6.I. 10 Percent Biennial Base Reduction Options Schedule

Approved Reduction Amount

$277,548,294

Agency Code: 537			**Agency Name: Department of State Health Services**								
Rank	**Reduction Item**		**Biennial Application of 10% Percent Reduction**					**FTE Reductions (FY 2010-11 Base Request Compared to Budgeted 2009)**		**Revenue Impact? Y/N**	**Cumulative GR-related reduction as a % of Approved Base**
	Strat	**Name**	**GR**	**GR-Dedicated**	**Federal**	**Other**	**All Funds**	**FY 10**	**FY 11**		
1	2.3.2.	FQHC Infrastructure Grants	3,000,000				$ 3,000,000	0.0	0.0	N	0.11%
1	2.3.4.	County Indigent Health Care Services	7,000,000				$ 7,000,000	0.0	0.0	N	0.36%
2	1.3.2.	Abstinence Education	1,102,164				$ 1,102,164	4.8	4.8	N	0.40%
3	2.3.1.	EMS And Trauma Care System		23,227,000			$ 23,227,000	0.0	0.0	N	1.24%
4	1.2.3.	Infectious Disease Prev, Epi, and Surveillance (Oral Rabies)	789,968				$ 789,968	0.0	0.0	N	1.27%
4	1.4.1.	Laboratory Services	800,865				$ 800,865	0.0	0.0	N	2.16%
4	3.1.3.	MH Hospitals - 2009 Shortfall & Funding Gap/Maintain Current	23,904,315				$ 23,904,315	205.0	205.0	Y	2.16%
4	6.1.3.	Construction: South Texas Health Care System - Harlingen	546,000				$ 546,000	0.0	0.0	N	2.18%
4	6.1.4.	Construction: South Texas Health Care System - Hidalgo	500,000				$ 500,000	0.0	0.0	N	2.19%
4		Various Strategies - Maintain Current Operations	2,509,545				$ 2,509,545	0.0	0.0	N	2.28%
5	1.1.2	Health Registries, Information, and Vital Records	1,518,000	836,000			$ 2,354,000	6.0	6.0	N	2.37%
5	1.2.1.	Immunize Children and Adults	5,474,600	25,400			$ 5,500,000	0.0	0.0	N	2.57%
5	1.2.2.	HIV/STD Prevention	9,643,000				$ 9,643,000	0.0	0.0	N	2.91%
5	1.2.3.	Infectious Disease Prev, Epi, and Surveillance	3,876,000	0			$ 3,876,000	17.0	17.0	N	3.05%
5	1.3.1.	Health Promotion and Chronic Disease Prevention	782,000				$ 782,000	4.5	4.5	N	3.08%
5	1.3.3.	Kidney Health Care	2,350,000				$ 2,350,000	0.0	0.0	N	3.17%
5	1.3.4.	Children with Special Health Care Needs	5,268,000				$ 5,268,000	0.0	0.0	N	3.36%
5	1.3.5.	Epilepsy, Hemophilia Services	222,000				$ 222,000	0.0	0.0	N	3.36%
5	1.4.1.	Laboratory Services	1,460,000	2,422,000			$ 3,882,000	38.0	38.0	Y	3.50%
5	2.1.1.	Provide WIC Services	200,000	43,024,398			$ 43,224,398	0.0	0.0	N	5.06%
5	2.1.2.	Women and Children's Health Services	2,858,000				$ 2,858,000	0.0	0.0	N	5.16%
5	2.1.3.	Family Planning Services	1,410,000				$ 1,410,000	0.0	0.0	N	5.22%
5	2.1.4.	Community Primary Care Services	2,268,000	12,000			$ 2,280,000	0.0	0.0	N	5.30%
5	2.2.1.	Mental Health Services for Adults	30,231,000				$ 30,231,000	0.0	0.0	N	6.74%
5	2.2.2.	Mental Health Services for Children	7,600,000				$ 7,600,000	0.0	0.0	N	6.66%
5	2.2.3.	Community Mental Health Crisis Services	7,216,000				$ 7,216,000	0.0	0.0	N	6.92%
5	2.2.4.	NorthSTAR	6,684,000				$ 6,684,000	0.0	0.0	N	7.16%
5	2.2.5	Substance Abuse Prevention, Intervention, & Treatment	4,034,000				$ 4,034,000	0.0	0.0	Y	7.45%
5	2.2.6.	Statewide Program to Reduce Tobacco Use	204,000	1,500,000			$ 1,704,000	0.0	0.0	N	7.45%
5	2.3.3.	Indigent Care Reimbursement (UTMB)		1,760,000			$ 1,760,000	0.0	0.0	N	7.43%
5	3.1.1.	Texas Center for Infectious Disease	1,548,000	192,000			$ 1,740,000	34.0	34.0	N	7.49%
5	3.1.3.	MH Hospitals	55,302,000				$ 55,302,000	473.0	473.0	Y	9.49%
5	3.2.1	Mental Health Community Hospitals	4,164,000				$ 4,164,000	0.0	0.0	N	9.64%
5	4.1.1.	Food (Meat) and Drug Safety	1,928,000	1,192,000			$ 3,120,000	37.0	37.0	Y	9.75%
5	4.1.2.	Environmental Health	654,000	608,000			$ 1,262,000	15.0	15.0	Y	9.79%
5	4.1.3.	Radiation Control	1,374,000	234,000			$ 1,608,000	40.0	40.0	Y	9.85%
5	4.1.4.	Health Care Professionals	770,000	324,000			$ 1,094,000	20.0	20.0	Y	9.89%
5	4.1.5.	Health Care Facilities	504,000	222,000			$ 726,000	6.0	6.0	Y	9.92%
5	4.1.6.	Texas Online	96,000	88,000			$ 184,000	0.0	0.0	N	9.92%
5	5.1.1.	Central Administration	809,000	78,000			$ 887,000	6.0	6.0	N	9.96%
5	5.1.2.	IT Program Support	644,039				$ 644,039	0.0	0.0	N	9.98%
5	5.1.3.	Other Support Services	325,000	86,000			$ 411,000	0.0	0.0	N	9.99%
5	5.1.4.	Regional Administration	141,200	6,800			$ 148,000	0.0	0.0	N	10.00%
	Agency Biennial Total		**$ 201,710,696**	**$ 75,837,598**	**$ -**	**$ -**	**$ 277,548,294**	**906.3**	**906.3**		**10.0%**
	Agency Biennial Total (GR + GR-D)			**$ 277,548,294**							

