

Appendix I

Agency Program Profiles

**TEXAS DEPARTMENT OF HUMAN SERVICES FOR
STATE AFFAIRS COMMITTEE CHARGE RELATED TO
DEVOLUTION**

**Program: Long Term Care Regulatory (Survey &
Certification)- Medicaid**

Program (source)	Texas Department of Human Services (TDHS) Medicaid- Long Term Care Facility Regulation
Purpose	To perform survey & certification of long term care facilities [nursing facilities (NF) and intermediate care facilities for persons with mental retardation (ICF-MR)]. Medicaid regulation has two purposes: <ul style="list-style-type: none"> • To determine the facility's compliance with applicable state and federal law/regulations. • To assure that residents receive quality care and services and to protect residents from abuse, neglect & exploitation
When Program Started	Title XIX, Social Security Act (42 U. S. Code, Section 1819) established the Medicaid program in the early 1960s.
Major Programmatic changes in the program due to a shift in federal funds	Although there have been two major federal programmatic changes since 1987, there have not been any corresponding shifts in the funding amounts or methodologies. Overall the Medicaid survey & certification funding has increased each year and is dependent on the amount of state general revenue appropriated which generates up to a 75% federal match. Additionally SB190, 76 th Texas Legislature, enhanced this agency's regulatory ability by strengthening the sanctions for providing poor care.
What is Texas required to do to access funds?	Pursuant to the state plan for the Medicaid survey & certification program approved by the Health Care Financing Administration, United States Department of Health and Human Services, Texas is required to submit a Medicaid Survey & Certification Budget/Expenditure Report (Form 435) each quarter.
What are some of the barriers to obtaining additional federal funds (include any state statutory barriers)?	To draw down the federal funds, the state must match at a particular rate. Generally the match rate calls for 25% state funding for nursing facility regulation. However in some other areas of long term care such as, ICF-MRs the match rate is 50%.

Is there duplication of services, reporting, etc.? If so, with what agencies?	DHS is designated as the state Medicaid survey & certification agency. Several other state agencies also have responsibilities in the administration of Medicaid programs. As a result, there is more coordination of program activities and information sharing than duplication in order to promote effectiveness and efficiency. Agencies with Medicaid activities include TDHS, TDH, MHMR, PRS, ECI, and HHSC.
Are the administrative costs commensurate with the benefits derived from the program? Is the program useful (i.e., does it fit the needs of Texas?)	Total Medicaid survey and certification expenditures for FFY 99 were \$29,471,969. HCFA considers all of these expenses to be administrative costs. The benefits to Texans residing in Medicaid certified long term care facilities are well worth the costs. Facility residents are better protected and receive a higher level of care/services with a well-funded regulatory program.
How will (would) the agency adjust to a total withdrawal of federal funds?	Although there is no indication that the federal government is considering withdrawing federal funds for the Medicaid survey & certification program, if it were to occur the state would have to decide if/how the regulation of NFs and ICFs-MR for Medicaid clients would be continued. Total elimination of federal funding for this program would represent up to a 75% reduction in program funding. Without federal funding or alternate state funding the number of staff for Medicaid survey & certification activities would be drastically reduced.
How will (would) the agency adjust to a partial decline in federal dollars?	Any reduction in federal funding would require a legislative response to make up for the lost funds or a reduction in long term care regulatory activities
Any suggestions?	

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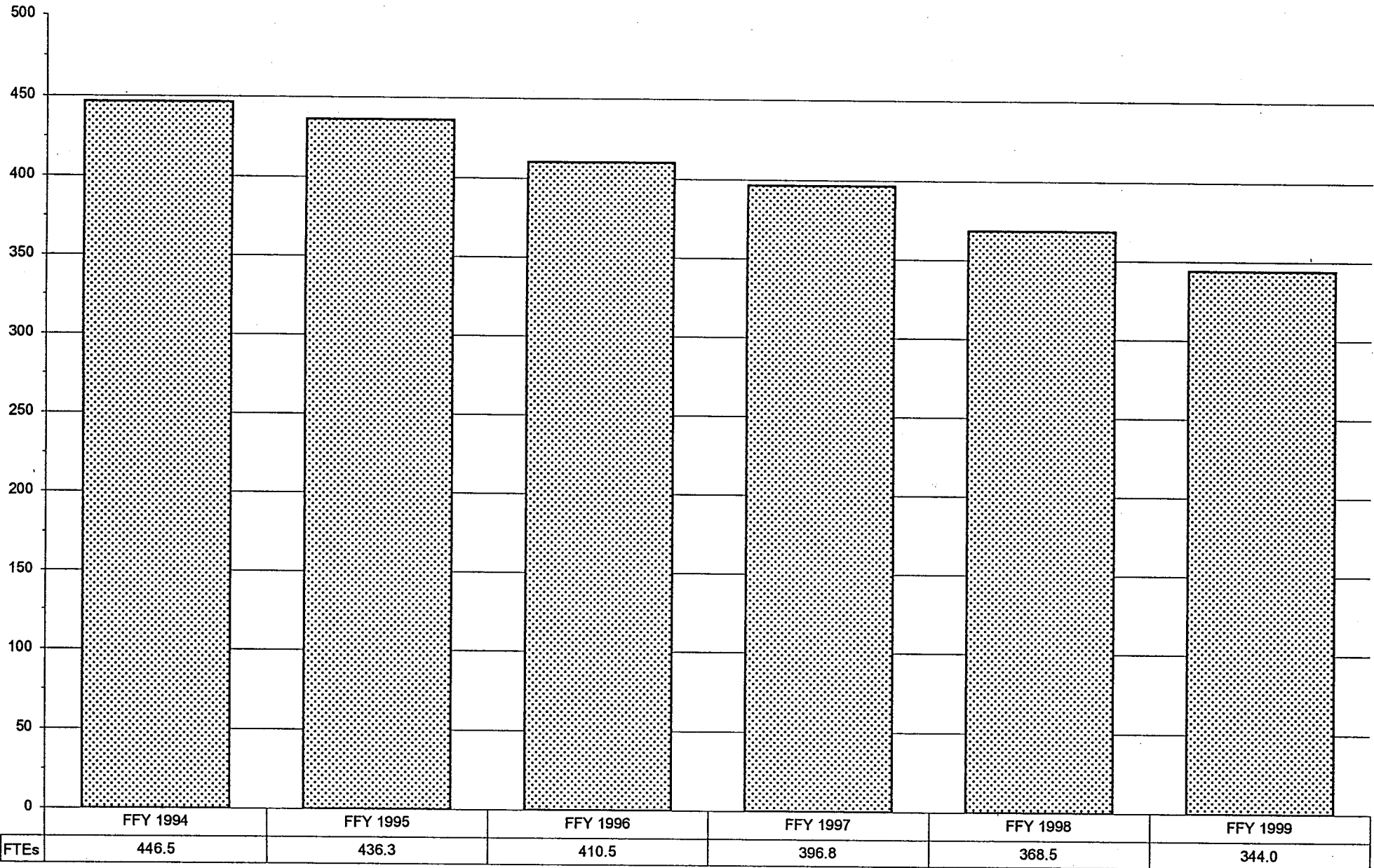
**Program: Long Term Care Regulatory (Survey &
Certification)- Medicare**

