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THE SERVICE CONNECTION

Government Publications
Texas State Documents

AUG 21 1997

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VOLUME 5, NUMBER 1 • TEXAS HEALTH AND HUMAN SERVICES COMMISSION • WINTER 1997

The consolidated budget request: A look beyond the numbers

More than 19 million people call Texas "home." The challenge to state government centers on how best to meet the needs of its growing population. By working hard to identify ways of maximizing limited resources, Texas is approaching the task of meeting the needs of its citizens with unprecedented determination and innovation. When it comes to health and human services, it can be said that Texas operates an enormous enterprise—one that has far-reaching impact on the lives of children, adults and senior citizens in every geographical section of the state's 276 million acres.

No longer can people view the wide array of health and human services simply as welfare benefits for the poor. Actually, the health and human services enterprise encompasses public health services,

long term care, habilitation services and rehabilitation programs. The framework of health and human services in Texas has grown with the needs of the citizens. It is, as some have noted, a work in progress.

The continued emphasis on providing high-quality care as cost effectively as possible remains a guiding philosophy within the health and human services enterprise. "When we consider the fact that health and human services spending amounts to about one-third

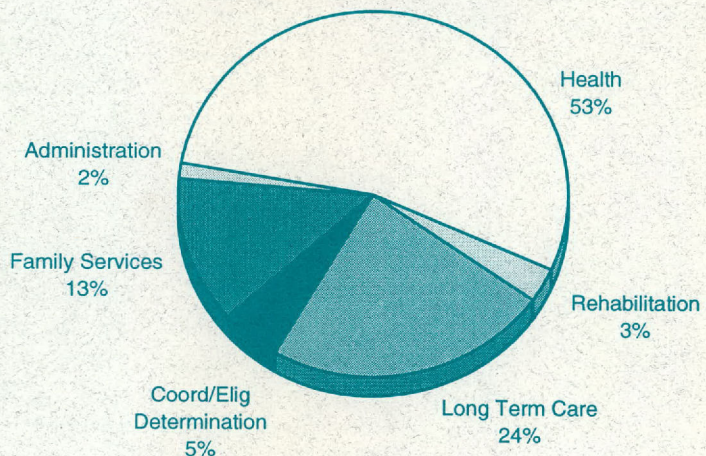
of the overall Texas budget," notes Health and Human Services Commissioner Michael D. McKinney, "it is easy to see how this issue merits much attention and consideration." Whether we are talking about services for people with visual impairments, community based initiatives for elderly citizens or people with disabilities, home care for our elderly, therapy programs for substance abusers, or countless other ventures that fall within the jurisdiction of the Texas


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Total Funding \$26,268.4 Million





Many communities across Texas and across the country have developed coordinated community transportation systems.

Introducing the "transportation coordinator": The new way to go!

by Tina Janek, Director of Client Transportation

Transportation is one of those things in life that is so important it is almost invisible, like breathing. Until you stop to think about it, you probably don't really realize how many times each day you and your family climbs in and out of a vehicle.

What would your day be like if you could not own or operate your own vehicle?

Somewhere in Texas is a family like the Smiths. The Smiths live in a small, rural town where their grandparents settled many years ago. Mrs. Smith works the late shift in the nearest city. Mr. Smith, who was laid off from his job last year, is in training for a job at the new plant due to open outside of town. Two of the Smith children are in public school and the youngest Smith attends a Head Start program in town. The Smith grandparents moved in a few years ago when it became too difficult for them to live alone.

Transportation in the Smith family is complicated. Ever since Dad lost his job, the Smiths are down to one car. Mrs. Smith uses the car to get back and forth to work since nothing else is available that late at night. There is a new bus service that Dad can use to get to classes at the community college, he just has to be careful to schedule classes that coincide with bus service. Dad hopes that when the new plant opens there will be bus service for employees; it will take a few months of working before the

Smiths can afford a second car. The older kids take the school bus to school and back. There is a Head Start bus for the youngest Smith. Grandma used to help transport the kids, but she doesn't drive anymore. She uses a van service for her doctor visits. Since Grandpa uses a wheelchair, there is another bus that has lift equipment. Whenever Grandma and Grandpa are up to the trip, they take another bus which can be used to visit the local senior citizens center.

All together there are six transportation providers assisting the Smiths. Even though their busses and vans might follow each other through town, each Smith must ride his or her own bus. That is because each transportation provider receives funding to serve specific clients—like school children, the elderly, or veterans. Each provider finds its own customers and develops its own routes and fares. Local officials must decide which transportation providers to help fund. State agencies must decide which transportation providers can best meet the needs of their clients. Customers must contact each transportation provider separately to determine which one they can use and to make their arrangements.

The Smith's neighbor, Mr. Gonzales, who has a disability, thinks the Smiths are lucky to have bus service. Mr. Gonzales would like to find work in town, but he cannot drive. Mr. Gonzales' sister lives too far away to take him to

work every day, but she does come to town to take him grocery shopping each week. The state program that might help can only afford bus service in areas where there are several riders to share the cost, and Mr. Gonzales is the only eligible rider in his part of town.