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Rank / Name
Explanation of Impact to Programs and Revenue Collections

1 FQHC Infrastructure Grants

Reducing the FQHC Incubator Grant program by $1.5 million per year, or 30 percent, would mean a reduction in the number and amount of grants to communities and organizations to expand and develop FQHCs. The cost to convert or develop an FQHC has averaged $472,317 for each new federally funded health center. The cost to expand the capacity or services of an existing FQHC has averaged $313,389. In recent years, the program has awarded smaller grants to a larger number of organizations that are in the planning stage or developing their clinics and organizations into meeting FQHC requirements. During FY 2008, the program made 31 awards, averaging $122,028 each. However, if funding for the Incubator Grant program was reduced by 30%, the program would re-evaluate its priorities and make fewer grants of larger amounts for expansion of existing FQHCs, rather than developing new ones. Therefore, a reduction to $3.5 million per year would limit the program to funding ten FQHCs at $300,000 in order to provide the minimum level of funding needed to expand an existing FQHC to increase services or the number of patients served.

The Incubator Grant program spent all of its funds in FY 2005 and 2006 and transferred $500,000 in FY 2007 and $1.2 million in FY 2008 to Primary Care. The FQHC Incubator Grant program is currently conducting focus groups to help examine how new legislation could focus on the most effective uses for the funds at this stage in the development of the FQHC infrastructure. The current legislation authorizing the program will expire in 2009. Legislative interest in reauthorizing the program has been expressed. Since the beginning of the Incubator Grant program, 19 new FQHCs have been funded and two FQHC Look-Alikes have been certified in Texas.

1 County Indigent Health Care Services

The $7 million biennial reduction, $3.5 million per year, amounts to 68% of the annual GR appropriation. In FY 2008, due to Cameron and Hidalgo counties not requesting state assistance because of UPL agreements, CIHCP estimated $3 million will be unspent. If the UPL agreements do not prove to be successful for Cameron and Hidalgo counties, the need for state assistance funds may increase and there would be less available to the counties for indigent health care expenses. Without the security of this available funding, some counties may reduce their expenditures, close their CIHCP program early in the fiscal year, and/or not be fully reimbursed for CIHCP services already provided. **Modifications to Chapter 61, Health and Safety Code, would allow better utilization of the available resources to serve the indigent population.**

2 Abstinence Education

DSHS is projecting federal funding for this grant will not continue beyond 2009; however, should the funding continue, this reduction would increase the match local abstinence contractors are required to make in order to receive funds. The program has already experienced a decrease in contractors because contractors are not able to provide the 70% match that is currently required. It is essential that program administrative costs have adequate match so that DSHS does not have to increase the match required by local contractors and further reduce their ability to participate. The reduction of funds would also cause the loss of 4.8 FTEs to this program.

3 EMS And Trauma Care System

The proposed cut would result in a reduction of funding for uncompensated trauma care to trauma facilities and grants to emergency medical services (EMS) and regional EMS/Trauma Systems. Decreased EMS/trauma funding could result in trauma facilities relinquishing their designation and EMS firms closing, which translates into delays in transporting and treating critically ill or injured patients, thereby increasing the likelihood of disability and death.

4 Infectious Disease Prev, Epi, and Surveillance (Oral Rabies)

The agency was appropriated one-time funding in 2008-09 for purchase of anti-viral medications to be stockpiled for use in the event of a flu pandemic. In the base level request for 2010-11, a portion of these appropriations have been requested for this strategy to help ensure that current service levels can be maintained in the light of increasing costs for oral rabies bait and the aerial distribution of the baits. Without this funding, additional Exceptional Item funding would be requested for the Oral Rabies program, which faces a significant reduction in the area of the planned baiting zone. Without this funding, the incidence of rabies would increase. At the same time, the nation is experiencing a shortage of rabies vaccine.

4 Laboratory Services

The agency was appropriated one-time funding in 2008-09 for purchase of anti-viral medications to be stockpiled for use in the event of a flu pandemic. In the base level request for 2010-11, a portion of these appropriations have been requested for this strategy to help ensure that current service levels can be maintained in the light of increasing costs for laboratory consumable supplies, plastic ware, and other petroleum-based products. Without this additional funding, an additional Exceptional Item request would be necessary to avoid a reduction in Laboratory service levels.

4 MH Hospitals - 2009 Shortfall & Funding Gap/Maintain Current Operations

The 80th Legislature appropriated General Revenue for renovation and construction at the South Texas Health Care System site in Harlingen and in Hidalgo County/Edinburg, for one-time, start-up expenses for a public safety triage and detoxification unit in Bexar County, and for purchase of anti-viral medications to be stockpiled for use in the event of a flu pandemic. In the base level request for 2010-11, these appropriations have been requested for the Mental Health State Hospitals to cover the shortfall incurred in 2009 and to maintain the current hospital capacity in 2010-11 given increasing service delivery costs. If this funding were not available, an additional Exceptional Item request would be necessary to avoid a reduction in hospital capacity of approximately 116 beds per day .