<p>Program (source)</p>	<p>Texas Department of Human Services (TDHS) Medicare- Long Term Care Facility & Home and Community Support Service Agency Regulation</p>
<p>Purpose</p>	<p>To perform survey & certification of skilled nursing facilities (SNF) and home and community support service agencies (HCSSA).</p> <p>The regulatory purposes are:</p> <ul style="list-style-type: none"> ▪ To determine the facility's/agency's/provider's compliance with applicable state and federal law/regulations. ▪ To assure that residents/patients receive quality care and services and to protect residents from abuse, neglect & exploitation. <p>Notation: The attached chart with the Medicare funding includes the total Medicare funds for the state of Texas. This funding is split between TDH and DHS. This narrative describes only those functions performed by DHS under the authority of the Medicare law and regulations</p>
<p>When Program Started</p>	<p>Title XVIII, Social Security Act (42 U. S. Code, Section 1818) established the Medicare program in 1966.</p>
<p>Major Programmatic changes in the program due to a shift in federal funds</p>	<p>Since 1987 there have been two major federal programmatic shifts enhancing/increasing the federal requirements for Medicare SNF and HCSSA. These shifts increased the amount and complexity of regulatory oversight. In response to this increased regulatory activity, federal funding for Medicare survey and certification of these entities has generally been increasing.</p> <p>However in spite of these increases, the Medicare funding given to Texas has not been enough to cover all the Medicare survey/certification expenses. To overcome this problem for skilled nursing facility (SNF) regulation, TDHS submitted and HCFA approved a cost (expenditure) allocation methodology plan allowing the SNF Medicare expenses that exceed the approved annual federal budget to roll over into the Medicaid costs. These SNF Medicare "overage" costs are currently reimbursed at the approved Medicaid rate (75% federal to 25% state match). Earlier in FFY2000 DHS received correspondence that the approved Medicare expenditure rollover to Medicaid cost reporting would no longer be allowed.</p>

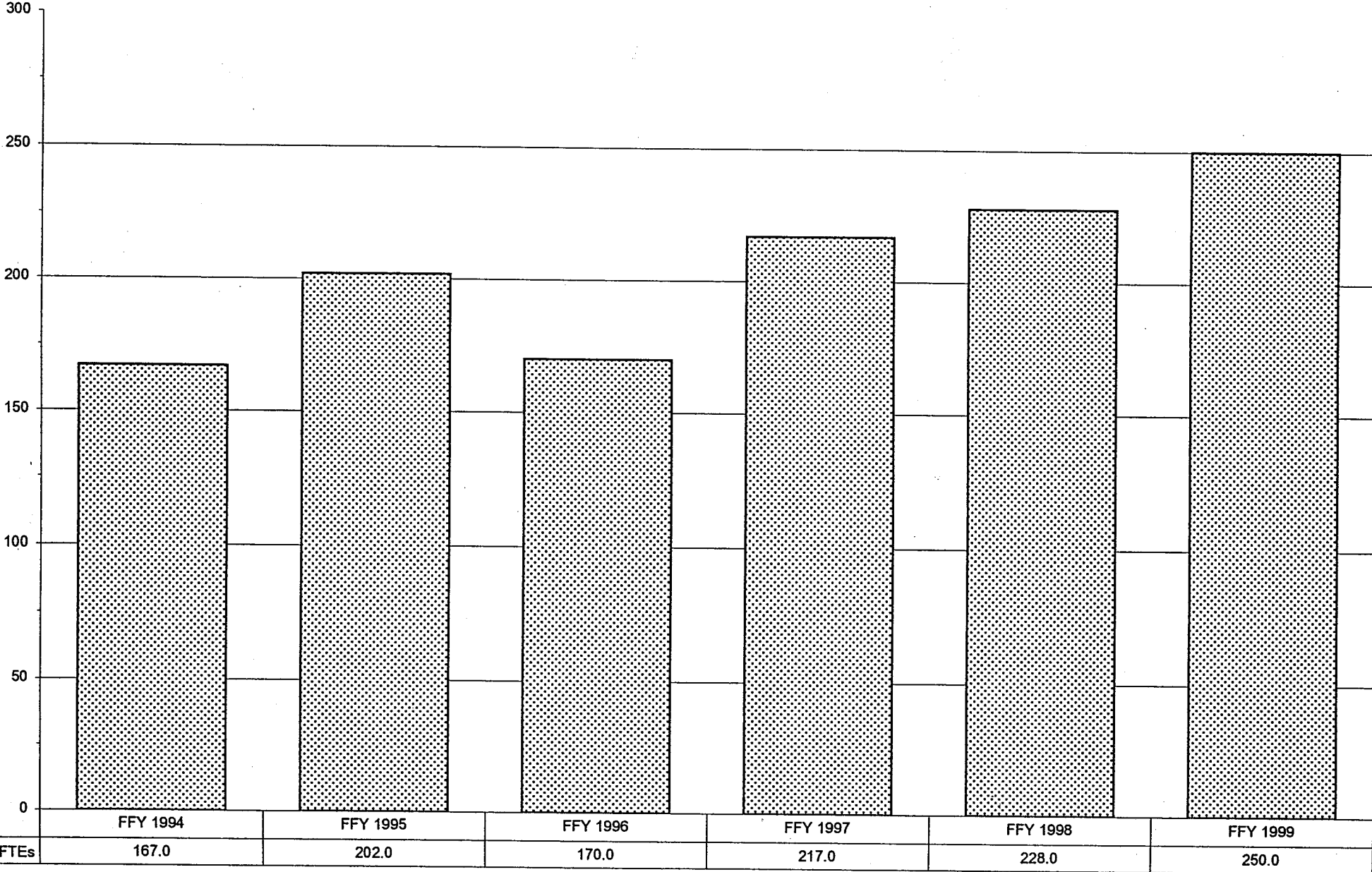
<p>What is Texas required to do to access funds?</p>	<p>Under the Social Security Act, HCFA enters into a Section 1864 agreement with Texas whereby TDHS is designated the single state agency to administer the Medicare survey & certification program. This designation recently shifted from TDH to TDHS, pursuant to legislation enacted by the 76th Legislature.</p> <p>The Texas state plan for Medicare survey & certification implementation and cost reimbursement have been submitted and approved by HCFA. Texas is also required to submit a Medicaid Survey & Certification Budget/Expenditure Report (Form 435) each quarter. As the Medicare single state agency, DHS also reports the Medicare survey & certification expenditures incurred by TDH each quarter</p>
<p>What are some of the barriers to obtaining additional federal funds (include any state statutory barriers)?</p>	<p>The primary barrier to obtaining the full SNF and HCSSA Medicare survey & certification is that current levels of approved funding do not pay for the work necessary to complete the regulatory activities as directed by HCFA. HCFA does not use a budget allocation methodology that allows for adjusting this historical funding level. HCFA has indicated they are working on improving their methodology for funding state Medicare survey agencies more equitably based on actual workload.</p>
<p>Is there duplication of services, reporting, etc.? If so, with what agencies?</p>	<p>DHS is the agency designated as the state Medicare survey & certification agency. Because DHS, as well as TDH, have Medicare survey & certification responsibilities, they coordinate the reporting of costs. There is no duplication of services between the two agencies. Each agency is responsible for the survey & certification of specific type of Medicare health care providers</p>
<p>Are the administrative costs commensurate with the benefits derived from the program? Is the program useful (i.e., does it fit the needs of Texas?)</p>	<p>Total statewide Medicare survey and certification costs for FFY99 per the HCFA 435 were \$15,413,705 and were all administrative. Note: The cost shown is for the combined survey & certification work performed by DHS & TDH. The narrative below pertains only to DHS activities.</p> <p>The benefits to Texans residing in SNFs or receiving services from HCSSAs who are covered by Medicare exceed the cost of the program. Residents and patients are better protected and receive higher quality service because of the Medicare regulatory oversight.</p>

