



# LBB-GOBPP Joint Budget Hearing DADS FY2014-15 LAR

---

Department of Aging and Disability Services  
Jon Weizenbaum, Interim Commissioner

September 11, 2012

# DADS Vision and Mission

---

## **Vision**

Older Texans and persons with disabilities will be supported by a comprehensive and cost-effective service delivery system that promotes and enhances individual well-being, dignity, and choice.

## **Mission**

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

# Development of the FY2014-15 DADS LAR

---

- ❑ To obtain valuable stakeholder input into the DADS Legislative Appropriations Request, several communication mechanisms and outlets were used, including;
  - From February through April 2012 – Stakeholders, external and internal, provided initial input into the DADS LAR through the DADS website or via email
  - April 3, 2012 – Public hearing was held to solicit input in developing the LAR
  - April 12, 2012 – Video conference, in nine cities, allowing participation from across the state in the development of the LAR
  - June 6, 2012 – DADS Council work session to discuss and provide input on the LAR exceptional items and priority order

## FY2012-13 Issues

---

- ❑ The 82nd Legislature funded DADS programs and services at \$9.9 billion in All Funds (\$4.1 billion General Revenue) for FY2012-13. This represents an All Funds decrease of \$3.8 billion compared to FY2010-11 expenditures of \$13.7 billion.
- ❑ The DADS FTE ceiling was reduced by 462.7 FTEs to 17,492.0 in FY2013 (the number of FTEs budgeted for FY2011 was 17,954.7).
- ❑ Based upon HHSC's April 2012 caseload forecast (which was based upon data through March 2012), the DADS FY2012-13 biennial shortfall is an estimated \$1,026.5 million GR.
- ❑ The estimated shortfall for FY2012 is \$109.2 million in GR. The entire amount is related to costs above the 2012-13 General Appropriations Act (GAA) within the client service Medicaid programs.

## FY2012-13 Issues (cont'd)

---

- ❑ The estimated shortfall for FY2013 is \$1,021.9 million in GR. The majority of the \$1,021.9 million GR shortfall for FY2013 is due to the impact of “unfunded months” in the GAA.
  - Unfunded Months \$ 869.1 million in GR deficit
  - Cost Increases \$ 167.0 million in GR deficit
  - Caseload Decrease (\$ 14.2 million in GR lapse)
  - Net Total \$1,021.9 million in GR deficit
  
- ❑ The combined FY2012 and FY2013 shortfalls total \$1,131.1 million and is partially offset by a number of factors
  - more favorable FMAP in FY2013 of \$45.4 million in GR
  - \$48.5 million in earned federal funds related to the State Supported Living Center (SSLC) cost settlement for FY 2011
  - \$10.7 million GR-D of additional Quality Assurance Fee.
  
- ❑ The result is a net estimated biennial GR shortfall of \$1,026.5 million.

# FY2014-15 Key Budget Issues

---

- ❑ Maintaining FY2013 service levels
  - FY2012-13 ramp-up of Home and Community-based Services (HCS) waiver program
  - Cost trends (inflation, acuity, utilization)
- ❑ Continuation of movement toward community services
  - Promoting independence
  - Preventing institutionalization
  - Community expansion (Interest List Reduction)
  - Community First Choice (CFC)
- ❑ Infrastructure improvements
  - Full-time Employees (FTEs) in critical service areas
  - Technology in support of service delivery
  - SSLCs

## FY2014-15 Key Budget Issues (cont'd)

---

### Provider rates

- Rate reductions in FY2012-13
- Impact on provider availability

### Federal funds sequestration

- Possible 7.8 percent decrease in non-Medicaid funds per year
- Begins in FY2013
- Title XX (\$6.8 million per year)
- Administration on Aging (\$6.6 million per year)

