FY25 All Funds: \$5.5 million

This request addresses a backlog of investigations/inspections in long-term care (LTC) facilities regulated by HHSC.

Enhancing Medicaid Enrollment and Contract Management

FY24 All Funds: \$1.7 million

FY25 All Funds: \$1.5 million

Medicaid and CHIP Services administers and manages contracts for providers, including 1915(c) waiver providers. These requested HHSC staff positions will augment staff to perform various administration and management functions for provider contracts, including, among other functions, enrollments, amendments, renewals and terminations; monitoring reviews for complaints/referrals; and assisting with complex change of ownerships.