



Presentation to the House Appropriations Committee Article II Subcommittee

Department of State Health Services

***David Lakey, M.D., Commissioner
Bill Wheeler, Chief Financial Officer***

February 2011

Agency Overview

The mission of the Department of State Health Services is to improve health and well-being in Texas.

DSHS Services

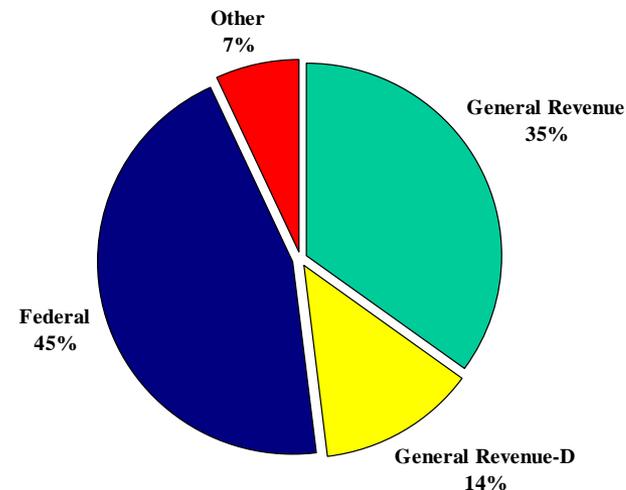
- Family & Community Health Services
- Health Information & Vital Statistics
- Mental Health & Substance Abuse Services
- Prevention & Preparedness Services
- Regional & Local Health Services
- Regulatory Services

Scope

- Alzheimer's and Ambulances to Zoonosis and Zebra Meat
- Impact on millions of people
- Nearly 7900 client services and administrative contracts
- ~160 DSHS sites

DSHS Budget Facts – FY 10-11

- \$6.16 billion biennial budget
- 50% of the DSHS budget is general revenue (GR/GR-D)
- Over 50% of DSHS GR is for mental health services
- DSHS has 220 funding streams/methods of finance
- Regulatory Services are primarily supported by fees



Fiscal Year 2012-13 Issues

Public Health Threats

- Public health emergency preparedness/response protect Texans from natural and man-made disasters
- Infectious diseases remain a threat to Texans
- The burden of chronic diseases is increasing and is a driver of health care costs - prevention programs for obesity and tobacco help to mitigate this burden

Health Cost Containment by DSHS

- Community mental health services reduce the need for more costly services, such as hospitalizations
- Substance abuse continues to be a driver of poor health and costs throughout the state budget
- Community health services improve health and reduce costs to the state budget, such as Medicaid
- Health care quality is an important factor in reducing health care costs

Regulatory Services – Impact to Business and Health

- Diminished regulatory services affect licensing and inspection activities

Fiscal Year 2012-13 Issues

- Costs to sustain community mental health services and other clinical services in an environment of population growth and increasing health care costs
- Costs to preserve mental health hospital capacity, facilities and equipment
- Annualization of costs for projects from last session
- Method of finance swaps
- Implementation of cost containment measures



