Texas Medicaid Program

Overview and Funding
Legislative Budget Board
Presented to the House Committee on Appropriations
February 4, 2013
Medicaid Overview and History

- Joint State/Federal program that provides insurance to certain eligible populations
- Created in 1965 as Title XIX of the Social Security Act; established in Texas in 1967
- Basic federal provisions include entitlement, state-wideness, comparability, freedom of choice of provider, amount/duration.scope of service
- State can seek approval of a “waiver” program to waive any of the federal provisions requirements
GOVERNOR

HHSC
Executive Commissioner

Single State Agency (HHSC)
Medicaid Eligibility Determination
Medicaid Services
STAR, STAR+PLUS, and STAR Health
Texas Health Care Transformation and Quality Improvement Program 1115 Waiver
Vendor Drug Program
Medical Transportation
Office of Inspector General (OIG)

Department of State Health Services (DSHS)
Texas Health Steps
Case Management for Pregnant Women and Children
Newborn Screening and Newborn Hearing Screening
Family Planning
Targeted Case Management and Rehabilitation Services for People who are diagnosed with a Mental Health Condition
NorthSTAR
Youth Empowerment Services (YES)

Department of Aging and Disability Services (DADS)
Nursing Facility
LTC Licensing, Survey, and Certification
Community Services (Primary Home Care, DAHS)
Community ICF/IID, State Supported Living Centers Program of All-Inclusive Care for the Elderly (PASARR)
Hospice
Waivers (CLASS, CBA, DBMD, MDCP, HCS, TxHmL)
Targeted Case Management for People with Intellectual Disabilities

HHSC Pink Book, 2013
## Federal Poverty Levels 2013

<table>
<thead>
<tr>
<th>Size of Family Unit</th>
<th>100% FPL</th>
<th>12% FPL</th>
<th>21% FPL</th>
<th>74% FPL</th>
<th>133% FPL</th>
<th>185% FPL</th>
<th>200% FPL</th>
<th>222% FPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$11,490</td>
<td>$1,379</td>
<td>$2,413</td>
<td>$8,503</td>
<td>$15,282</td>
<td>$21,257</td>
<td>$22,980</td>
<td>$25,508</td>
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<tr>
<td>2</td>
<td>$15,510</td>
<td>$1,861</td>
<td>$3,257</td>
<td>$11,477</td>
<td>$20,628</td>
<td>$28,694</td>
<td>$31,020</td>
<td>$34,432</td>
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<tr>
<td>3</td>
<td>$19,530</td>
<td>$2,344</td>
<td>$4,101</td>
<td>$14,452</td>
<td>$25,975</td>
<td>$36,131</td>
<td>$39,060</td>
<td>$43,357</td>
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<tr>
<td>4</td>
<td>$23,550</td>
<td>$2,826</td>
<td>$4,946</td>
<td>$17,427</td>
<td>$31,322</td>
<td>$43,568</td>
<td>$47,100</td>
<td>$52,281</td>
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<tr>
<td>5</td>
<td>$27,570</td>
<td>$3,308</td>
<td>$5,790</td>
<td>$20,402</td>
<td>$36,668</td>
<td>$51,005</td>
<td>$55,140</td>
<td>$61,205</td>
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<tr>
<td>6</td>
<td>$31,590</td>
<td>$3,791</td>
<td>$6,634</td>
<td>$23,377</td>
<td>$42,015</td>
<td>$58,442</td>
<td>$63,180</td>
<td>$70,130</td>
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<tr>
<td>7</td>
<td>$35,610</td>
<td>$4,273</td>
<td>$7,478</td>
<td>$26,351</td>
<td>$47,361</td>
<td>$65,879</td>
<td>$71,220</td>
<td>$79,054</td>
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<tr>
<td>8</td>
<td>$39,630</td>
<td>$4,756</td>
<td>$8,322</td>
<td>$29,326</td>
<td>$52,708</td>
<td>$73,316</td>
<td>$79,260</td>
<td>$87,979</td>
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</tbody>
</table>