There is a way to improve transportation for the Smiths and Mr. Gonzales. Many communities across Texas and across the country have developed coordinated community transportation systems. One common type of coordinated

transportation system uses a "transportation coordinator." The coordinator works with local transportation providers, government officials, and customers to develop a plan to meet all of the transportation needs in the community. This regional leader receives and distributes all the federal, state, and local transportation funding according to the agreed upon plan. All across the country, communities are providing more transportation without spending more money simply by

coordinating their resources.

A coordinated community transportation plan means that just one bus can take all of the Smiths to their daily activities. And on its way into town, the same bus can also take Mr. Gonzales to work. With all the Smiths on one bus, the other buses and vans which used to serve the Smiths are now providing transportation in other parts of town and a single transportation coordinator means that anyone in town can find transportation with just one phone call. ■

At issue: Medicaid reform in Texas

The second edition of *Texas Medicaid in Perspective* has been published by the Texas Health and Human Services Commission. The booklet provides a comprehensive look at Texas' health care services and helps us better understand the complex system of Medicaid.

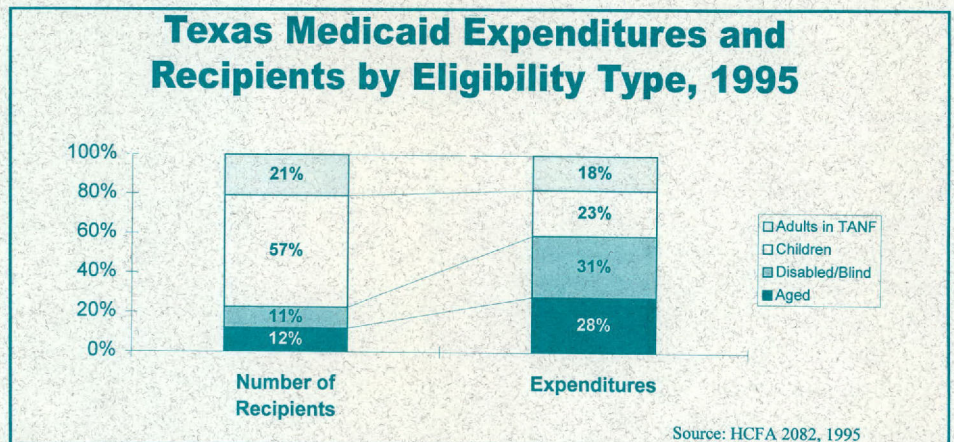
The publication outlines the history of Medicaid and points to how the rising cost of health care has been the motivating factor for rethinking the way health care is purchased and delivered. The public and private sectors nationwide have been experimenting with managed care and other creative alternatives to the current system.

As a federal-state shared program in which the federal government provides 63 percent of the funds and Texas provides 37 percent, the Medicaid system has become the cornerstone of health care for elderly citizens, people with disabilities and the poor. About one in seven Texans (2.6 million of the 18.6 million in 1995) rely on Medicaid for their health insurance

at a cost of \$9.1 billion in 1995.

During the last decade, Texas Medicaid experienced unprecedented budget and enrollment growth resulting mainly from federally mandated eligibility expansions. Reforms enacted in 1995 attempted to address the problem of rising costs in the Texas Medicaid program by shifting some populations to managed care. Texas Medicaid plans to implement the managed care program statewide by 2001. These initiatives were designed to maximize cost savings.

A relatively small number of Medicaid clients, elderly citizens and people with disabilities, account for the greatest proportion of Medicaid costs. Children represent the largest group served by Medicaid, but account for a small portion of expenditures, as shown below. For a copy of this booklet, mail a \$10 check to the Health and Human Services Commission, Medicaid, P. O. Box 13247, Austin, TX 78711 or see our web site www.hhsc.state.tx.us/med/pinkhtml/pinkbook.htm. ■



Legislative initiative targets kids'

It has long been said that children are our future. However, the future may not be too bright for many of our children when it comes to access to reliable health care services. Consider the following:

- ◆ One in four Texas children live in poverty.
- ◆ More than 1.3 million or 25 percent of our children under 18 years of age are not covered by medical health insurance. This represents about one-tenth of all uninsured children in our country.
- ◆ Many children without health care live in working families.