Comparison of Current Biennium with H.B. 1 as Introduced

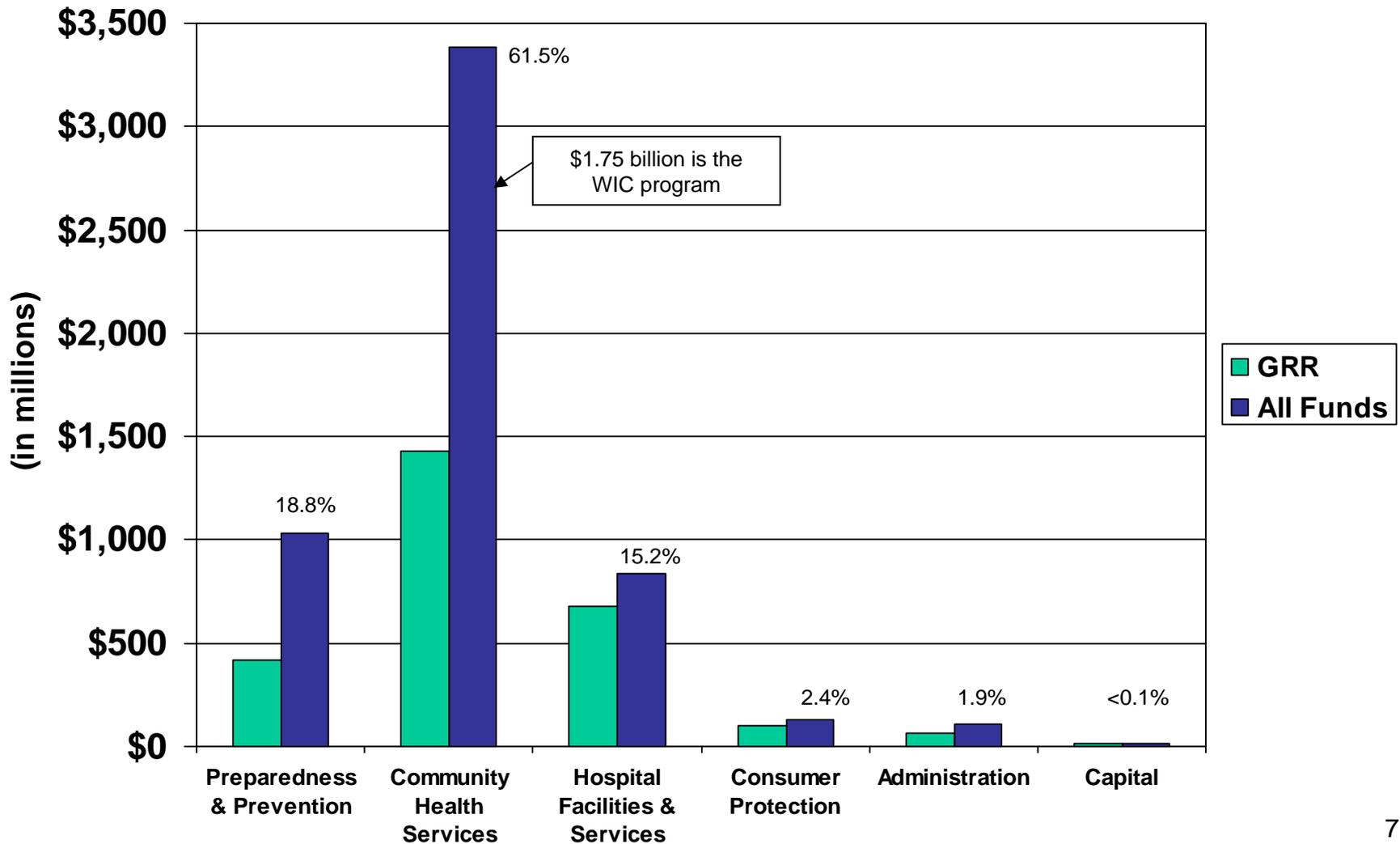
Description	FY2010-11	FY2012-13
	Exp/Bud	Introduced Bill
GOAL 1 - Preparedness and Prevention	\$1,220,532,170	\$1,031,731,514
GOAL 2 - Community Health Services	\$3,706,877,855	\$3,384,611,515
GOAL 3 - Hospital Facilities	\$874,304,269	\$835,860,020
GOAL 4 - Consumer Protection Services	\$147,847,016	\$129,786,829
GOAL 5 - Indirect Administration	\$112,204,513	\$106,178,139
GOAL 6 - Capital Items	\$78,392,897	\$12,861,691
TOTAL AGENCY REQUEST	\$6,140,158,720	\$5,501,029,708
General Revenue	\$2,165,220,342	\$1,963,394,650
General Revenue-Dedicated	\$789,769,030	\$729,114,464
Fed Funds	\$2,727,030,856	\$2,426,538,270
Federal FMAP Adjustment	\$23,944,523	
Other Funds	\$434,193,969	\$381,982,324
TOTAL, METHOD OF FINANCING	\$6,140,158,720	\$5,501,029,708
FTEs	12,580.7	12,347.0

Implementing H.B. 1

- Change available services
- Modify policies, such as eligibility or co-payments/cost-sharing
- Consider changes to service delivery and business models
- Consider wait lists
- Implement other cost containment strategies
- Review fees for regulatory and laboratory services per rider direction
- Request statutory changes

H.B. 1 - FY 2012-13

(By Goal)



