

Texas Medical Association Analysis of House Bill 1
(Subject to further updates pending further analysis)

	2012-13 Funding Level	2010-11 Expenditures	Agency Appropriation Request for 2012-13 biennium (as submitted to the Legislative Budget Board in Sept. 2010)	Difference Between 2010-11 and 2012-13 Spending Levels	Difference Between Requested Funding and Final Budget+
OVERVIEW					
Total Funds (State and Federal)	\$172.3 b	\$187.5 b	\$214 b	-\$15.2 b (8.1%)	\$41.7 b
General Revenue/General Revenue Dedicated	\$86.9 b	\$88.5 b	\$113.7 b	-\$1.6 b (2%)	\$26.8
Total Funding for Five Health and Human Service Agencies	\$54.2 b	\$65.5 b	\$77 b	-\$11.3 b (17.2%)	\$22.8
General Revenue/GR dedicated Funding for Health and Human Service Agencies	\$23.3 b	\$22.6 b	\$31.95 b	+\$670 million (3%)	\$8.65
Health and Human Service Commission					
CHIP Funding	\$2 b	\$2.2 b	\$2.4 b	\$200 m	\$400 m
Medicaid funding	\$39.3 b (acute and long-term care) Medicaid underfunded by at least \$4.8 billion because of decision not to fund caseload and cost growth. Shortfall will be higher if optimistic assumptions regarding Medicaid	\$45 b (acute and long-term care)	\$44.3 b (acute care only; total amount across all agencies not yet available)	\$6 b	Not available

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	cost-containment initiatives are not achieved.				
Additional Medicaid/CHIP Payment Cuts	0%: Physicians 0%: Dentists 0%: Nursing homes 1%: Home/Community Based Services 8%: General Hospitals (inpatient and outpatient), excluding rural and children's hospitals 5%: Other Medicaid providers 8%: Other CHIP providers 10.5%: DME 10.5%: Lab 2%: ICF/MR <i>(Note: payment reductions implemented in 2011 remain in effect for all providers)</i> Eliminates copayments for dually-eligible patients if the payment				

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	would exceed Medicaid payment level, a savings of \$295.7 m (GR) Reduces prescription drug dispensing fee and PCCM case management fees (\$34.7 m GR savings)				
Reduce Coverage for Optional Medicaid Benefits	\$45 million savings by reducing amount, duration, scope of optional services (e.g. restrict podiatry only to diabetic patients)				
Managed care Expansion	\$372 million in GR savings (slightly higher than the \$367 m in savings previously estimated)				
Cost-containment Rider	Directs HHSC to save \$450 million in GR by implementing delivery/payment system reforms, reducing ER and NICU overutilization, expanding telemonitoring,				

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	implementing copayments, and any other cost saving strategy identified by HHSC				
Federal “Flexibility Rider”	Directs HHSC to pursue a federal waiver to achieve greater flexibility in Medicaid benefits, eligibility, copayments, etc...; rider assumes \$700 million in savings				
Physician “Quality Improvement” Rider	Directs HHSC to establish a physician committee to identify 10 most overused services performed by physicians in Medicaid; HHSC shall reduce payments for services that should not be provided				
Medicaid/CHIP Quality-Based Payments	Directs HHSC to implement payment models to improve quality (e.g. bundled payments)				
Hospital Reimbursement Changes	-Directs HHSC to establish new statewide				

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	average SDA (\$30.9 m) -Specifies that if CMS does not approve waiver rolling UPL funds into Mcaid HMOs, HMO model will not move forward but hospitals will be required to fund anticipated savings (\$272 m)				
Improve Care for High-Risk Infants	If cost-effective, HHSC shall implement a program to improve discharge planning and care management for premature babies				
Medicaid HMO-related Reductions	-\$27 m (GR) -- Reduce administrative costs -\$169 m (GR) -- Adjust HMO Premiums to "Average Acuity"				
Eligibility workers	No reductions; allows for 5 new units				
Few strategic initiatives	Funding eliminated for children's Medicaid loan repayment and medical home initiative				
Women's Health Program	Budget rider authorizes				

