



Legislative Appropriation Request (LAR) FY2026-27 HHSC Exceptional Item (EI) Highlights

EI1 Maintain Client Services Cost Growth

FY26 \$186M HCS; \$19M TXHML; \$15M BH Waiver Amendment (YES and HCBS-AMH)

FY27 \$172M HCS; \$19M TXHML; \$17.5M BH Waiver Amendment

Request to maintain Medicaid and CHIP cost growth provides for incremental cost increase in 26-27 over 2025 levels for all acute and Long-term Services and Supports (LTSS).

EI5 Federal Cuts related to Women's and Children's Health Services

FY26 \$7.6M Early Childhood Intervention (ECI)

FY27 \$10.4M ECI

ECI caseload is expected to continue to grow at a rate of approximately 3.5% per year. This exceptional item is intended to ensure ECI can fund continued caseload growth. The ECI funds requested under this exceptional item are intended to be allocated to ECI subrecipients to provide direct client services for children and families

EI12 Children's Mental Health Strategic Plan

FY26 \$30,000,003

FY27 \$30,000,003

Currently allocated in Community Mental Health Services with a placeholder in Substance Use Prevention, Intervention and Treatment and Behavioral Health Waiver Plan Amendment

This exceptional item (EI) seeks funding to continue addressing recommendations from the Mental Health Roadmap as well as the Children's Behavioral Health Strategic Plan to further improve behavioral health services in Texas. This EI contains strategic behavioral health funding requests to improve the availability of behavioral health services in Texas and is underpinned with the recognition that HHSC is responding to an increase in the number of Texans in need of behavioral health services, at more access points (jails, emergency rooms, schools).

(a) This EI funds behavioral health services and supports to expand programs designed for children and youth. The following initiatives support the children and youth population, including those with high acuity and complex needs, at imminent risk of relinquishment to the Department of Family Services, or in state conservatorship:

- Youth Crisis Outreach Teams;
- Youth Empowerment Services;
- Residential Treatment Centers; and
- Children's Statewide Strategic Plan Recommendations.

(b) This request also expands crisis services through local mobile crisis outreach teams and crisis facilities, allowing services in the least restrictive environment and decreasing emergency department visits, inpatient hospitalizations, and number of arrests.

EI15 Reduce Medicaid Waiver Interest Lists

FY26 \$1 placeholder

FY27 \$1 placeholder

Medicaid long-term-care (LTC) waiver programs provide home and community-based services as an alternative to institutional care. Texas Medicaid operates 6 LTC waiver programs: Home and



Community-based Services, Community Living Assistance and Support Services, Deaf Blind with Multiple Disabilities, Texas Home Living, Medically Dependent Children Program (MDCP), and STAR+PLUS Home and Community-Based Services. Demand for these programs frequently exceeds capacity and HHSC maintains an interest list for each.

EI17 Increasing Services for People with Disabilities

FY26 \$6.8M Non-Medicaid Developmental Disability Community Services (General Revenue-IDD)

FY27 \$6.8M General Revenue-IDD

IDD Outpatient Mental Health: Texas can improve outcomes for people with intellectual or developmental disabilities (IDD) by expanding outpatient mental health service sites to all 39 LIDDAs, allowing more children with IDD who also have mental health or behavioral needs to remain in their communities and in their homes with loved ones. Currently available at only five (5) Local IDD Authorities, IDD Outpatient Mental Health: Mental health services play a crucial role in alleviating strain felt by providers and families alike in assisting children with IDD to live in the community successfully and reducing more costly institutionalization. These services are unique in nature and not funded in other IDD service arrays. The Texas Judicial Commission on Mental Health (JCMH) has indicated support for statewide implementation and the Children’s Mental Health Strategic Plan – which is being finalized – also recommends program expansion.

EI24 Consolidated Rate Request

FY26 \$1 placeholder

FY27 \$1 placeholder

. HHSC has identified 5 categories of reimbursement rates where HHSC believes a reimbursement rate increase would positively impact client's access to high quality care. The top categories for reimbursement rates that HHSC has identified are:

- Guardianship Services
- Autism and Peer Support Services – Post-Implementation Utilization Reviews have shown lower than expected utilization growth.
- IMD Medicaid & Community Inpatient bed day rates – Medicaid rates have not been increased since 2007 and are significantly lower than rates for similar services.
- Community-based Nursing Services, including Private Duty Nursing
- Community Attendant Services – Although this service type did receive an increase to the minimum floor rate during the 88th Legislative Session (from \$8.11 to \$10.60), providers continue to report issues attracting additional staff to the workforce.

The Community Attendant Services category would impact the Direct Support Professionals within Community ICF and associated Community Medicaid Waivers (HCS and TxHmL).

Additional EI from Texas Department of Criminal Justice LAR

EI6 Texas Correctional Office on Offenders with Medical and Mental Impairments

FY26 \$6M

FY27 \$6M

Funding for the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) of \$5.9 million for contracted local mental health authorities to meet current demands. This funding would provide for 15 caseloads to serve approximately 890 clients within continuity of care, transitional case management, and intensive case management that were reduced in the current biennium due to increased costs.