Clients Served in Selected Programs

Program	FY 2011	FY 2012*	FY 2013*
Immunization (Vaccine Doses)	14,290,417	14,576,225	14,576,225
Children with Special Health Care Needs (Average per month)	1,239	1,000	1,000
Community Mental Health Services for Adults (Average per month)	52,484	48,705	48,705
Community Mental Health Services for Children (Average per month)	12,206	11,455	11,455
Substance Abuse - Prevention (Average per month)	135,640	135,640	135,640
Substance Abuse - Intervention (Average per month)	20,363	16,962	16,962
Substance Abuse - Treatment (Average per month)	6,110	6,110	6,110
Mental Health State Hospitals (Average Daily Census)	2,477	2,347	2,347
Regulatory - Surveillance	303,500	303,500	303,500
Regulatory - Enforcement	15,400	15,400	15,400
Regulatory – Licenses / Registrations	183,170	182,170	182,170

*FY 2012 and FY 2013 numbers were pulled from the measures in the base bill.



Priorities for Consideration

Agency Request Above Introduced Bill	FY 2012		FY 2013		BIENNIAL TOTAL		FY 2012	FY 2013	Appendix Page #
	GR	All Funds	GR	All Funds	GR	All Funds	FTEs	FTEs	
1 Restore Critical Base Bill Reductions	\$84,738,836	\$119,536,402	\$84,738,836	\$118,150,842	\$169,477,672	\$237,687,244	154.5	154.5	11
2 Preserve Public Health Services	\$2,510,780	\$2,510,780	\$21,710,779	\$21,710,779	\$24,221,559	\$24,221,559	0.0	0.0	12
3 Maintain Hospital Operations	\$28,432,112	\$28,432,112	\$29,791,927	\$29,791,927	\$58,224,039	\$58,224,039	49.0	49.0	13
4 Hospital Capacity	\$5,180,553	\$5,180,553	\$5,180,553	\$5,180,553	\$10,361,106	\$10,361,106	0.0	0.0	14
5 Hospital Repair and Maintenance	\$5,268,681	\$57,268,681	\$5,060,495	\$5,060,495	\$10,329,176	\$62,329,176	0.0	0.0	15
6 Patient Safety	\$1,550,446	\$1,550,446	\$1,074,236	\$1,074,236	\$2,624,682	\$2,624,682	8.0	8.0	16
7 Healthy Babies	\$2,050,000	\$2,050,000	\$2,050,000	\$2,050,000	\$4,100,000	\$4,100,000	0.0	0.0	17
8 Preventable Hospitalizations	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$2,000,000	\$2,000,000	0.0	0.0	18
9 Infectious Disease Prevention & Treatment	\$2,685,654	\$2,685,654	\$3,630,154	\$3,630,154	\$6,315,808	\$6,315,808	21.0	21.0	19
10 Environmental Safety	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$2,000,000	\$2,000,000	0.0	0.0	20
11 Critical Repairs to the Moreton Building	\$0	\$20,000,000	\$0	\$0	\$0	\$20,000,000	0.0	0.0	21
Total Agency Requests	\$134,417,062	\$241,214,628	\$155,236,980	\$188,648,986	\$289,654,042	\$429,863,614	232.5	232.5	



Appendix

Priorities for Consideration

Department of State Health Services

David Lakey, M.D., Commissioner
Bill Wheeler, Chief Financial Officer

February 2011



Item #1

Restore Critical Base Bill Reductions

Preparedness

- A.1.1 - GRR \$4,576,214

Laboratory Services

- A.4.1 - GRR \$7,854,690

Dental Services

- B.1.2 - GRR \$1,600,000

Community Mental Health Services including Adults, Children, Crisis Services & NorthSTAR

- B.2.1 - GRR \$45,819,742
- B.2.2 - GRR \$7,684,390
- B.2.3 - GRR \$9,085,236
- B.2.4 - GRR \$12,378,706

Substance Abuse Intervention Services

- B.2.5 - GRR \$4,000,000

Tobacco Prevention and Cessation

- B.2.6 - GRR \$20,943,000

State & Community Mental Health Hospitals

- C.1.3 - GRR \$30,711,938
- C.2.1 - GRR \$9,000,000

Regulatory Services

- D.1.1 – D.1.5 - GRR \$15,823,756

MOF (\$ in millions)	Request FY 2012	Request FY 2013	Totals
GR Related	84,738,836	84,738,836	169,477,672
All Funds	119,536,402	118,150,842	237,687,244

FTEs	154.5	154.5
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Program Impact	FY 2012	FY 2013
Children served in dental program	11,500	11,500
MH Adults served	15,323	15,323
MH Children Served	2,571	2,571
Mental Health Crisis Clients	9,849	9,849
Substance Abuse Screening	40,811	40,811
State Hospitals Beds	209	209
Community Hospitals Beds	54	54
Inspection Activities	TBD	TBD

Item #2

Preserve Public Health Services

HIV Medications

- A.2.2 - GRR \$19,200,000
- While the number of new cases of HIV has remained relatively stable, the number of HIV deaths has decreased. The result is an increase in people living with HIV/AIDS.
- Because of improved medications, individuals are able to maintain productive lives.