6.I. 10 Percent Biennial Base Reduction Options Schedule

4 Construction: South Texas Health Care System - Harlingen

The 80th Legislature appropriated General Revenue funding for renovation of the existing South Texas Health Care System facility in Harlingen. In 2010, $546,000 has been retained in strategy 6.1.3 to provide for demolition and final clean-up of the site. Without this additional funding, the agency would not be able to remove barriers limiting patient and public access to the new Out Patient Clinic. Future renovation of this space is cost prohibitive and demolition of this space is the only choice.

4 Construction: South Texas Health Care System - Hidalgo

The 80th Legislature appropriated General Revenue funding to design and construct a new facility in Edinburg for primary care and substance abuse. In the base level request, $500,000 has been retained in strategy 6.1.4. to complete this work. A reduction of this funding could jeopardize final completion of the project.

4 Various Strategies - Maintain Current Operations

One-time funding from HB 15, 80th Legislative Session for purchase of anti-viral medications to be stockpiled for use in the event of a flu pandemic. In the base level request for 2010-2011, a portion of this funding has been requested in various strategies to cover increases in costs that been have been significantly impacted by the changes in the national economy over the past three years. The increase in fuel prices has impacted not only the cost of employee travel, but also has led to increased costs for utilities, consumable supplies, postage, and services that are dependent upon transportation, such as mail services. If this funding were not available, an additional exceptional item request would be necessary.

5 Health Registries, Information, and Vital Records

The Texas Cancer Registry (TCR) experienced a 27 percent reduction in federal funding in FY 2007 (approximately $557,000) that will continue over the five-year grant period through FY 2012. Programmatic activities, such as small facility and non-hospital case finding/data collection, will be significantly hindered or curtailed. This would potentially jeopardize the TCR's ability to meet Centers for Disease Control and Prevention (CDC) grant requirements, national high quality data standards, and Gold certification. Not meeting these requirements, standards, or Gold certification could potentially result in additional loss of federal funding. Several departmental programs would be adversely impacted by the unavailability of cancer data including Comprehensive Cancer, Breast and Cervical Cancer, Environmental Epidemiology, HIV, Border Health, Birth Defects, and Tobacco Control.

A reduction will impact programs in Environmental and Injury Epidemiology and Toxicology, including child blood lead surveillance, occupational disease surveillance, and the surveillance of significant trauma in Texas. This reduction would also cause the loss of one FTE in each of these three programs. Follow-up of children with elevated blood lead levels would be curtailed, and we would experience reductions in our ability to conduct health risk assessments, investigate suspected environmental disease clusters, identify population groups at increased health risk, and conduct disease prevention and control activities. As with many environmentally-related investigations, a reduction in these activities would have a greater impact on economically disadvantaged and minority populations.

In order to accommodate additional reductions in funding, the Birth Defects Epidemiology and Surveillance Branch will have to cease surveillance operations in one region and would no longer be a statewide system. In addition to requiring us to discontinue our surveillance activities in one region, it would also severely compromise our surveillance activities in other regions and would cause the loss of three FTEs. This would curtail our ability to conduct legislatively mandated activities such as regional cluster investigations, referral of affected families into services, and responding to numerous requests for data for the affected region. Timeliness of mandated reports would be adversely affected. In addition, because the birth defects surveillance registry was designed to operate as an integrated, statewide system, and because many of the most seriously of their immediate geographic area, services to families outside of the eliminated region would also be impacted.

The Texas Center for Birth Defects Research and Prevention has a cooperative agreement with CDC (one of only ten in the country) that provides about $900,000 annually to the state for birth defects research and prevention activities. A reduction in statewide data timeliness and completeness may have an adverse impact on our competitive application for these funds.

Regarding reductions to the Vital Statistics program, a loss of funding would worsen service levels and reduce customer services. Cutting resources would create processing backlogs that expose the agency to adverse publicity, financial loss, and possible civil sanctions. Citizens expect to obtain vital records in a timely manner, especially when there is a critical need (e.g., school enrollment, CHIP insurance, and social services for children). Birth certificates are mandatory for Medicare and Medicaid enrollment, social security/disability benefits, pensions, and retirement for our elderly citizens; passports; social services; education; and proof of citizenship. Birth and death certificates are mandatory for death benefits, estate settlements, and to protect property rights.

Loss of funding for the Center for Health Statistics (CHS) would have a negative impact on its ability to perform its primary function of making health-related data available to both internal and external stakeholders in a timely manner, with a consequent deterioration in CHS performance measures. Many internal customers, including emergency preparedness staff, rely on a variety of data provided by CHS. Delays in making current vital statistics data available have already had a major impact on the agency's public health functions and have necessitated some reorganization of data management personnel in CHS and the Vital Statistics Unit to improve efficiency. Any reduction in these personnel, for example, would adversely affect submissions of data to meet the requirements under the contract with the National Center for Health Statistics, as well as submissions of birth and death files to the Office of the Attorney General for state reimbursement. The State Demographer's Office is also a major user of vital records data. Staff reductions would also result in further delaying the availability of data that many public health programs and researchers rely on.

5 Immunize Children and Adults

One possible effect of this reduction would be that DSHS would have to discontinue the adult safety net vaccine program, which provides vaccines to uninsured and underinsured adults in public health clinics statewide. This safety net program is the last resort for access to vaccines for underinsured and uninsured adults. They would likely go without vaccines if the program is reduced or ended. Another option is a reduction in contracts with local health departments that fund the statewide immunization infrastructure that promotes the 11 core components of the immunization program. These health departments play leadership roles in the communities they serve to increase vaccine coverage levels for children 19 to 35 months of age.