For each additional person

- $4,020
- $482
- $844
- $2,975
- $5,347
- $7,437
- $8,040
- $8,924

*Federal Register: January 24, 2013*
Eligible Population in Texas

- Pregnant women and newborns up to 185% Federal Poverty Level (FPL)
- Children
  - Ages 1-5 up to 133% of the FPL
  - Ages 6-18 up to 100% FPL
  - Starting January 2014, all children up to 138% FPL will be covered, per the Affordable Care Act.
- TANF-eligible parent ~12% FPL
- Aged and Disability-related ~74% FPL
  - Nursing Facility and Long-term Care Waivers ~ up to 222% FPL
- Medically Needy ~21%
Medicaid Eligibility Levels

- All coverage levels are mandatory except Pregnant Women and Infants from 133-185% FPL and Nursing Homes & Waivers above 74% FPL.
- Under the Affordable Care Act, the Children groups 1-5 and 6-18 will be covered up to 138% FPL starting January 2014.
Federal Medical Assistance Percentage (FMAP)

- A state’s FMAP is based on a state’s three-year average per capita income relative to the national per capita income.
  - The Legislative Budget Estimates assumes the following FMAPs:
    - State Fiscal Year 2012 – 58.42%
    - SFY 2013 – 59.21%
    - SFY 2014 – 58.74%
    - SFY 2015 – 58.20%

- Most client services are funded at FMAP; some client services and administrative/technology services are funded at different matching levels.
Medicaid in Introduced Bill

- The Introduced House Bill provides funding for entitlement program caseload growth that is projected to occur in fiscal years 2014-15.
- It generally provides funding to sustain the waiver program caseloads at the August 2013 level (end of year).
- The average monthly caseload in the acute care Medicaid program at HHSC is projected to be 4,058,167 in FY 2015.
- The average monthly caseload in long-term care Medicaid programs at DADS is projected to be 193,969 in FY 2015.
- All long-term care recipients are receiving acute care services.
- The average monthly costs are generally held to fiscal year 2013 averages.
Medicaid Funding

- Total Medicaid funding in the **2012-13** base (in the Legislative Budget Estimates) is $21.8 billion in General Revenue-related Funds and $53.5 billion in All Funds. This includes $4.4 billion in supplemental GR Funds to complete fiscal year 2013 expenditures.

- Total Medicaid funding included for **2014-15** is $22.9 billion in General Revenue-related Funds and $56.2 billion in All Funds.

- This is a net increase of $1.1 billion in GR-related Funds and $2.7 billion in All Funds.

- There are certain supplemental payments outside of the appropriation process: Disproportionate Share Hospital (DSH) and some 1115 Waiver Supplemental Payments (formerly Upper Payment Limit, UPL) which will provide funds toward uncompensated care and delivery system reform incentive payments.
# Medicaid Client Services, 2014-15

<table>
<thead>
<tr>
<th>Medicaid Eligibility Group</th>
<th>General Revenue Funds (in millions)</th>
<th>All Funds (in millions)</th>
<th>Caseload FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aged, Medicare and Disability Related (HHSC &amp; DADS)</td>
<td>$10,204.3</td>
<td>$24,831.1</td>
<td>830,130</td>
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<tr>
<td>Pregnant Women</td>
<td>$850.9</td>
<td>$2,063.4</td>
<td>129,472</td>
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<tr>
<td>Other Adults</td>
<td>$475.1</td>
<td>$1,157.2</td>
<td>136,732</td>
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<tr>
<td>Poverty-related Children</td>
<td>$5,264.8</td>
<td>$13,306.5</td>
<td>2,961,834</td>
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</tbody>
</table>

*Funding amounts are not a complete accounting of expenditures for each group and do not include other Medicaid benefit costs such as medical transportation, prescription drugs, Medicare-related payments, Emergency Medicaid, eligibility determination or administration.

February 4, 2013
Texas Medicaid Beneficiaries and Expenditures
State Fiscal Year 2011

Caseload:
- Poverty-Level Children: 66%
- Poverty-Level Adults: 9%
- Aged & Disability Related: 25%

Cost:
- Poverty-Level Children: 33%
- Poverty-Level Adults: 9%
- Aged & Disability Related: 58%

Source: HHS Financial Services, 2011 Medicaid Expenditures, including Acute Care, Vendor Drug, and Long-Term Care. Costs and caseload for all Medicaid payments for all beneficiaries (Emergency Services for Non-Citizens, Medicare payments) are included. Children include all Poverty-Level Children, including TANF. Disability Related Children are not in the Children group.