<p>How will (would) the agency adjust to a total withdrawal of federal funds?</p>	<p>There is no reason or indication at this time that the federal government would withdraw federal funds for the Medicare survey & certification program. However, in the event of such action, the state would need to decide how/if the regulation of SNFs and HCSSAs would be funded or continued. The loss of federal funding for the Medicare survey & certification of long term care facilities and agencies would put the health and safety of all participating facility residents and agency patients at risk. The impact of loss of federal funding for the Medicare regulatory program would also be felt at DHS and at TDH. If no alternate funding for regulatory activities was found, the number of staff performing on-site inspections, investigations, follow-ups and special monitoring visits would be drastically reduced.</p>
<p>How will (would) the agency adjust to a partial decline in federal dollars?</p>	<p>If the federal dollar decline were minimal, the agency would have to decide if there are any additional state funds that could be dedicated to the Medicare regulatory function. This approach would be used if it met with legislative approval. If the federal funding decline was significant, the state would need to determine if additional state dollars would be used to enhance the state funding of licensing activities for SNFs and HCSSAs. Otherwise, the level of regulatory protection provided to long term care facility residents and HCSSA patients would be drastically reduced.</p>
<p>Any suggestions?</p>	<p>Pursue with HCFA the full funding for Medicare survey & certification activities by working with the Texas congressional contingent. Also continue ongoing discuss with the HCFA central office staff about allocation of full Medicare funding.</p>

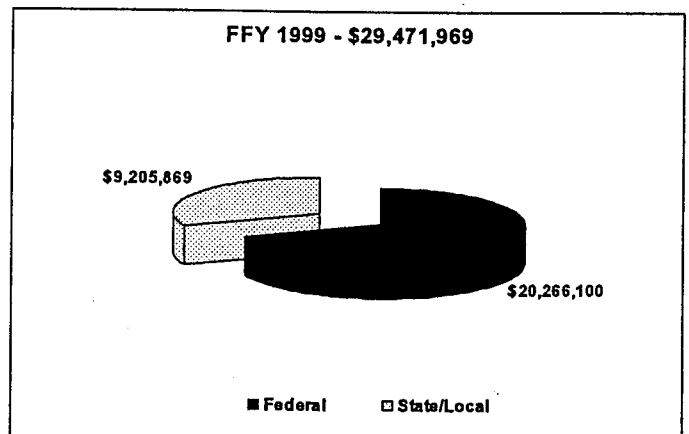
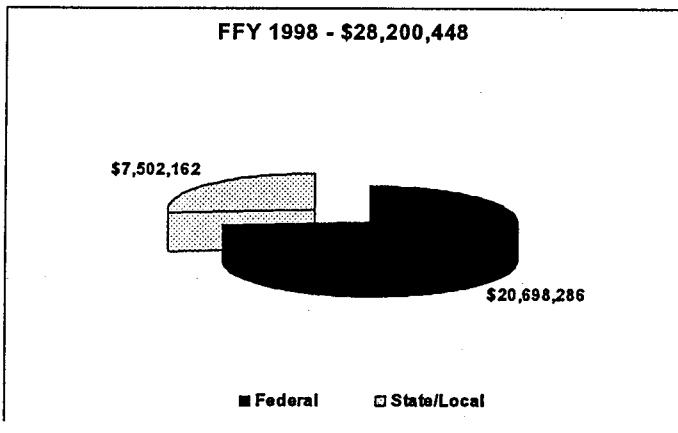
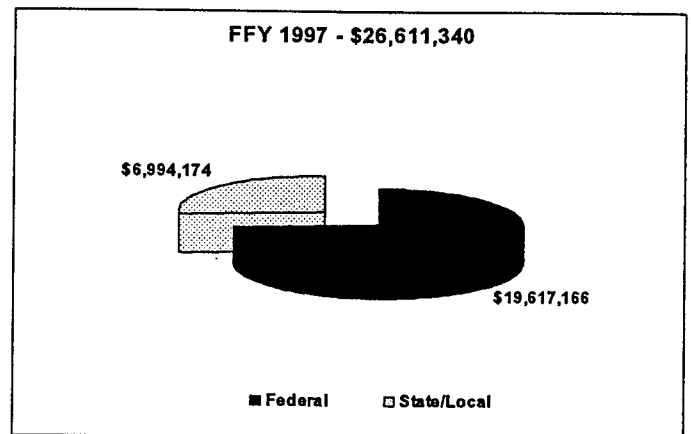
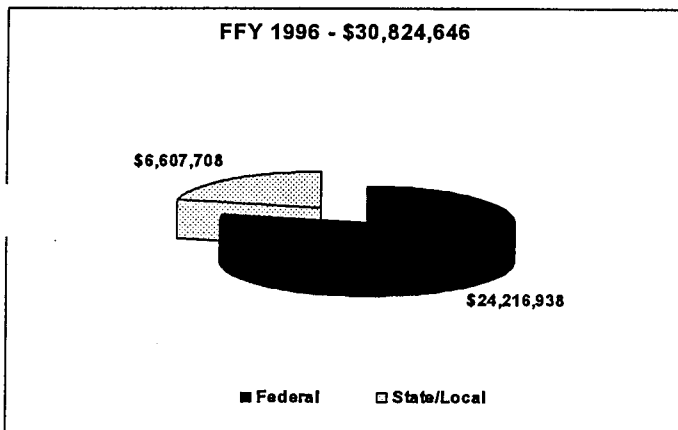
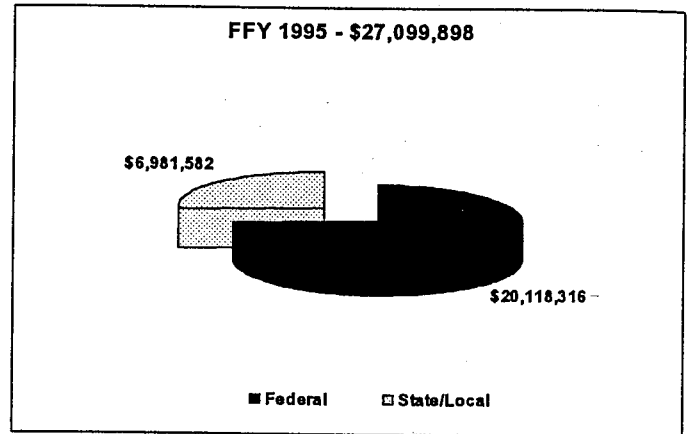
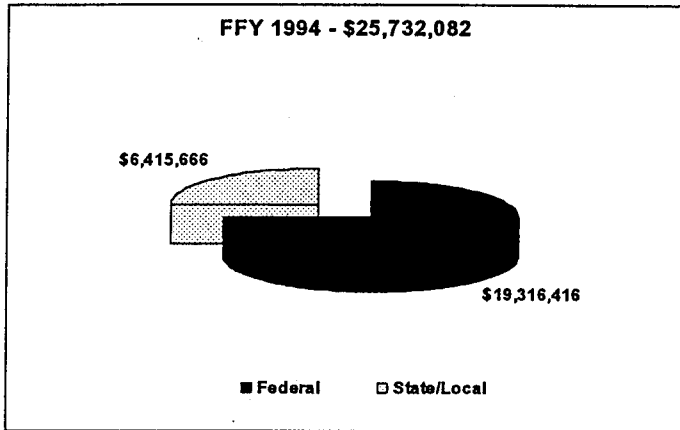
Texas Survey & Certification Medicaid FTEs