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5 HIV/STD Prevention

This level of reduction in this strategy would reduce the number of HIV-infected clients served by the Texas HIV Medication Program. Given current estimates of the annual cost per patient in this program, the number of clients would have to decrease by 721 persons in FY 2010 and 692 persons in FY 2011 (a total decrease of 1,413 persons over the biennium). Decreased access to medications for HIV positive Texans would result in rapid disease progression with attendant higher treatment costs and hospitalizations associated with AIDS; increased HIV transmission due to higher viral loads as a result of delayed or no treatment (which would be disproportionately borne by the African American community, which has higher rates of HIV infection); increased unemployment for persons with HIV/AIDS due to progressive illness; increased demand for more expensive public/state assistance (hospitalization and emergency room) as a result of progressive illness and unemployment; and increased premature death and loss of years of productive life related to delayed or untreated HIV/AIDS. This reduction would also contradict our maintenance of effort (MOE) agreement with the Health Resources and Services Administration, which would make DSHS ineligible for federal Ryan White f

The MOE requires the state to maintain HIV-related activities at a level that is equal to not less than the level of such expenditures by the state for the one-year period preceding the fiscal year for which the state is applying to receive a grant.

5 Infectious Disease Prev, Epi, and Surveillance

Infectious Disease Control Unit: The United States Department of Agriculture (USDA) supports the Texas Oral Rabies Vaccination Program (ORVP) by providing over $2.6 million in vaccine bait units per year. This support from USDA is contingent upon equivalent in-kind support of the program by Texas. The success of this multi-year and multi-agency project, as applied to the Domestic Dog/Coyote variant (type) rabies epizootic in southern Texas, resulted in the September 2007 CDC declaration that the U.S. is free of canine variant rabies. Maintaining the “free” status is tied to ongoing treatment of a barrier zone along the U.S./Mexico border. The ORVP has already been reduced due to increases in operating costs, e.g., fuel, aircraft services, and mileage reimbursement. Reduction in state funding would result in reduced USDA support and a modification in the project over and above the current cuts due to increases in operating costs. The cumulative result of such modifications could cause a barrier breech with reintroduction of Domestic

visible event with public health repercussions. It would necessitate very costly remediation to reestablish control. The outcome measure for the project would be reduced. Support for Zoonosis Control in each of the eight regions would be reduced, resulting in decreased resources for mandated activities and the inability to participate in and support non-mandated, yet highly valued, functions of local jurisdictions such as all-hazards emergency preparedness and exercises (approximately $338,000).

The reduction in GR would necessitate the elimination of two positions in the Infectious Disease Surveillance and Epidemiology Branch. These positions coordinate activities associated with healthcare-associated infections surveillance. Elimination of the positions would delay and cease activities to develop and implement healthcare-associated infections surveillance as required by S.B.. 288, 80th Texas Legislature, Regular Session (about $100,000).

A Tuberculosis cut would affect the public health infrastructure that is responsible for TB prevention and control activities. Local health departments and regions would have to cut clinics or otherwise reduce their TB programs. It would not be possible to pursue contact investigations vigorously or to follow up on persons with latent TB infection. TB disease rates would rise, and insufficient medications may be available for patients (approximately $1.5 million). We would anticipate a reduction of 15 FTEs statewide.

5 Health Promotion and Chronic Disease Prevention

This reduction would negatively affect diabetes prevention and control services provided through contracts with community-based organizations. Loss of these services (e.g. training, education, and technical assistance) for 20,000 Texans could lead to increases in medical complications resulting from uncontrolled diabetes including debilitating conditions like stroke, heart disease, amputation, blindness, etc. These complications have an enormous impact on Medicaid costs, on uncompensated emergency room services, and on medical providers who care for a large proportion of low income and unemployed Texans. This interfere with the program's ability to continue supporting complete dilated annual eye exams for 5,000 low-income persons with diabetes. The reduction of funds would cause the loss of 4 FTEs to this program. This reduction would also negatively affect the Alzheimer's program which (1) operates the only toll-free hotline for people and families dealing with an Alzheimer's diagnosis who are looking for resources and services in Texas and (2) supports a legislatively appointed Alzheimer's Advisory Council. The hotline typically receives up to 200 calls a month and sends a comparable amount of materials to families caring for people with Alzheimer's. Without this program, it is likely that more families would need to place loved ones in nursing homes instead of receiving in-home support services.

5 Kidney Health Care

With a reduction in GR funding of $2,350,000, the Kidney Health Care program would serve 1,674 less clients each year of the FY 2010-2011 biennium for a total of 3,348 less clients during the biennium. This reduction may result in the program initiating a waiting list for services. Kidney Health Care serves Texas residents with end-stage renal disease (ESRD) who are not eligible for Medicaid. Services include four drugs a month, with a $6 co-pay per drug; allowable dialysis and access surgery services; and limited travel reimbursement (13 cents a mile).

5 Children with Special Health Care Needs

With a reduction in GR funding of $5,268,000, the CSHCN program would serve 391 fewer clients during the biennium. CSHCN serves Texas residents under 21 years old with a chronic physical or developmental condition and adults with cystic fibrosis. Eligible clients have a family income equal to or less than 200 percent of the federal poverty level. Services include medical, dental, and case management services; wrap-around services for persons with other health coverage; and enabling services, family support services, and systems development.

5 Epilepsy, Hemophilia Services

The proposed reduction would impact the Epilepsy program. Based on the FY 2007 average cost per client of $133, the number of epilepsy clients would be reduced by 834 per year. This program provides comprehensive outpatient care including diagnosis and treatment of the medical condition for uninsured and underinsured persons with epilepsy or seizure disorders; case management for continuity of care and integration of personal, social, and vocational services; and public awareness and education services.