# FY2014-15 Key Program Issues

---

- ❑ SSLC Department of Justice Settlement Agreement
  - Began baseline reviews in January 2010
  - Started fifth round of compliance reviews in July 2013
- ❑ Proposed statewide expansion of STAR+PLUS
  - Primary Home Care (PHC), Day Activity and Health Services (DAHS) and Community Based Alternatives (CBA) programs no longer at DADS
- ❑ Medicaid cost containment
  - Electronic Visit Verification (EVV)
  - Utilization Reviews
- ❑ Balancing Incentive Program (BIP)
- ❑ Community First Choice (CFC)



# DADS LAR Summary Request

Description	FY2012-13 Exp/Bud	FY2014-15 Base Request	FY2014-15 Excp Items	FY2014-15 Total Request	Biennial Change
<b>GOAL 1 - Long Term Services and Supports</b>	<b>\$12,495,933,453</b>	<b>\$12,311,619,555</b>	<b>\$1,323,315,594</b>	<b>\$13,634,935,149</b>	<b>\$1,139,001,696</b>
Obj 1 - Intake, Access, and Eligibility	\$461,116,264	\$466,481,280	\$49,857,007	\$516,338,287	\$55,222,023
Obj 2 - Community Services and Supports - Entitlement	\$1,502,952,858	\$1,299,024,222	\$80,853,008	\$1,379,877,230	(\$123,075,628)
Obj 3 - Community Services and Supports - Waivers	\$2,669,231,562	\$2,624,098,265	\$854,309,085	\$3,478,407,350	\$809,175,788
Obj 4 - Community Services and Supports - State	\$398,674,682	\$389,765,930	\$18,036,521	\$407,802,451	\$9,127,769
Obj 5 - Program of All-inclusive Care for the Elderly (PACE)	\$73,641,319	\$75,825,984	\$11,903,934	\$87,729,918	\$14,088,599
Obj 6 - Nursing Facility and Hospice Payments	\$5,457,460,629	\$5,534,285,095	\$200,435,769	\$5,734,720,864	\$277,260,235
Obj 7 - Intermediate Care Facilities – Individuals w/ Intellectual Disability	\$586,450,373	\$592,106,482	\$0	\$592,106,482	\$5,656,109
Obj 8 - State Supported Living Centers (SSLC)	\$1,330,868,062	\$1,329,327,925	\$19,389,300	\$1,348,717,225	\$17,849,163
Obj 9 - Capital Repairs and Renovations	\$15,537,704	\$704,372	\$88,530,970	\$89,235,342	\$73,697,638
<b>GOAL 2 - Regulation, Certification and Outreach</b>	<b>\$143,531,424</b>	<b>\$143,521,101</b>	<b>\$12,994,774</b>	<b>\$156,515,875</b>	<b>\$12,984,451</b>
<b>GOAL 3 - Indirect Administration</b>	<b>\$130,927,721</b>	<b>\$128,373,208</b>	<b>\$39,457,891</b>	<b>\$167,831,099</b>	<b>\$36,903,378</b>
<b>GOAL 4 - DADS Exceptional Items HHSC Impact</b>	<b>\$0</b>	<b>\$0</b>	<b>\$97,157,727</b>	<b>\$97,157,727</b>	<b>\$97,157,727</b>
<b>TOTAL AGENCY REQUEST</b>	<b>\$12,770,392,598</b>	<b>\$12,583,513,864</b>	<b>\$1,472,925,986</b>	<b>\$14,056,439,850</b>	<b>\$1,286,047,252</b>
<b>General Revenue</b>	\$5,095,796,734	\$4,984,621,188	\$465,224,661	\$5,449,845,849	\$354,049,115
<b>General Revenue-Dedicated</b>	\$134,386,749	\$113,625,246	\$0	\$113,625,246	(\$20,761,503)
<b>Other Funds</b>	\$62,587,896	\$47,256,105	\$88,530,970	\$135,787,075	\$73,199,179
<b>Federal Funds</b>	\$7,477,621,219	\$7,438,011,325	\$919,170,355	\$8,357,181,680	\$879,560,461
<b>TOTAL, METHOD OF FINANCING</b>	<b>\$12,770,392,598</b>	<b>\$12,583,513,864</b>	<b>\$1,472,925,986</b>	<b>\$14,056,439,850</b>	<b>\$1,286,047,252</b>
<b>FTEs</b>	<b>17,499.00</b>	<b>17,499.00</b>	<b>181.7</b>	<b>17,680.70</b>	<b>181.70</b>