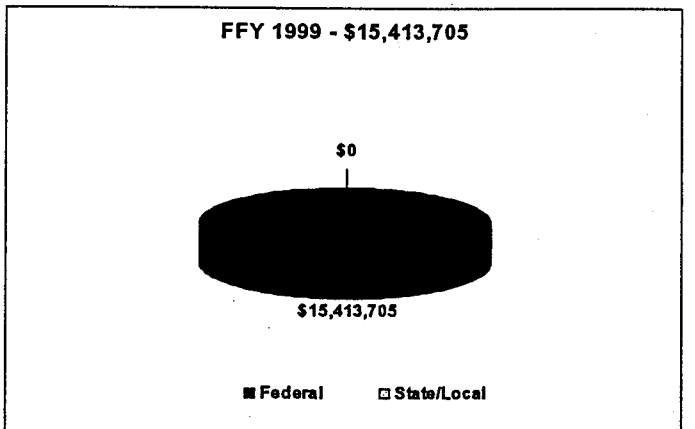
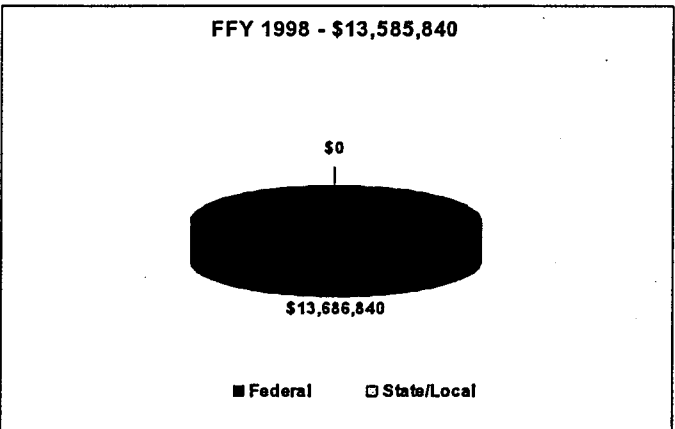
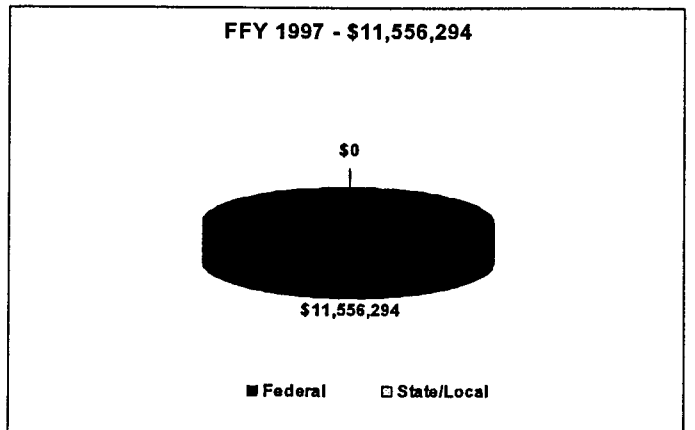
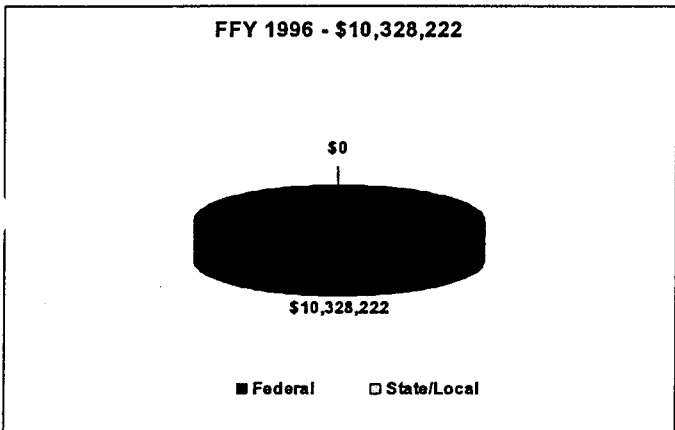
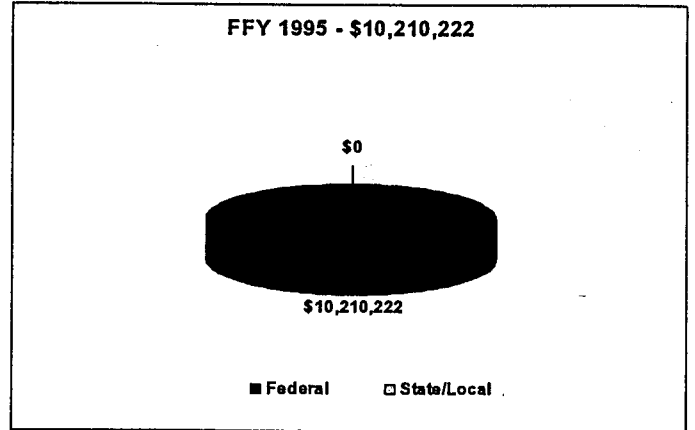
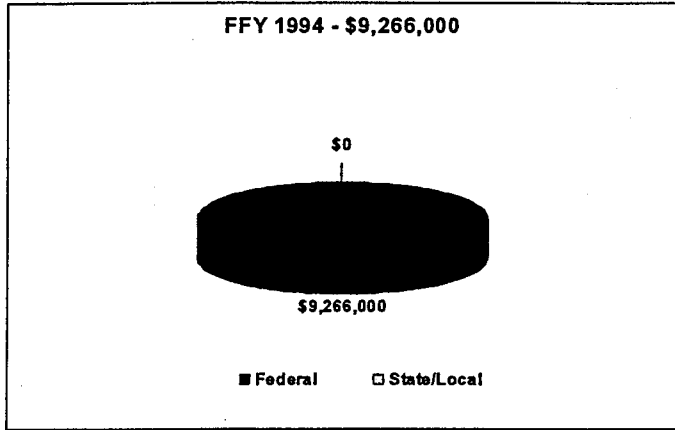
Texas Survey & Certification Medicare FTEs