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5 Laboratory Services

The proposed reduction of $1,460,000 in GR and $2,422,000 in dedicated GR would result in a loss of 38 FTEs and substantial reductions in the amount of money available to purchase testing supplies. The loss of these resources would significantly impair DSHS' ability to identify, investigate, and control the spread of infectious agents. The number of specimens tested for communicable diseases performed by the laboratory would be reduced by approximately 47,000 per year due to lack of staff and supplies for the testing. This would result in patients not being diagnosed and treated, causing more severe illnesses and higher treatment costs. Increased disease spread to others would be more likely, and outbreaks would be detected at later stages (affecting larger numbers of people and costing communities far more). Screening for cervical cancer smears would be decreased by approximately 15,000 tests resulting in more women developing invasive cervical carcinoma and in increased costs to treat those women. The reduction in dedicated GR, which is revenue based on fees for service, would impact primarily the newborn screening program as well as the drinking water analyses required by the Environmental Protection Agency (EPA) as these are both services that rely primarily on fee-for-service for funding. The fees are set to cover the costs of providing the services, thus the loss of the fee revenue would result in a lack of funds to provide the testing. The loss of fee revenue could also significantly impact the ability of the laboratory to continue to provide services and still pay off the bond debt.

Delays in newborn screening could result in increased cases of mental retardation and death in children due to delayed recognition of the disorders and thus delayed treatment. Delays in drinking water analyses may delay the detection of contamination in drinking water and/or tampering with drinking water systems that could impact the health of the residents of the state. This may require the Texas Commission on Environmental Quality to obtain laboratory services from another laboratory which would reduce our ability to maintain the infrastructure necessary to fulfill the EPA's requirements for the Primacy Drinking Water Laboratory for the State of Texas.

5 Provide WIC Services

WIC dedicated GR consists solely of rebate monies collected from formula/cereal manufacturers as required by federal regulations. Any reduction or prohibition of use would be contrary to federal program rules. Allowable costs must be net of all "applicable credits." Applicable credits refer to those receipts or reduction of expenditure type transactions that offset or reduce expense items allocable under the federal award as direct or indirect costs. Examples of such transactions include purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that credits accruing to or received by DSHS relate to allowable costs, they are to be credited to the federal award either as a cost reduction or cash refund.

5 Women and Children's Health Services

A reduction in GR would reduce or eliminate any new Title V efforts to improve health and well-being of women. Additionally, if the reduction occurs and CHIP discontinues the perinatal benefits to women, the resulting impact would be that 6,818 fewer women would receive prenatal care, leading to poor maternal and infant health outcomes and greater cost to local health care infrastructure. The Breast and Cervical Cancer program provided services at a cost of $203 per client in FY 2007. The reduction would result in 524 fewer women being served. The reduction would be taken from funds appropriated during the prior legislative session for the specific purpose of expanding services.

5 Family Planning Services

The proposed biennial reduction of $1,410,000 for the Family Planning strategy amounts to $705,000 per year. The proposed reduction would affect the 2003 Rate Restoration that was implemented by the 80th Texas Legislature. Based on the 2007 Family Planning average cost per client of $157, services would be reduced by 4,490 clients each year.

5 Community Primary Care Services

The reduction would impact the Primary Health Care (PHC) program which typically expends the full amount of its appropriation. As such, based on the FY 2006 cost per client of $169, the proposed reduction would reduce the number of PHC clients by 6,710 per year. PHC provides access to primary and preventive health care services for Texas residents at or below 150% of the federal poverty level who do not have access to these services through other programs or funding sources. The priority services provided include diagnosis and treatment of conditions; emergency services; family planning services; preventive health services; health education; and laboratory, x-ray, and other diagnostic services. Optional services can also be provided by the contractors including dental care, transportation, prescription drugs, and social services. PHC contractors range in types of providers. The types of providers include local and county health departments and hospital districts; Federally Qualified Health Centers; private, non-profit entities; hospitals; and other community-based agencies providing clinical services.

5 Mental Health Services for Adults

Services to adults with mental illness are provided through local mental health authorities (LMHAs). DSHS uses an average case rate for adults of $2,630. Based on this figure and the proposed cut, LMHAs would serve approximately 8,479 fewer adults with serious mental illnesses each year. LMHAs provide skills training, counseling, medications, and other essential mental health services. When persons with serious mental illness do not have access to prompt appropriate treatment, it can be anticipated that there would be a significant impact on state hospitals, local emergency rooms, and jails. Reductions in GR for mental health abuse activities also jeopardize the federal requirement for maintenance of effort under the Community Mental Health (MH) Block Grant. The MH Block Grant requires state funding to be no less than the prior two year average.

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5 Mental Health Services for Children

Services to children with mental illness are provided through local mental health authorities (LMHAs). DSHS utilizes an average case rate for children of $5,067. Based on this figure and the proposed cut, LMHAs would serve approximately 1,004 fewer children with serious mental illnesses each year. LMHAs provide skills training, counseling, medications, parent support activities, and other essential mental health services. When children with serious mental illness do not have access to prompt appropriate treatment, it can be anticipated that there would be a significant impact on schools, local emergency rooms, residential treatment facilities, juvenile detention facilities, child protective services, state hospitals, and jails. Reductions in GR for mental health abuse activities also jeopardize the federal requirement for maintenance of effort under the Community Mental Health (MH) Block Grant. The MH Block Grant requires state funding to be no less than the prior two year average.

5 Community Mental Health Crisis Services

The current number of clients estimated to receive crisis residential services is 18,608. This reduction would remove 1,727 people from services.
The current number of clients estimated to receive crisis outpatient services is 34,710. This reduction would remove 3,221 people from services. Reductions in GR for mental health abuse activities also jeopardize the federal requirement for maintenance of effort under the Community Mental Health (MH) Block Grant. The MH Block Grant requires state funding to be no less than the prior two year average. Without these critical crisis services, individuals with serious mental illness may be placed in more restrictive and less appropriate settings, such as jails and hospital emergency rooms, where the likelihood of recovery may be severely diminished.