HHSC System Forecasting, August 2012
Medicaid Funding

- Cost containment initiatives are included in rider 51, Medicaid Funding Reduction and Cost Containment.
  - General Revenue Funds are reduced by $250 million for the biennium ($602 million in All Funds).
  - Approximately twenty initiatives, many related to long-term care, are included for HHSC to implement.
  - Cost containment initiatives implemented in FY 2012-13 are assumed to continue in FY 2014-15.
1115 Waiver

- **Authorized managed care expansion**
  - Expansion into South Texas
  - Expansion in existing areas
  - Reconfiguration into Medicaid Rural Service Areas
  - “Carve-in” vendor drug program and inpatient hospital
  - Dental capitation for children

- **Re-constructed the supplemental payment system previously known as Upper Payment Limit**
  - Hospitals and other health care provider groups have joined regional healthcare partnerships (RHPs) to draw down supplemental funds to cover:
    - Uncompensated Care Costs
    - Delivery System Reform Incentive Payments
### HHS Programs: Funding and Performance Measures

*(this list is not comprehensive)*

<table>
<thead>
<tr>
<th>Agency</th>
<th>Program Name</th>
<th>General Revenue Biennial</th>
<th>All Funds (rounded)</th>
<th>Caseload in FY 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>HHSC</td>
<td>Medicaid Acute Care</td>
<td>$ 17,182.3</td>
<td>$ 42,635.1</td>
<td>4,058,167</td>
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<tr>
<td>HHSC</td>
<td>CHIP</td>
<td>$ 543.6</td>
<td>$ 1,846.4</td>
<td>361,946</td>
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<tr>
<td>HHSC</td>
<td>Integrated Eligibility and Enrollment</td>
<td>$ 690.1</td>
<td>$ 1,524.9</td>
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<tr>
<td>HHSC</td>
<td>TANF</td>
<td>$ 132.5</td>
<td>$ 193.2</td>
<td>101,299</td>
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<tr>
<td>DADS</td>
<td>Medicaid Long-term Care</td>
<td>$ 4,745.6</td>
<td>$ 11,602.4</td>
<td>193,969</td>
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<tr>
<td>DADS</td>
<td>Non-Medicaid Services</td>
<td>$ 116.0</td>
<td>$ 389.8</td>
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<tr>
<td>DARS</td>
<td>Vocational Rehabilitation - Blind</td>
<td>$ 16.4</td>
<td>$ 97.0</td>
<td>10,121</td>
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<tr>
<td>DARS</td>
<td>Vocational Rehabilitation - General</td>
<td>$ 88.4</td>
<td>$ 432.6</td>
<td>84,388</td>
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<tr>
<td>DARS</td>
<td>Early Childhood Intervention (ECI)</td>
<td>$ 49.7</td>
<td>$ 293.6</td>
<td>27,981</td>
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<tr>
<td>DARS</td>
<td>Comprehensive Rehabilitation</td>
<td>$ 47.2</td>
<td>$ 47.4</td>
<td>516</td>
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<td>DFPS</td>
<td>CPS Direct Delivery Staff</td>
<td>$ 442.5</td>
<td>$ 841.1</td>
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<tr>
<td>DFPS</td>
<td>Foster Care Payments</td>
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<td>$ 763.3</td>
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<td>DFPS</td>
<td>Adoption/PCA Payments</td>
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<td>$ 460.0</td>
<td>43,753</td>
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<td>DFPS</td>
<td>APS Direct Delivery Staff</td>
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<td>$ 104.4</td>
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<tr>
<td>DSHS</td>
<td>Preparedness and Prevention</td>
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<td>$ 1,121.3</td>
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<td>DSHS</td>
<td>Community Health Services</td>
<td>$ 1,428.5</td>
<td>$ 3,391.3</td>
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<tr>
<td>DSHS</td>
<td>Hospital Facilities and Services</td>
<td>$ 759.6</td>
<td>$ 992.4</td>
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<tr>
<td>DSHS</td>
<td>Consumer Protection Services</td>
<td>$ 95.2</td>
<td>$ 127.4</td>
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</tbody>
</table>

In general, the caseload measures are average monthly; see the Introduced Bill for information on related performance measures.