Texas Survey & Certification Medicaid Funding



Texas Survey & Certification Medicare Funding



**TEXAS DEPARTMENT OF HUMAN SERVICES FOR
STATE AFFAIRS COMMITTEE CHARGE RELATED TO
DEVOLUTION**

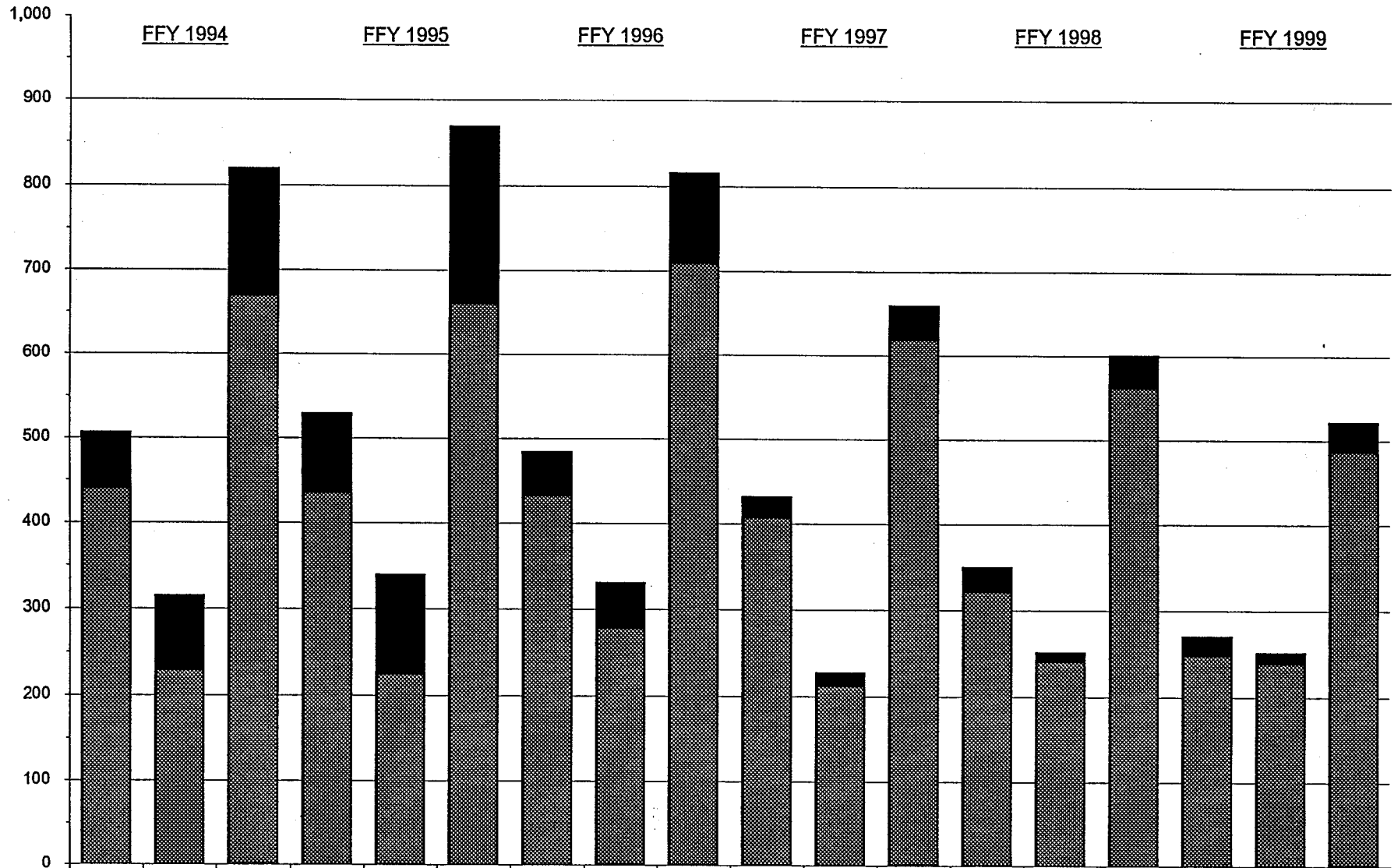
Program: Temporary Assistance to Needy Families

<p>Program (source)</p>	<p>Texas Department of Human Services (TDHS) Temporary Assistance to Needy Families Block Grant (TANF)</p>
<p>Purpose</p>	<p>Federal welfare reform affects a variety of major programs in DHS including cash assistance (formerly known as Aid to Families with Dependent Children, now known as TANF), food stamp benefits, and medical programs. Each one is handled separately for purposes of clarity.</p> <p>The TANF program has four purposes:</p> <ul style="list-style-type: none"> •provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives •end dependence of needy parents on government benefits by promoting job preparation, work and marriage •prevent and reduce the incidence of out of wedlock pregnancies •encourage the formation and maintenance of two parent families
<p>When Program Started</p>	<p>The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 was signed August 22, 1996; TANF began in Texas with the submission of its state TANF plan 11/5/96.</p>
<p>Major Programmatic changes in the program due to a shift in federal funds</p>	<p>Cash assistance under the AFDC program is no longer an entitlement, but has been replaced by the TANF Block Grant. States have new flexibility in the development of the TANF program including who is eligible, what services will be provided, and how the funds are spent to achieve the purposes of the TANF program. For example, clients who become employed have a greater amount of their earnings excluded in calculating eligibility, thereby providing a "ramp" into sustained employment. TANF funds are also being spent on projects to help remove barriers to employment and to help clients retain employment and get a better job. With the increased flexibility, DHS is providing One-Time diversion payments to assist families through temporary hard times instead of providing an ongoing grant. The agency is also providing a One-Time grant to grandparents of TANF children to help with school-related expenses.</p> <p>The state receives a block grant based on the federal contribution in FFY 1994. The state must maintain an 80% spending level or Maintenance of Effort (MOE) to be eligible for TANF federal funds. States that meet federally specified work participation rates only need a 75% MOE.</p>

	<p>Significant reporting requirements relate to the states' success in moving people into work activities; this is known as the work participation rate. Failure to meet the work participation rate can result in penalties assessed against the state.</p>
<p>What is Texas required to do to access funds?</p>	<p>As mentioned above, the state is required to maintain MOE requirements, work participation requirements, and financial/data reporting requirements to receive TANF federal funds. There is also a list of penalties that will be assessed against the state if they are not met.</p>
<p>What are some of the barriers to obtaining additional federal funds (include any state statutory barriers)?</p>	<p>Federal funding is based on FFY 1994 dollars provided to the state for the AFDC program. Additional funds are available through supplemental and high performance bonuses. Penalties can be assessed against states for not meeting expectations outlined in the bill such as work participation rates and spending the required amount of MOE. A high performance bonus was attained in Texas for FFY 1998 based on job placements.</p> <p>The TANF program is authorized by the federal government until 2002. At this point the federal government will evaluate the program and could either reauthorize TANF, adjust the federal funding levels provided to the states, or eliminate the TANF program altogether.</p>
<p>Is there duplication of services, reporting, etc.? If so, with what agencies?</p>	<p>In the 2000-2001 biennium, TANF services are provided through various agencies including DHS, TWC, PRS, TEA, MHMR, ECI and TDH. However, DHS is the designated TANF agency and all TANF funds and data reporting flow through DHS for accounting purposes. Reporting is coordinated with appropriate agencies and sent to the federal agency by DHS. DHS is also the designated TANF agency for statewide reporting at the state level for all TANF funds and data reporting to the LBB and GBO.</p> <p>While TWC, the OAG and DHS serve the same clients, we do not believe there is a duplication of services. Interfaces between the automated systems have been developed to smoothly exchange information between these agencies and DHS.</p>
<p>Are the administrative costs commensurate with the benefits derived from the program? Is the program useful (i.e., does it fit the needs of Texas?)</p>	<p>The state received \$511,960,024 in FFY 1999 with \$247,975,926 being payments to recipients; administration for these payments totaled \$21,915,414 or under 9% in administrative costs.</p> <p>Federal TANF rules, released in April, 1999, established two calculations for administration payments at a cap of 15%. These caps must be monitored for all the agencies participating in TANF to assure that both the MOE and TANF federal administrative funds are not exceeded.</p> <p>Attached is a table which indicates the historical expenditure of</p>