5 NorthSTAR

NorthSTAR is structured as an insurance program with identified "covered lives." This program model guarantees access to needed care. This reduction in GR funding would make the program financially unsustainable from an "actuarial" standpoint. As a result, the NorthSTAR program model would need to be structured to a model that could not guarantee access and would serve significantly fewer people. The output measure for this strategy assumes "covered lives" and would no longer be applicable. The efficiency and explanatory measures would also no longer be applicable. The explanatory measure reflects the inability of managed care organizations to continue at this level of funding. The funding reduction would support a pre-NorthSTAR level of service for the area of approximately 7,536 clients per year under a new service model. Under the current managed care service model, the program is anticipated to serve 49,947 clients per year.

5 Substance Abuse Prevention, Intervention, & Treatment

Prevention: The proposed cut would mean a reduction in prevention services across our 11 funded regions. Universal, selected, and indicated evidenced-based prevention programs serve youth and adults in school and community-based settings. This cut, for example, would impact our primary prevention provider's ability to serve 62,820 youth/adult consumers that would have received prevention education/skills training, alternative activities, problem identification/referral services, screenings, information dissemination, and environmental and social policy activities in schools and communities served with this funding. Reductions in GR for substance abuse activities also jeopardize the federal requirement for maintenance of effort (MOE) under the Substance Abuse Prevention and Treatment (SAPT) Block Grant. The SAPT Block Grant requires state funding to be no less than the prior two year average.

Intervention: The proposed cut would mean a reduction in intervention services across our 11 funded regions. Universal, selected, and indicated evidenced-based prevention programs serve youth and adults in school and community-based settings. This cut, for example, would impact our primary prevention provider's ability to serve 8,442 youth/adult consumers that would have received prevention education/skills training, alternative activities, problem identification/referral services, screenings, information dissemination, and environmental and social policy activities in schools and communities served with this funding. Reductions in GR for substance abuse activities also jeopardize the federal requirement for MOE under the SAPT Block Grant. The SAPT Block Grant requires state funding to be no less than the prior two year average.

Treatment: The proposed cut would result in a reduction in treatment services across our 11 funded regions. The treatment levels of care that may be impacted are ambulatory detox, residential detox, women and children residential services, and outpatient treatment services. The target population affected by these cuts consists of both adolescents and adults needing substance abuse treatment. This cut, for example, would impact providers ability to serve 1,743 youth/adult consumers who receive alcohol and drug abuse treatment services. Reductions in GR for substance abuse activities also jeopardize the federal requirement for MOE under the SAPT Block Grant. The SAPT Block Grant requires state funding to be no less than the prior two year average.

5 Statewide Program to Reduce Tobacco Use

An increase in tobacco use among youth and adults would be expected, which is directly linked to increased rates of cancer, heart disease, and other debilitating and costly chronic illnesses. The target population affected by these cuts includes both adults and youth served by six community coalitions providing comprehensive tobacco prevention strategies including youth prevention, support for local law enforcement that enforce the Texas tobacco laws, cessation, second-hand smoke ordinances, and community mobilization. Direct service contracts with local health departments and independent school districts would be reduced, and the proposed cut would limit the ability of community coalitions to effectively serve Texas residents in the targeted areas. Approximately 157,178 fewer Texans would receive comprehensive tobacco prevention and cessation services provided through coalitions in the six target communities.

5 Indigent Care Reimbursement (UTMB)

DSHS reimburses UTMB at Galveston for unpaid health care services to indigent patients. Reimbursements to UTMB were cut 50% from $40 million to $20 million during the 78th legislative session. The $20 million reimbursement covers only a small portion of UTMB's indigent health care costs.

6.I. 10 Percent Biennial Base Reduction Options Schedule

5 Texas Center for Infectious Disease

This reduction in GR funding for TCID would result in a reduction of approximately 1,600 in the annual available bed days for treatment of patients with TB. This would increase the backlog of patients in the community awaiting services, requiring local communities to provide any needed services. Most local communities do not have the capacity or infrastructure to manage tuberculosis patients for the long term. Consequently, these persons continue to reside in the community transmitting TB to other persons in the community. This is especially critical when that person has complicated drug resistant TB that requires hospitalization. In addition, TCID would have insufficient funds for medical costs incurred at outside medical facilities. A reduction of approximately 34 FTEs would be required.

5 MH Hospitals

The overall hospital system impact of this reduction in GR would be the loss of 216 inpatient psychiatric beds and 473 staff. Responsibility for providing psychiatric services for these patients, which include both civilly and criminally committed persons, would shift to local MHMR centers, community hospitals (where available), and the emergency rooms of local general hospitals. There would also be a concomitant increase in the numbers of forensic patients being held in jail for an extended period awaiting competency restoration services which, in turn, may jeopardize the department's significant efforts in resolving an ongoing lawsuit related to persons waiting for forensic services. There would frequently be insufficient beds to accept all civilly committed patients. There would also be an undetermined loss in third party revenue resulting from the reduced capacity. Reduced funding, combined with an inability to substantially restrict court ordered admissions, would result in overcrowded hospitals, increase the probability of adverse events in hospitals, and place Joint Commission and Medicare certification at risk.