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renewal	HHSC to seek a waiver renewing the program. Without action, WHP will expire at end of 2011				
State health Services					
Adult community mental health services	\$553 m	\$579	\$575	-\$26 m (4%)**	-\$22 m
Children's community mental health services	\$130 m	\$133 m	\$139	-\$3 m (2%)**	-\$9 m
Crisis services	\$165 m	\$165 m	\$165 m	-\$0	\$0
State mental health hospitals	\$783 m	\$779 m	\$842 m	+\$4 m (1%)	-\$59 m
Community mental health hospitals	\$107 m	\$60 m	\$107	+\$47 m (78%) includes funding for a new forensic facility	\$0
Substance Abuse	\$283 m	\$307 m	\$303 m	-\$24 m (8%)	-\$20 m
Public Health Preparedness	\$174 m	\$296 m	\$182 m	-\$122 m (41%)	-\$8 m
Registries/Vital Statistics	\$58.5 m	\$60 m	\$72.6 m	-\$1.5 m (2.5%)	\$14 m
Family Planning	\$37.9 m	\$111.5 m`	\$111	-\$74.6 m (66%)	-\$73.4 m
EMS/Trauma	\$133 m	\$163 m	\$158	-\$30 (18%)	-\$25 m
Smoking cessation	\$16 m	\$28	\$26	- \$12 m (43%)	-\$10 m
Children w/Special Health Care Needs	\$71 m	\$84 m	\$83.5	-\$13 m (15.5%)	-\$12.5 m
New Healthy Babies Initiatives (reduce prematurity)	\$4 million (funded via Medicaid savings)				

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Immunizations	\$170 m	\$170 m	\$178 m	\$0 m	-\$8 m
Women and children's service	\$150.6 m	\$150.2 m	\$160.4 m	+\$400k	-\$9.8 m
Chronic Disease Prevention	\$15.5 m	\$29 m	\$36 m	-\$13.5 (46.5%)	-\$20.5m
County Indigent Health Care	\$4 m	\$9	\$9	-\$5 m (53%)	-\$5 m
FQHC incubator	\$0	\$7 m	\$9 m	-\$7 m (100%)	-\$9 m
Community Primary Care	\$21 m	\$28 m	\$28	-\$7 m (25%)	-\$7 m
WIC/nutrition services	\$1.77 b	\$1.8b	\$1.77 b	-\$33m (2%)	No difference
Abstinence education	\$1.1 m	\$1.1 m	\$1.2 m	Same funding level	-\$100 k
HIV/STD prevention	\$334 m	\$363 m	\$358 m	-\$29 m (8%)	-\$24 m
Infectious Diseases	\$82 m	\$84 m	\$88 m	-\$2 m (3%)	-\$6 m
Laboratory Services	\$85 m	\$92 m	\$93.5 m	-\$7 m (7%)	-\$8.5 m
Regulatory Functions/consumer protections (food safety, health professional regulation, and facility regulation)	\$129 m	\$148 m	\$152 m	-\$19 m (13%)	-\$23 m
Assistive and Rehabilitative Services					
Early Childhood Intervention/habilitative services for blind and visually impaired children	\$342 m	\$394 m	\$457 m	-\$52 m (13%)	\$115 m
Family and Protective Services					

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Child Protective Services (direct delivery of services)	\$842 m	\$838 m	\$920 m	+\$4 m	-\$78
Preventive Services	\$62 m	\$88 m	\$100 m	-\$26 m (29.5%)	-\$38 m
Higher Education Coordinating Board (health-related provisions)					
(Shortage-Area)Physician loan repayment	\$5.6 m	\$25.4 m	\$39 m	-\$19.8 m (78%)	-\$33.4 m
Children's Medicaid loan repayment	\$0	\$32.9 m	\$74.9 m	-\$32.9m (100%)	-\$74.9 m
Primary Care Preceptorship	\$0	\$904 k	\$859 k	-\$904 k (100%)	-\$859 k
FP Residency Program	\$5.6 m	\$21 m	\$20.2 m	-\$15.6 m (74%)	-\$14.6 m
Higher Education Coordinating Board Primary Care Residency Program	\$0	\$5 m	\$3.7 m	-\$5 m (100%)	-\$3.7 m
Higher Education Coordinating Board GME Program	\$0	\$600k	\$570 k	-\$600k (100%)	-\$570 k
Nurse shortage reduction	\$30 m	\$49.7 m	\$42 m	-\$19.7 m (40%)	-\$12 m
Trauma Fellowship	\$4.5 m (contingent on passage of legislation)	n/a	n/a	n/a	n/a
Health-Related Institutions					
GME Formula Funding to schools	\$4,436 per resident per year	\$6,653 per resident per year	Not available	-\$2,217 (33%)	n/a

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Medical Student Formula Funding to schools	\$40,063 per student per year	\$52,896 per student per year	\$54,103 per student per year	-12,833 (24%)	\$14,040 k

*reductions are calculated by comparing the proposed expenditures for the 2012-2013 biennium to the Jan. 2011 Legislative Budget Estimates for 2010-2011 expenditures, which factor in reductions already taken during 2011; new funding levels do not necessarily reflect additional dollars needed to keep pace with population growth

**considered fully restored; differences reflect loss of federal stimulus funds

+ reflects difference between the agency LARs as reflected in the January 2011 Legislative Budget Estimates and the approved funding level for 2012-13

-Numbers may not add due to rounding