# Exceptional Item Summary

Exceptional Items		Biennium		FTEs		Caseloads	
		GR-Related	ALL FUNDS	FY14	FY15	FY14	FY15
<b>Baseline Request - Entitlements</b>		\$ 3,600,701,570	\$ 8,830,569,708	3,269.6	3,269.6	148,799	150,102
<b>Baseline Request - Non-Entitlements</b>		\$ 1,497,544,864	\$ 3,752,944,156	14,229.4	14,229.4	87,051	87,051
<b>Total Baseline Request</b>		<b>\$ 5,098,246,434</b>	<b>\$12,583,513,864</b>	<b>17,499.0</b>	<b>17,499.0</b>	<b>235,850</b>	<b>237,153</b>
<b>1</b>	<b>Maintain Caseload</b>	\$ 9,138,616	\$ 22,721,572	-	-	-	-
<b>2</b>	<b>Cost Trends</b>	\$ 114,583,659	\$ 284,944,803	-	-	-	-
<b>3</b>	<b>Promoting Independence</b>	\$ 32,127,648	\$ 79,899,970	-	-	332	1,012
<b>4</b>	<b>Community Expansion</b>	\$ 259,447,393	\$ 896,415,443	53.4	107.2	3,755	23,168
<b>5</b>	<b>Protecting Vulnerable Texans</b>	\$ 15,678,249	\$ 23,021,304	44.5	50.5	-	-
<b>6</b>	<b>Improving Support for SSLC Residents</b>	\$ 27,664,472	\$ 136,030,539	24.0	24.0	-	-
<b>7</b>	<b>Streamlining Service Systems</b>	\$ 1,798,842	\$ 17,988,421	-	-	-	-
<b>8</b>	<b>PACE Expansion</b>	\$ 4,785,782	\$ 11,903,934	-	-	-	-
<b>Total, Exceptional Items</b>		<b>\$ 465,224,661</b>	<b>\$ 1,472,925,986</b>	<b>121.9</b>	<b>181.7</b>	<b>4,087</b>	<b>24,180</b>
<b>Total DADS Request = Baseline + Exceptional Items</b>		<b>\$ 5,563,471,095</b>	<b>\$ 14,056,439,850</b>	<b>17,620.9</b>	<b>17,680.7</b>	<b>239,937</b>	<b>261,333</b>

# EI #1 – Maintain Caseloads

- ❑ To fully fund non-entitlement programs that were funded in the General Appropriations Act and ramping up in FY2012-13.
- ❑ Standard process at DADS is to continuously roll-out slots throughout the biennium.
  - Allows providers to prepare for increased caseloads.
  - Saves the state money by distributing the roll-out of slots across the entire biennium.
- ❑ Under baseline funding, 284 persons currently being served will no longer receive services.
- ❑ Programs impacted:
  - HCS

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$4.6	\$4.6	\$9.2
All Funds	\$11.4	\$11.4	\$22.8

Individuals Served (HCS)	284	284	
--------------------------	-----	-----	--

## EI #2 – Cost Trends

- ❑ DADS is experiencing increases in the average cost per individual served in many programs, primarily due to:

- Acuity / case mix
- Utilization
- Inflation

- ❑ These increases in costs occur every year, affecting the state’s ability to finance all long-term services and supports.