5 Mental Health Community Hospitals

There are approximately 155 occupied Community Mental Health Hospital beds per day each year, with approximately 3,553 individuals with serious mental illness served in Community Mental Health Hospitals per year. Based on these figures, this proposed reduction would result in ten fewer Community Mental Health Hospital beds occupied per day each year, and 237 fewer individuals with serious mental illness served in Community Mental Health Hospitals each year. There are three Local Mental Health Authorities (LMHAs) that operate Community Mental Health Hospitals. The Gulf Coast Center contracts with the University of Texas Medical Branch at Galveston. The MHMR Authority of Harris County contracts with the University of Texas Harris County Psychiatry Center. Lubbock Regional MHMR Center operates the Sunrise Canyon Hospital. hospitals offer inpatient services that focus on continuity of care with LMHA outpatient services, including important jail diversion/juvenile probation/court system links and community outreach. When persons with serious mental illness do not have access to prompt, appropriate inpatient treatment in Community Mental Health Hospitals, it can be expected that there will be a significant impact on state hospitals, local emergency rooms, and jails. Reductions in GR for mental health abuse activities also jeopardize the federal requirement for maintenance of effort under the Community Mental Health (MH) Block Grant. The MH Block Grant requires state funding to be no less than the prior two year average.

5 Food (Meat) and Drug Safety

The proposed cut would be achieved by eliminating the pseudoephedrine, body piercing, tattoo, tanning, frozen desserts, bottled and vended water, Talmadge-Aiken meat inspector, and retail food establishment inspection programs. The revenue generated by these programs total $3,929,101 a year. The total cost saving by the cuts is $3,120,000 and 37 FTEs for the biennium. Elimination of these programs would create a gap in the regulation of a number of businesses in which DSHS is currently the only entity providing public health related inspections. Elimination of these inspections could result in infections from tattoos and body piercing, under age client accessing tattoo and piercing services, burns from tanning beds, and food borne disease outbreaks from inappropriate production/handling practices in frozen desserts, bottled water, and retail food establishments. Additionally, about 40 meat plants would be transferred to the jurisdiction of the United States Department of Agriculture (USDA). Talmadge-Aiken plants have USDA approval to sell products commerce but are staffed by state inspectors under the Talmadge-Aiken agreement. These plants would have to be inspected by USDA in order to ensure safety and be able to ship their products. USDA would have to hire and train the equivalent numbers of inspectors, which would take time. In the meantime, these Texas facilities would not be able to process and sell their products. Local governments have the authority to license and inspect retail food establishments in their areas provided they adopt a county order or a city ordinance; however, many local jurisdictions are not large enough to support local inspection and rely on the state for this public health service. Funding reductions in this area would result in over 10,000 restaurants and grocery stores never being inspected to meet minimum health standards. DSHS would maintain one inspector per regional office in order to assist with complaints, training, and other activities but would not license these establishments or conduct regular inspection activities. Elimination of the fee-generating programs also eliminates the fee revenue, resulting in an estimated decrease of about $7.8 million in revenue over a biennium. This program is under resourced to handle current mandates, and a reduction in our existing appropriation to meet these mandates.

5 Environmental Health

The proposed cut would be achieved by eliminating the sanitation and food inspections of child care facilities, recreational sanitation, institutional sanitation, and mold remediators. The revenue generated by the Mold program is $437,611 a year. The sanitation and food inspections of child care facilities, recreational sanitation, and institutional sanitation do not generate revenue. The total cost savings by the cuts is $1,262,000 and 15 FTEs for all the programs over the biennium. Local governments have the jurisdiction to regulate child care facilities, recreational sanitation, and institutional sanitation activities through county or city health departments. Many cities and counties do regulate these facilities; however, the inspections performed by DSHS are in those areas where a local governmental health department does not exist. These activities would not be regulated in these areas, and inspections would not be done to ensure minimum standards of sanitation are met increasing the chances for sanitation and health issues. The Mold Remediators program is the responsibility of the state and, therefore, would not be regulated. If inspections are not done to ensure minimum standards are followed, it would result in an increased risk to public health and safety. Elimination of the fee-generating programs also eliminates the fee revenue, resulting in an estimated decrease of approximately $900,000 in revenue over a biennium. This program is under resourced to handle current mandates, and a reduction in our existing appropriation would further impact the ability to meet these mandates.

6.I. 10 Percent Biennial Base Reduction Options Schedule

5 Radiation Control

This reduction would require elimination of the Texas X-ray Radiation Safety program. Revenues from this program are estimated to be $4,000,000 a year. The total cost saving by the cut is $1,608,000 and 40 FTEs over the biennium. The impact of the proposed reduction is elimination of the entire program. Since no other agency has regulatory jurisdiction over the use of these radiation machines, there would be no assurance that the workers and the public are not receiving excessive and dangerous exposure to radiation. Elimination of this program also eliminates the fee revenue, resulting in an estimated decrease of $8 million in revenue over a biennium. This program is under resourced to handle current mandates, and a reduction in our existing appropriation would further impact the ability to meet these mandates.

5 Health Care Professionals

This reduction would require elimination of the following licensing/certification programs: Dietitians (DT); Contact Lens Dispensers (CD) and Opticians (OPT); Medical Advisory Board (MAB); Speech-Language Pathologists (SP); and a partial reduction of the EMS Compliance program. The revenue generated by the DT, CD, OPT, and SP programs is $739,269 a year. The EMS Compliance program and MAB program do not generate revenue. The total cost savings by the cuts is $1,094,000 and 20 FTEs over the biennium. The elimination of the DT, CD, OPT, and SP programs would mean that licensing, compliance, and enforcement activities, including complaint investigations, would not be conducted for these professions/entities which could result in an increase in the potential for patient/client harm. MAB reviews 5,600 cases per year referred from the Department of Public Safety (DPS) for medical conditions that could impact an individual's ability to safely drive a motor vehicle or own a handgun. The reduction in staff in the EMS Compliance program would result in fewer complaint investigations against personnel/providers being conducted, fewer inspections/surveys of EMS providers being conducted, and a lengthening of the time required for all compliance activities. There would be fewer staff to conduct initial surveys; therefore, it could take longer to obtain a provider license. The reduction in staff would also impact the program's ability to respond to stakeholder inquiries and provide technical assistance. These cuts would result in an increased risk to public health and safety since fewer compliance activities would be conducted. For example, it is estimated that with two EMS Compliance positions eliminated, there will be 80 fewer complaint investigations and 100 fewer ambulance inspections conducted each year. Elimination of the fee-generating programs also eliminates the fee revenue, resulting in an estimated decrease of $1.4 million in revenue over a biennium. This program is under resourced to handle current mandates, and a reduction in our existing appropriation would further impact the ability to meet these mandates.