MOF (\$ in millions)	Request FY 2012	Request FY 2013	Totals
GR Related	2,510,780	21,710,779	24,221,559
All Funds	2,510,780	21,710,779	24,221,559

FTEs	0	0
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Program Impact	FY 2012	FY 2013
Additional Clients Served	3,300	3,300
Inspection Activities	TBD	TBD

Regulatory Services

- D1.1-
D.1.5 - GRR \$5,021,559
- Growth in regulated businesses requires increases in regulatory services.

Maintain Hospital Operations

Maintain Capacity

- C.1.3 - GRR \$15,804,718
- Increasing patient costs at state hospitals: outside medical services, salaries, medications, food, and other

Annualization of New Capacity from Prior Session

- C.1.3 & C.2.1 – GRR \$32,500,000

Market-level Salaries

- C.1.3 – GRR \$9,919,321
- Average starting salaries for DSHS psychiatrists are 16-20 percent below other state agencies, 27 percent below the private sector, and 54 percent below the Veteran's Administration (with bonuses)

MOF (\$ in millions)	Request FY 2012	Request FY 2013	Totals
GR Related	28,432,112	29,791,927	58,224,039
All Funds	28,432,112	29,791,927	58,224,039

FTEs	49.0	49.0
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Program Impact	FY 2012	FY 2013
Increase in beds due to annualization	107	107

Item #4

Hospital Capacity

Increase Funding for Hospitality House

- B.2.1 – GRR \$433,106
- This item addresses increased costs for Hospitality House, which provides community based residential services to about 62 individuals with mental illness including 24/hr on-site supervision (including nursing care), basic life skills training and psychiatric care.
- The rate at Hospitality House is \$100 per day – significantly lower than state hospitals.

MOF (\$ in millions)	Request FY 2012	Request FY 2013	Totals
GR Related	5,180,553	5,180,553	10,361,106
All Funds	5,180,553	5,180,553	10,361,106

FTEs	0	0
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Program Impact	FY 2012	FY 2013
Number of beds increased in Harris County	20	20

Increase Capacity in Harris County for Forensic Patients

- C.2.1 - GRR \$9,928,000
- This item would purchase a 20-bed competency restoration unit.
- Historical restoration rate of 74 percent.

Hospital Repair and Maintenance

Bonds for Aging Facilities

- C.1.3 - GRR \$0/Bonds \$52,000,000
- Only Tier 1 projects included: renovations for suicide prevention, roof repair, fire safety, piping/valves for water, gas and sewer systems, emergency generators, asbestos removal, and mold remediation.

MOF (\$ in millions)	Request FY 2012	Request FY 2013	Totals
GR Related	5,268,681	5,060,495	10,329,176
All Funds	57,268,681	5,060,495	62,329,176

FTEs	0	0
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Critical Information Technology Items

- C.1.3 & C.2.1 – GRR \$1,660,000

Program Impact	FY 2012	FY 2013
N/A	N/A	N/A

Emergency Preparedness

- C.1.3 – GRR \$356,310

Critical Equipment for Hospitals

- C.1.3 – GRR \$6,635,262

Consolidated Laundry Operations

- C.1.3 – GRR \$77,604

Vehicles Supporting Patient Care

- C.1.3 – GRR \$1,600,000

Preventable Adverse Events data reporting (required by SB 203, 81st Texas Legislature)/ Health Care Associated Infections

- C.1.3 - GRR \$1,795,713

Targeted Interventions for Health Care Associated Infections

- A.1.2 – GRR \$264,893
- Preventing infections through interventions like the Michigan Keystone Project.

Quality Assurance Teams

- A.1.2 – GRR \$564,076
- Two quality assurance teams who will provide training and promote best practices for reducing health care-associated infections.