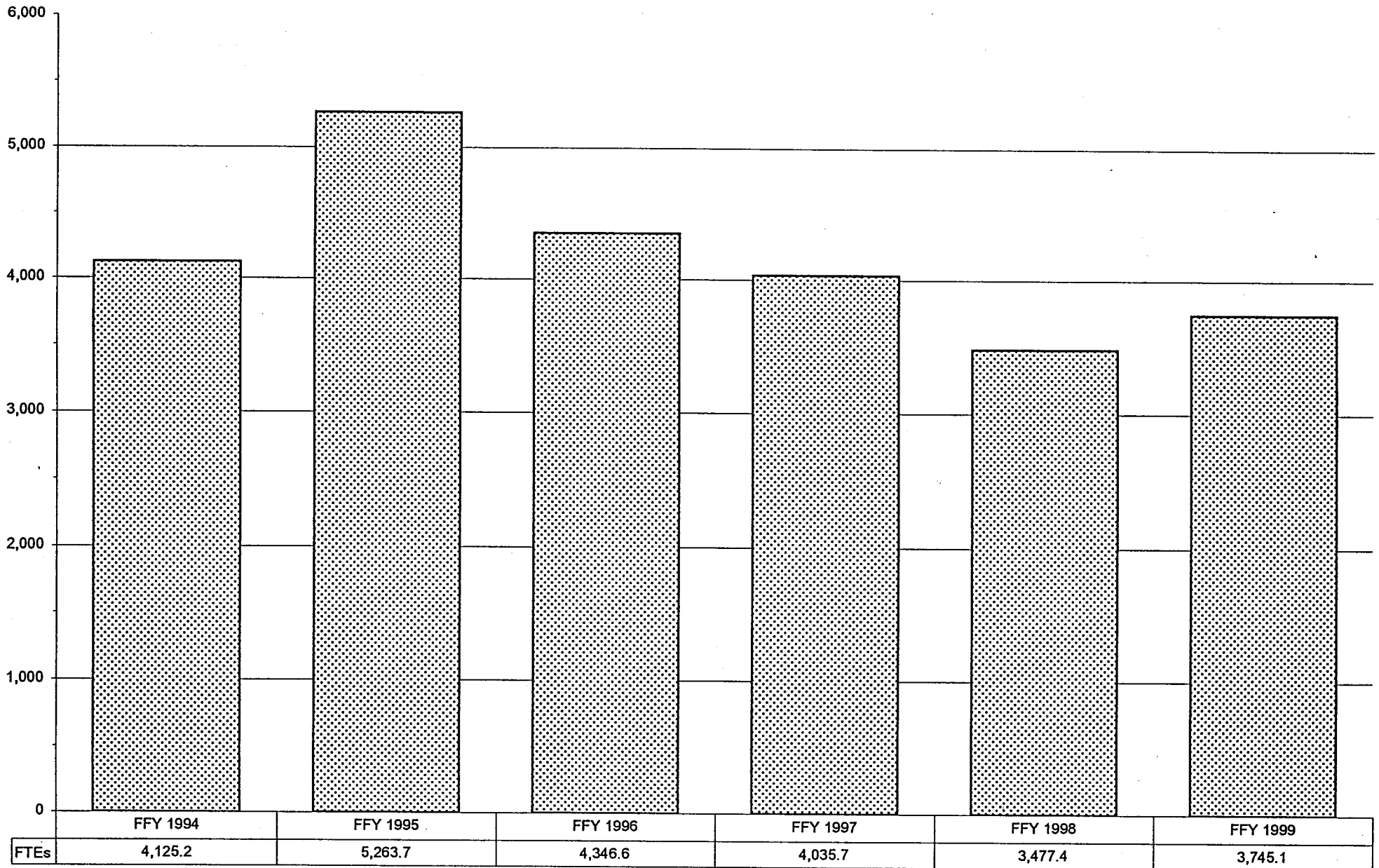
	<p>selected federal funding sources (including TANF) in Texas since 1994.</p> <p>The change in focus to self-sufficiency and work opportunity had already occurred in Texas with passage of the state's welfare reform legislation (HB 1863) in 1995. This change in focus has resulted in a move from eligibility determination as the sole responsibility of DHS workers to a role of helping individuals understand the need to work toward self-sufficiency and independence from government cash assistance. The result is that although caseloads have decreased, workload has increased. However, the overall benefit is to the state as more and more families leave the welfare rolls for work; the TANF caseload has decreased by over 60% since the peak caseload of January, 1994.</p>
<p>How will (would) the agency adjust to a total withdrawal of federal funds?</p>	<p>A total withdrawal of federal funds is not anticipated in the TANF Block Grant at this time. However, if the funds were withdrawn, the state would need to determine how/if to design a state funded program to assist low-income Texans through cash assistance (DHS) and employment services (TWC). Some of these funds are also used for other services in the state such as adult literacy (TEA), child care and transportation (TWC), child support pass through (OAG), emergency assistance (PRS), etc. These programs would also be affected by the loss of TANF funds.</p> <p>As mentioned above, the TANF program is only authorized until 2002. Possible impact of reauthorization will need to be addressed at that point.</p>
<p>How will (would) the agency adjust to a partial decline in federal dollars?</p>	<p>Although a complete withdrawal of funds is not at risk at this time, there have been attempts in Congress to pass legislation allowing the federal government to "sweep" unobligated TANF funds from the states. While Texas obligates its funds, there is a \$175 million balance of federal funds that could be at risk. Additionally, the reduction in welfare caseload is likely due to a good economy in conjunction with welfare reform. Should the economy suffer a downturn, the caseload could increase which would have an impact on the state's welfare reform plan.</p>
<p>Any suggestions?</p>	<p>Texas is currently operating under a waiver for state welfare reform efforts. The waiver expires in March 2002. Modifications must be made to state systems at that time to implement federal provisions. There are many options available to the state related to the transition from the state's waiver to federal law which need to be considered by leadership during the next session.</p>

**Texas AFDC/TANF Funding
(In Millions)**



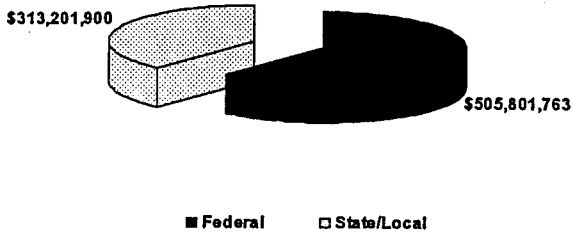
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	Federal	State/ Local	Total	Federal	State/ Local	Total	Federal	State/ Local	Total	Federal	State/ Local	Total	Federal	State/ Local	Total	Federal	State/ Local	Total
Total	506	314	819	529	339	868	484	330	815	431	227	659	349	251	600	270	251	521
Service Delivery/Admin	66	85	150	94	114	208	52	52	105	24	15	40	28	10	38	22	12	34
Client Services	440	229	669	435	225	660	432	278	710	407	212	619	321	241	562	248	239	487