5 Health Care Facilities

The proposed reduction would be covered by eliminating six FTEs in the Architectural Review (AR) program. Revenue from this program is estimated to be $445,000 a year. The total cost savings by the cuts is $726,000 for this program over the biennium. This means pre-licensing architectural plan reviews and surveys would be reduced for health facilities, though Medicare surveys and complaint investigations would continue. As a result, new/renovated facilities, ready for occupancy, may be found to be out of compliance with life safety code requirements and, therefore, ineligible for state licensure and/or Medicare certification. The result of reducing this program is an increased potential for patient harm as health care facilities out of compliance may not provide for required sanitation or meet health standards raising the risk for infection or closure of facilities. Elimination of this program also eliminates the fee revenue, resulting in an estimated decrease of about $900,000 in revenue over a biennium. This program is under resourced to handle current mandates, and a reduction in our existing appropriation would further impact the ability to meet these mandates.

5 Texas Online

TexasOnline establishes a common electronic infrastructure through which state agencies and local governments, including licensing entities, can be accessed. In accordance with statutory authorization, § 2054.252 of the Government Code, an increase to the occupational license, permit, and registration fees imposed on licensees by an amount sufficient to cover the cost of the subscription fee charged by the TexasOnline Authority for implementing and maintaining electronic services for the department is permitted. The number of clients using TexasOnline and the subsequent fee revenue generated will directly impact the appropriation authority. A reduction in appropriation authority would jeopardize the agency's ability to pay the Texas Online contractor.

5 Central Administration

Core business activities supported by this strategy include claims processing, revenue and cash management, grants management and federal fund reporting, internal audit, legal services, communications, and consumer affairs. A reduction in Internal Audit would result in fewer audits of critical program, accounting, and management controls, thereby increasing the risk exposure for the agency. A reduction in Consumer and External Affairs would impede DSHS' ability to disseminate information during public health emergencies, as well as obtaining public participation in important health policy issues. This reduction would impede the delivery of customer service by impacting timely response and resolution of customer complaints. DSHS deposits over 14,000 negotiable instruments each month including checks, cash, credit cards, and federal cash draws. Reductions in staffing in the Revenue Management Unit would result in delays in funding for client service activities. A number of internal controls to prevent theft and fraud of these instruments would be adversely impacted as staff would be required to perform activities that were previously performed by separated employees. This reduction would jeopardize DSHS' ability to collect on delinquent accounts and to oversee the Medicaid/Medicare cost reimbursement for Mental Health Hospitals and the Laboratory. The Claims Unit processes approximately 1,800 travel vouchers and 7,500 purchase vouchers each month. A reduction in accounting staff would result in delays of travel reimbursements to staff providing health care services to our clients, as well as delays in the payment of invoices to vendors and providers. These delays would result in increased interest liability under the Prompt Payment Act. The reductions would compromise DSHS' ability to submit accurate and timely federal reports, which could lead to a loss of federal funds. A reduction in legal support would necessitate the scaling back of assistance to judges, district attorneys, and law enforcement on mental health issues, as well as compromising DSHS' ability to enforce contracts, comply with open records and discovery requests, and delay rule making.

6.I. 10 Percent Biennial Base Reduction Options Schedule

5 IT Program Support

The delivery of IT Program Support services for public and mental health systems would be significantly impacted. Reduced staff training and supporting productivity software would result in delays in software remediation for the agency's 300+ programs. Delays and potential non-compliance would occur for the agency's web content management and information accessibility remediation. Transformation to outsourced data center services would be delayed. Deployment of tools such as Active Directory to centrally manage the retained infrastructure and desktop support functions would be delayed or aborted. The associated information security enhancements, such as improved network access controls, would be delayed or aborted. Reductions in contractor utilization would impact (1) response to desktop support issues throughout the agency in all program areas, (2) resolution of program application system problems, and (3) delays in application enhancements. Reduced investment in training, tools, and contracted technical experts would result in longer down times when problems arise on existing applications. Untrained staff would not be familiar with the application or tools to identify the origin of the problem or the resolution.

5 Other Support Services

The proposed reduction of $325,000 GR and $86,000 GR dedicated funds represents a 87% decrease in GR allocation for operating expenses in Building Services functions. A reduction of this size will impact space management and non-routine building improvements as well as security access enhancements. Custodial service contracts for the Moreton and Records Buildings would be eliminated. The ability to replace and/or maintain existing security card readers within campus would be impaired. Access card production and replacement would be further eliminated affecting productivity as staff would not have access to buildings and offices.

5 Regional Administration

The Division for Regional and Local Health Services would experience a significant impact with the proposed decrease. This decrease would have to be taken from travel and other operating funds. These cuts would significantly compromise DSHS' ability to respond to emergencies and disasters, continue disease investigation and surveillance, provide support and services to state-funded local health departments, serve as the Local Health Authority (LHA) for those counties without local health departments, reduce day to day response to public health needs, decrease health-related education services in the community, reduce both in-state and out-of-state travel, and significantly compromise the overall operations of the Division office such as, but not limited to, the dissemination of information, solicitation of feedback from various stakeholders as it relates to important health-related issues, and impediment to responses to customer inquires and complaints.