- ❑ Programs Impacted:

- PHC
- Community Attendant Services (CAS)
- CBA
- HCS
- Nursing Facility payments
- Promoting Independence by providing community-based services

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$36.1	\$78.5	\$114.6
All Funds	\$89.6	\$195.3	\$284.9

Individuals Served	-	-	
--------------------	---	---	--

## EI #3 – Promoting Independence

- ❑ Continues the movement of individuals into the HCS and CBA waiver programs:
  - 400 slots for persons coming from large Intermediate Care Facilities and SSLCs.
  - 192 slots for children aging out of foster care at the Department of Family and Protective Services (DFPS).
  - 400 slots for individuals in crisis situations at imminent risk of institutionalization.
    - 300 HCS slots
    - 100 CBA slots
  - 360 slots for the movement of individuals with IDD from nursing facilities
  
- ❑ Programs Impacted:
  - Access & Intake – Service Coordination
  - CBA
  - HCS

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$7.9	\$24.2	\$32.1
All Funds	\$19.7	\$60.2	\$79.9

Individuals Served	332	1,012	
--------------------	-----	-------	--

## EI #4 – Community Expansion

- ❑ This item continues DADS’ efforts to increase services for community programs that maintain interest lists. For HCS and Community Living Assistance and Support Services (CLASS), funding would serve 20% of the estimated number of eligible individuals on the interest lists who would likely accept services. For CBA, Medically Dependent Children Program (MDCP) and other community programs, this item requests funding to increase services by 10% over August 2013 caseload levels. Altogether, the average monthly slots are increased by 3,755 in FY2014 and 11,266 in FY2015.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$56.0	\$203.5	\$259.5
All Funds	\$130.9	\$765.5	\$896.4

FTEs	53.4	107.2	
------	------	-------	--

Individuals Served	3,755	23,168	
--------------------	-------	--------	--

- ❑ This item also requests funding for a new Community First Choice (CFC) program in 2015. CFC, in exchange for a 6 percent enhanced federal match, allows individuals with physical disabilities or IDD to access attendant care and habilitation state plan services. CFC expects to serve 11,902 individuals in FY2015.

❑ Programs Impacted:

- DADS Access & Intake, facility and community-based regulations, IT program support
- DADS Medicaid waivers and Medicaid entitlements
- DADS non-Medicaid services
- HHSC – Increase capacity of Community Services and CFC

## EI #5 – Protecting Vulnerable Texans

- ❑ DADS seeks additional funding to increase efforts to protect the health, safety and welfare of individuals receiving DADS-related services.
- ❑ DADS would utilize additional appropriations to keep pace with the substantial growth in guardianship contracts by hiring 11 new contract supervisors.
- ❑ Funding also would add one FTE and 28 assisted living facility (ALF) contract ombudsmen to ensure regular and timely monitoring and advocacy for individuals in those facilities.
- ❑ Through the hiring of 20 new waiver survey and certification reviewers and automation system modernization, efforts would be made to further match DADS’ resources to the increase in the service programs over which the agency has regulatory authority.
- ❑ Finally, 18.5 FTEs are requested to address the proposed certification of day habilitation providers.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$7.9	\$7.8	\$15.7
All Funds	\$11.7	\$11.3	\$23.0

FTE	44.5	50.5	
-----	------	------	--

## EI #6 – Improving Support for SSLC Residents

- ❑ This item funds 219 vehicles, pursuant to a conservative 10-year replacement plan to ensure safety of residents and staff.
- ❑ Replacement of aged or worn-out furniture and equipment used for and by SSLC resident care, such as lifts, scales, food service equipment, physical therapy devices, and housekeeping equipment.
- ❑ Increased funding would be dedicated to the recruitment and retention of additional Qualified Developmental Disability Professionals (QDDPs). Professional staffing has been a central issue in compliance assessments from the DOJ.
- ❑ Improvements to IT applications at SSLCs includes updated software/hardware to create reporting databases, document imaging and archiving electronic health records.
- ❑ Critical infrastructure repairs and renovations at the SSLCs, including life safety code, fire sprinklers/alarm systems, emergency generators, roofing, HVAC systems, water/wastewater lines, electrical and plumbing.
- ❑ An additional 1,500 workstation computers for SSLCs, which are not currently part of the DADS PC refresh plan. The current system uses outdated software/hardware and is difficult to maintain.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$13.9	\$13.7	\$27.6
All Funds	\$112.5	\$23.5	\$136.0
FTE	24.0	24.0	