Texas AFDC/TANF FTEs

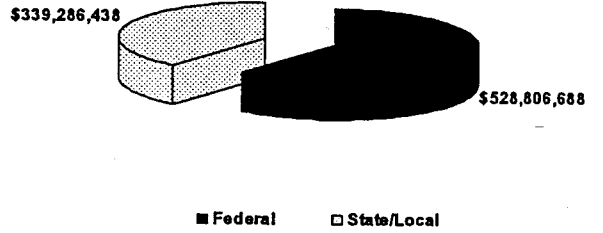


Texas AFDC/TANF Funding

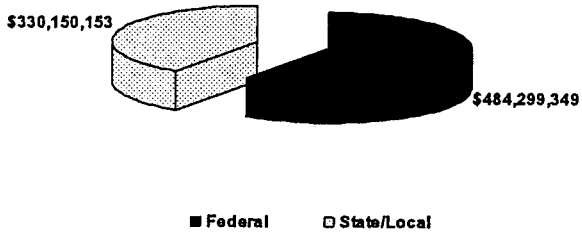
FFY 1994 - \$819,003,663



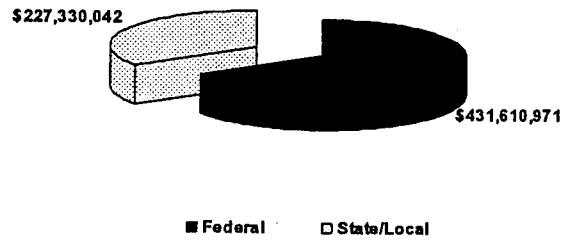
FFY 1995 - \$868,093,126



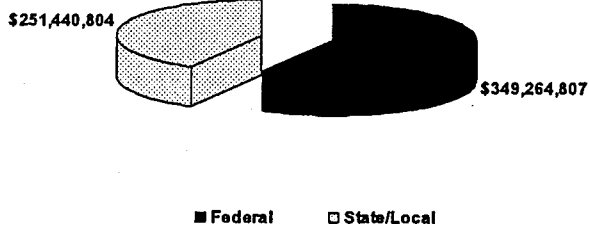
FFY 1996 - \$814,449,502



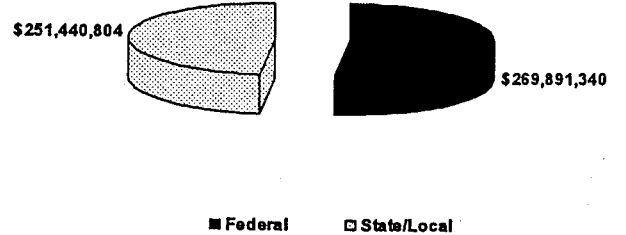
FFY 1997 - \$658,941,013



FFY 1998 - \$600,705,611



FFY 1999 - \$521,332,144



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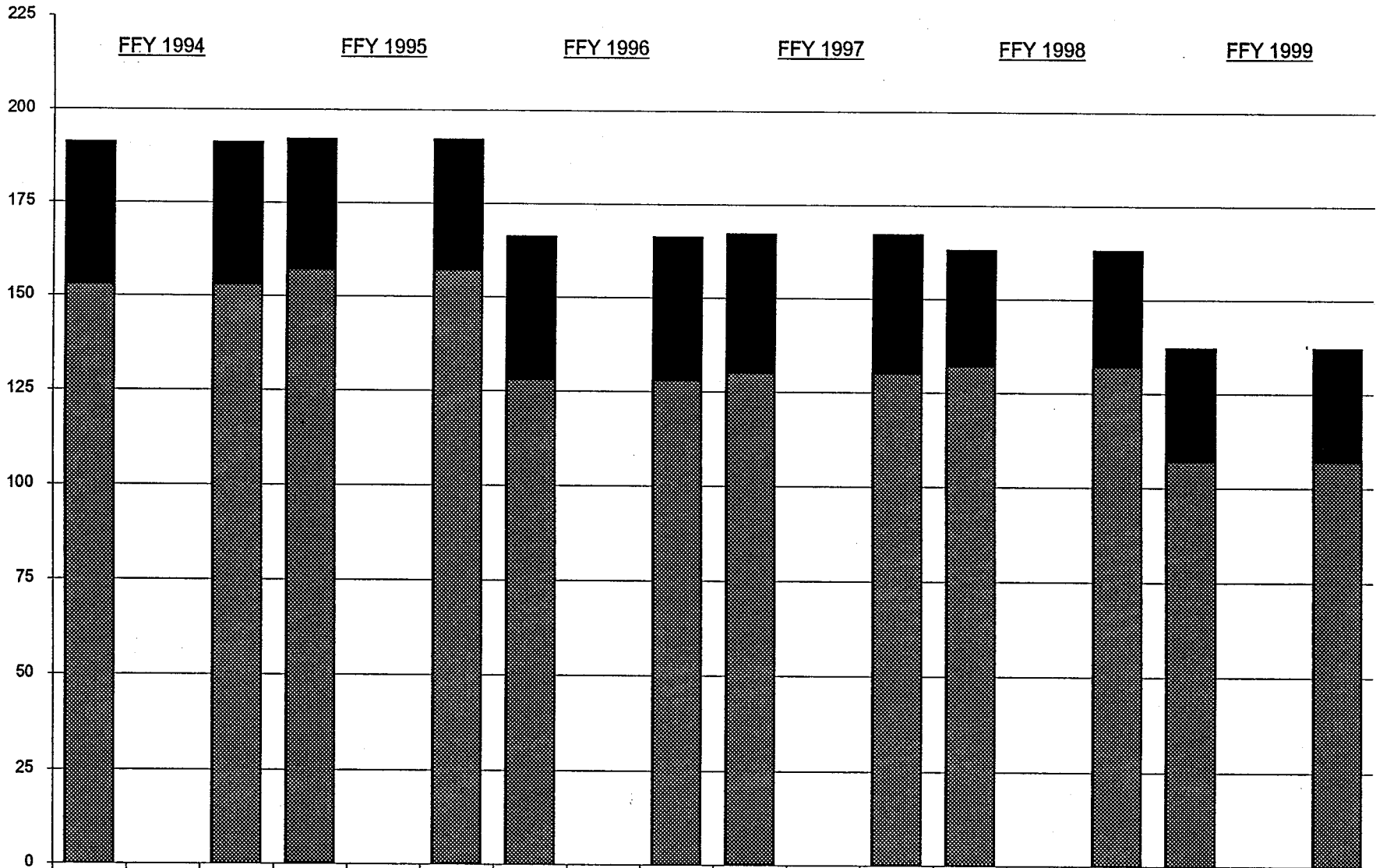
Program: Social Services Block Grant

Program (source)	Texas Department of Human Services (TDHS) Social Services Block Grant (Title XX)
Purpose	The Social Services Block Grant (SSBG) funded services must meet one or more of the following goals: <ul style="list-style-type: none"> •achieving or maintaining self-sufficiency •prevention or services related to neglect, abuse, and exploitation of children and adults •prevention or reduction of inappropriate institutional care through such things as community-based services •eligibility determination and the provision of services in institutional care
When Program Started	Title XX was made a block grant by the Omnibus Budget Reconciliation Act of 1981.
Major Programmatic changes in the program due to a shift in federal funds	<p>Federal SSBG funding is "capped" funding which has not kept pace with population growth or inflation. As a result, the department has operated under the long-range strategy of optimizing federal funding streams by developing key community care services that qualify for Medicaid funding (which is not capped), and using SSBG funds to fill in the gaps.</p> <p>For example, in FY 1979, the department developed the Medicaid-funded Primary Home Care program, which has largely supplanted the SSBG funded Family Care program. In 1985, the department obtained federal approval to fund Day Activity and Health Services (DAHS) under Medicaid. In FY 1994, the department developed the Medicaid funded Community Based Alternatives (CBA) program. Services included in the CBA program are: adult foster care, assisted living, and emergency response systems. In FY 2000, Home Delivered Meals was added to the service array of CBA programs.</p> <p>As a result, the percent of the Community Care budget that is SSBG or pure state funds has decreased from 90% in FY 1980 to 9% in FY 1999. Similarly, the number of clients served with SSBG or pure state funds has decreased from 92% in FY 1980 to 14% in FY 1999.</p>
What is Texas required to do to access funds?	DHS must coordinate with the SSBG participating agencies, of which there are six (6) in BASE Title XX and seven (7) in CONVERTED Title XX, in preparation of the SSBG Intended Use