MOF (\$ in millions)	Request FY 2012	Request FY 2013	Totals
GR Related	1,550,446	1,074,236	2,624,682
All Funds	1,550,446	1,074,236	2,624,682

FTEs	8	8
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Program Impact	FY 2012	FY 2013
Health Care Facilities served with educational and training activities	1,000	1,000

Item #7

Healthy Babies

Reduce Causes of Infant Mortality

- A.1.2 - GRR \$4,100,000
- Expect preterm birth rate to decrease by 8 percent over 2 years
- Translates into savings of approximately \$7.2 million in Medicaid costs over 2 years
- Evidence-based interventions will be used, but communities will have flexibility to adapt those that fit their population the best
- Local partnerships and coalitions will have a major role in shaping programs in their communities
- Based on successful strategies implemented in Kentucky.

MOF (\$ in millions)	Request FY 2012	Request FY 2013	Totals
GR Related	2,050,000	2,050,000	4,100,000
All Funds	2,050,000	2,050,000	4,100,000

FTEs	0	0
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Program Impact	FY 2012	FY 2013
Medicaid Preterm Births Averted	392	392

Preventable Hospitalizations

Grants to Counties for Preventive Hospitalization Projects

- A.3.1 - GRR \$2,000,000
- Grants to eligible counties to reduce adult hospitalizations and/or non-Medicare hospital charges by 15% through the implementation of evidence-based community interventions (e.g., immunizations and patient case management).
- The estimated savings is \$9.6 million in non-Medicare hospital charges. It is projected that the savings of \$9.6 million would include \$2 million in reduced charges to Medicaid and \$2.3 million in reduced charges to Uninsured (Self-Pay/Charity/Indigent).
- Based on proven interventions implemented in Red River and Freestone counties.

MOF (\$ in millions)	Request FY 2012	Request FY 2013	Totals
GR Related	1,000,000	1,000,000	2,000,000
All Funds	1,000,000	1,000,000	2,000,000

FTEs	0	0
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Program Impact	FY 2012	FY 2013
Interventions Funded	32	32

Infectious Disease Prevention & Treatment

Texas Center for Infectious Diseases – full capacity

- C.1.1 - GRR \$3,815,808
- Funding is required to staff the 40 additional beds that will now be available to treat tuberculosis patients, many who are awaiting admission and/or being served in communities across the state.

MOF (\$ in millions)	Request FY 2012	Request FY 2013	Totals
GR Related	2,685,654	3,630,154	6,315,808
All Funds	2,685,654	3,630,154	6,315,808

FTEs	21.0	21.0
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Pediatric Protection

- A.2.3 – GRR \$1,000,000
- This exceptional item will: (1) promote vaccination to protect newborns against pertussis disease and (2) promote vaccination against rotavirus, a leading cause of unnecessary hospitalizations of young infants.

Program Impact	FY 2012	FY 2013
Increased bed capacity at TCID	40	40
Additional mothers receiving Tdap vaccine as a result of education and awareness	13,750	13,750
Increase in rotavirus vaccine rate	50%	50%

Other Surveillance Systems

- A.2.3 – GRR \$1,500,000
- Critical modifications to HIV/STD/TB systems

Item #10

Environmental Safety

Child Blood Lead Poisoning

- A.1.2 - GRR \$2,000,000
- This funding would provide additional case management and improve automation systems
 - Increase the number of children screened (on/before second birthday)
 - Identify more children with lead exposure earlier to avoid long-term effects
 - Target high-risk areas
 - Allow DSHS to conduct environmental investigations more quickly to identify the cause
 - Improve case management to help children get treatment

MOF (\$ in millions)	Request FY 2012	Request FY 2013	Totals
GR Related	1,000,000	1,000,000	2,000,000
All Funds	1,000,000	1,000,000	2,000,000

FTEs	0	0
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Program Impact	FY 2012	FY 2013
Screening caseload per year	70,000	70,000
Services to additional children identified with elevated blood levels	900	900

Critical Repairs - Moreton Building

Critical Repairs to the Moreton Building

- New - GRR \$0
- Bonds \$20,000,000

A report from the Texas Facilities Commission that was recently provided to DSHS indicates that critical repairs are necessary for the Robert Moreton Building, 49th Street, Austin, to extend the life of the building (the current life of the building is estimated to be 3-5 years left.)

MOF (\$ in millions)	Request FY 2012	Request FY 2013	Totals
GR Related	0	0	0
All Funds	20,000,000	0	20,000,000

FTEs	0	0
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Program Impact	FY 2012	FY 2013
N/A	N/A	N/A