# EI #7 – Streamlining Service Systems

- ❑ Funding for the DADS Single Service Authorization System (SSAS) – Phase II. The benefits of creating a DADS Single Service Authorization System and making system improvements to SSAS include:

- Consolidating all consumer information and assessments into a common database
- Eliminating the possibility of duplicate enrollment in more than one DADS Medicaid 1915(c) waiver program
- Enhanced capability for data inquiries, analysis, program comparison and reporting.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.9	\$0.9	\$1.8
All Funds	\$8.6	\$9.4	\$18.0

- ❑ As part of the effort to create a DADS Single Service Authorization System for long-term services and supports, the department plans to integrate billing and payments processing for HCS and Texas Home Living (TxHmL) into the Claims Management System operated by TMHP. Since this is related to Medicaid Management Information Systems (MMIS), this project received a 90/10 federal/state funding split.
- ❑ Phase II is intended to address all remaining CARE interface dependencies and usage, by redirecting interfaces and functionality to alternative data sources or by eliminating obsolete interfaces. This project is being done in conjunction with HHSC and the Department of State Health Services in order to “retire” the CARE System.

## EI #8 – PACE Expansion

- ❑ DADS’ Program of All-Inclusive Care for the Elderly (PACE) provides care by promoting the development of integrated managed care systems for the aged and disabled. PACE uses a comprehensive care approach, offering an array of services for a capitated monthly fee. PACE provides all health-related services, including in-patient and out-patient medical care, as well as a wide range of specialty services such as dentistry, in-home care and transportation. At a cost of roughly \$3,000 per client, the price for PACE services is considerably less than that needed for more traditional care.
- ❑ Currently, DADS operates three PACE sites, one in El Paso (Bien Vivir) one in Amarillo (Jan Werner) and one in Lubbock (La Paloma). They share a total of 1,170 slots.
- ❑ There are two parts to this exceptional item:
  - Add 24 additional slots for Amarillo, 24 additional slots for Lubbock and 48 additional slots for El Paso.
  - Add two new PACE sites funded to serve 150 clients each, to be phased in during FY 2015.

(\$ in Millions)	FY2014	FY2015	Biennium
General Revenue	\$0.4	\$4.4	\$4.8
All Funds	\$1.0	\$10.9	\$11.9

# HHSC's Exceptional Items Affecting DADS

---

- ❑ In HHSC's LAR (all biennial figures)
  - State operated facilities – laundry services (#7)
    - \$1.6 million AF; \$0.6 million GR for DADS
  - Expansion of STAR+PLUS statewide (#11)
  - DADS information security program (#12)
    - \$2.6 million AF; \$0.6 million GR for DADS
  - Recruitment and retention – direct support professionals (#27)
    - \$32.7 million AF; \$13.6 million GR for DADS
  - Nursing facility carve-in to STAR+PLUS (#28)
  - Balancing Incentive Program (BIP) (#30)

# 10 Percent GR Reduction

---

- ❑ The 10% GR reduction target for DADS is \$149.1M
- ❑ Approach taken:
  - Central administration and IT program support reduction of 5% – a reduction of 23.4 FTEs \$2.8 million GR
  - Elimination of In-Home Family Support – affecting 5,799 individuals each year. \$10.0 million GR
  - Reduction of pure GR service programs by approximately 11.4% – affecting 1,107 individuals each year. \$11.8 million GR
  - Provider rate reductions: \$124.5 million GR
    - Institutional entitlements – 2.9%
    - Community entitlements – 2.9%
    - Medicaid waivers – 2.9%