	<p>Report. This report must be submitted to the Federal government before the beginning of the Fiscal Year.</p> <p>DHS must coordinate with the same SSBG participating agencies in the preparation of the SSBG Expenditure Report. This report must be submitted to the Federal government six (6) months after the end of the Fiscal Year.</p>
<p>What are some of the barriers to obtaining additional federal funds (include any state statutory barriers)?</p>	<p>There are no additional SSBG funds to be obtained from the Federal government other than the initial Block Grant Funds. The state does have the option to convert TANF federal funds to SSBG, at a rate of 10% of the TANF block grant.</p>
<p>Is there duplication of services, reporting, etc.? If so, with what agencies?</p>	<p>DHS is the administering agency for the SSBG (Title XX) block grant, but several agencies receive funds and provide services under the grant including ECI, TDH, DHS, MHMR, PRS, TEA, and TWC.</p> <p>A list of programs and the administering agencies is attached.</p>
<p>Are the administrative costs commensurate with the benefits derived from the program? Is the program useful (i.e., does it fit the needs of Texas?)</p>	<p>Client services funded through SSBG amounted to almost \$107 million in FFY 1999; the administrative costs during this time period were just over \$30 million (28%).</p> <p>A table is attached which indicates the historical expenditure of selected federal funding sources (including SSBG) in Texas since 1994.</p>
<p>How will (would) the agency adjust to a total withdrawal of federal funds?</p>	<p>Since the outset of the SSBG, the national funding level has declined from the original \$2.8 billion level to the FY 1999 \$1.909 billion level. Because of this decrease and the continued decrease to \$1.7 billion in FY 2000, the State of Texas has had to either cut services, or attempt to fund these services with other funding sources.</p> <p>The federal government is also establishing a Forward Funding strategy in SSBG during FY 2000. This Forward Funding strategy holds approximately 25% or \$32.9 million of the Texas SSBG funds for 364 days of FY 2000.</p> <p>The State is also facing a further federal reduction of SSBG funds in FY 2001 of approximately \$7.3 million below the state appropriated funding level.</p> <p>The State would need to make decisions regarding additional strategies to maximize federal funds as indicated in the previous</p>

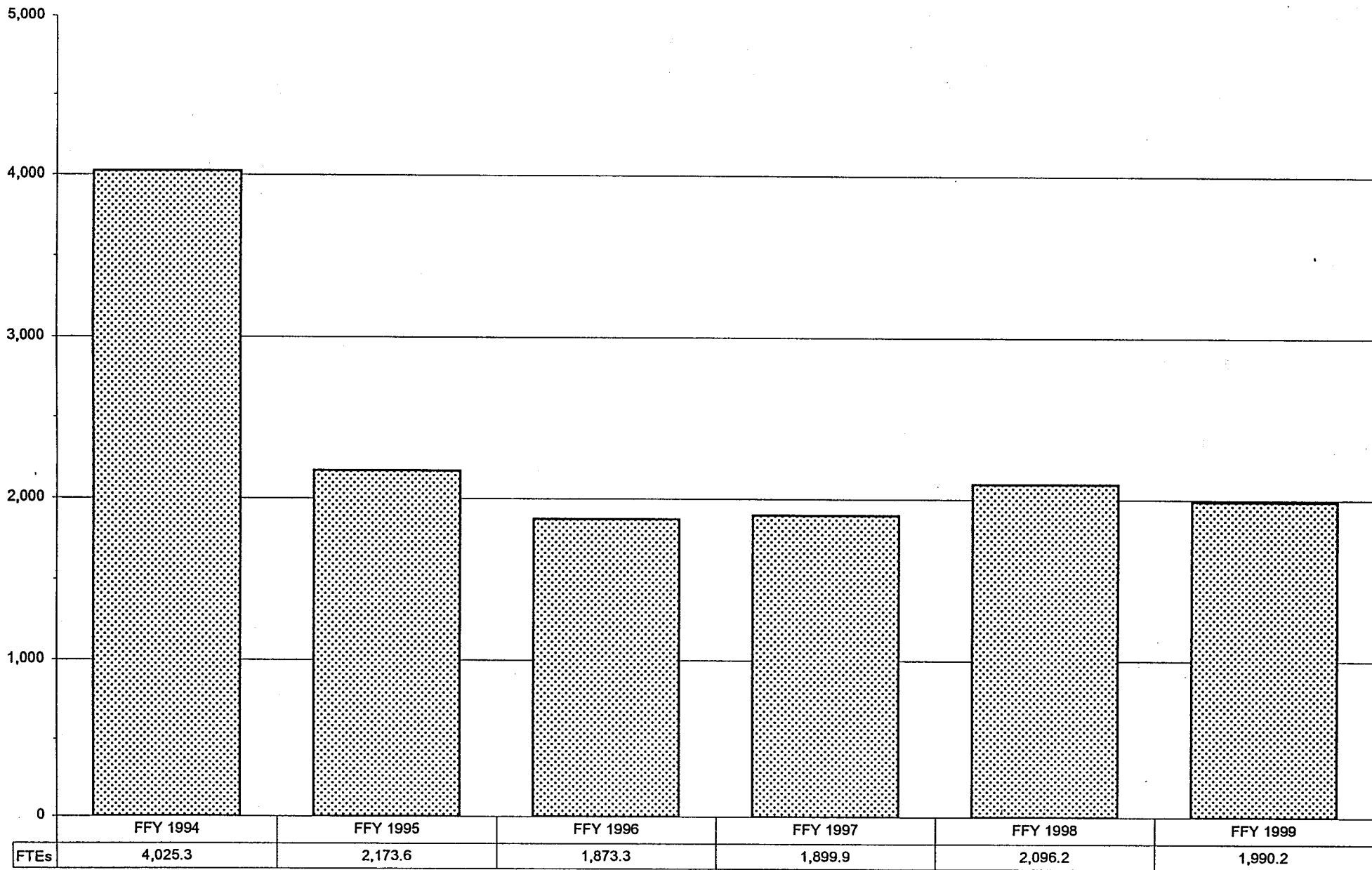
	question regarding major programmatic changes due to shift in federal funds. Options might include: reducing the number of clients served, developing a waiting list for services as the funding is available; replacing SSBG funds with state dollars.
How will (would) the agency adjust to a partial decline in federal dollars?	Strategies that have been used based on the "cap" of SSBG funding were outlined in the question regarding major programmatic changes due to shift in federal funds. The latest strategy resulted in a move from SSBG/state funding of Home Delivered Meals to the Medicaid funded CBA program in FY 2000.
Any suggestions?	

Texas Social Service Block Grant Funding
(in Millions)



	FFY 1994			FFY 1995			FFY 1996			FFY 1997			FFY 1998			FFY 1999		
	Federal	State/Local	Total	Federal	State/Local	Total	Federal	State/Local	Total	Federal	State/Local	Total	Federal	State/Local	Total	Federal	State/Local	Total
Total	191	0	191	192	0	192	166	0	166	167	0	167	163	0	163	137	0	137
Service Delivery/Admin	38	0	38	35	0	35	38	0	38	37	0	37	31	0	31	30	0	30
Client Services	153	0	153	157	0	157	128	0	128	130	0	130	132	0	132	107	0	107

Texas Social Services Block Grant FTEs



Texas Social Service Block Grant Funding