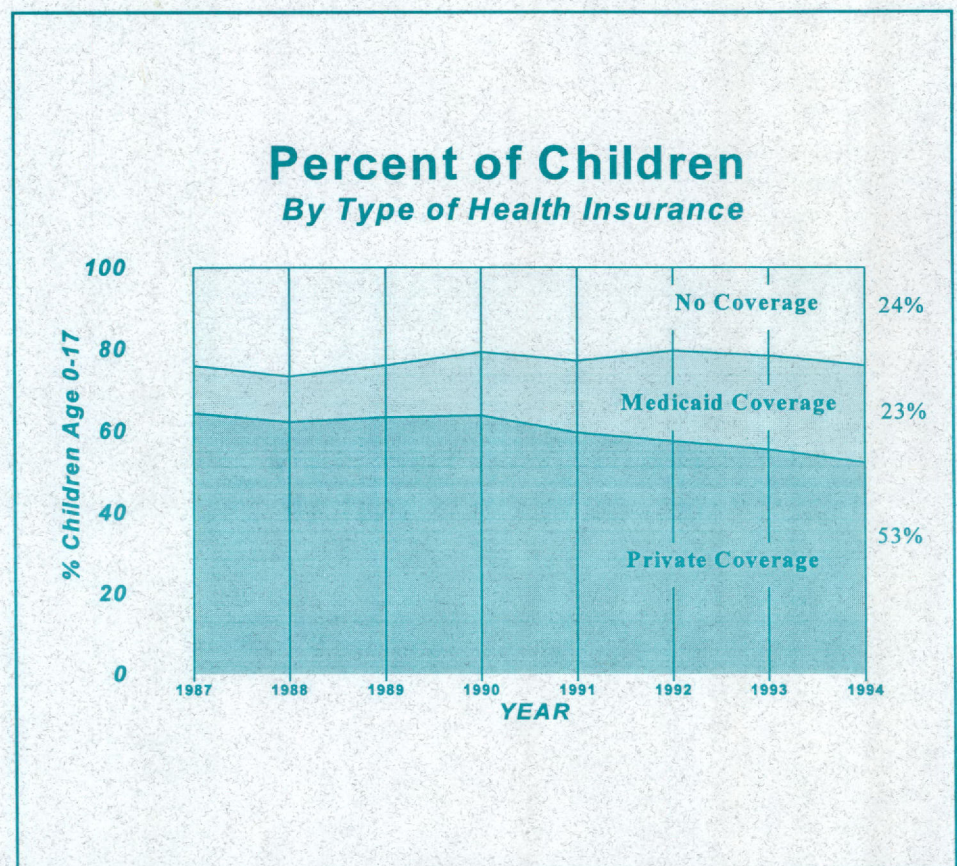
As graphically shown below, the plight of young children who have no health insurance is truly significant.

A recent report entitled, *Improving Access to Health Care for Children in Texas*, indicates that in February 1996, House Speaker Pete Laney charged the House Public Health Committee to explore ways of increasing access to health care for children. This mandate was issued as a response to the difficulties experienced by many families as they attempt to access health care for their children. About 25 percent of uninsured children come from families whose yearly incomes exceed \$35,000. Many of these uninsured families work for employers who either cannot afford or choose not to provide affordable health insurance for dependents. Still others work in the growing number of temporary or self-employed jobs.

In an attempt to respond to the health care needs of young Texans, State Representative Hugo Berlanga of Corpus Christi has introduced House Bill 3 which would establish the Texas Healthy Kids Corporation. The corporation would be a private 501(c)3 non-profit corporation which would be established to administer affordable health insurance coverage for uninsured Texas children through existing private insurance companies and managed care organizations. It would be given the authority to set benefits packages, enter into contracts with the private insurance

companies and managed care organizations, develop financial and accounting procedures for the program and establish fund reserves. Aimed at improving the availability of health care services for children younger than 18 years of age, the Texas Healthy Kids Corporation would:

- ◆ Develop a Health Benefit Program to provide, through eligible coverage providers, health benefits for eligible children who are not covered by insurance or another type of health benefit plan in general or for a specified medical



access to health care

condition or in a situation in which the coverage is inadequate.

- ◆ Undertake the design, actuarial and benefits structure of the health benefit program through eligible coverage providers.
- ◆ Determine eligibility criteria that children and their family members must meet before the children may participate in the program.
- ◆ Develop participation criteria for authorized insurers, health service organizations, health maintenance organizations and other entities eligible to provide coverage under the health benefit program.
- ◆ Develop and implement a public awareness program to educate the public about the program.

Improving access to health care for children in Texas is a goal of the House Public Health Committee of the Texas Legislature. It is a problem that has far-reaching consequences, including impact on employee recruitment and retention, worker productivity, development of a skilled workforce, local property taxes and the overall expense of health care services.

Taxpayers bear the burden for much of the costs required to deliver health care services to uninsured children. In Texas, most of the funds come from local property taxes that support public hospital districts in our cities. Uninsured children contribute to the ever-rising costs of the overall health care system. Their limited

access to basic preventive health care often results in the use of costly hospital emergency rooms as their main source of care. In 1993, more than \$100 million were spent for in-patient care for uninsured children under age 18 by the 12 large hospital districts in Texas. Also, uninsured children increase the local tax burden when they miss school. Kids without insurance miss school about 25 percent more often than those with insurance.

Through the Texas Healthy Kids initiative, the vision of Texas in which children will be allowed to live healthy lives and participate in and contribute to society to their fullest potential will be realized.

By giving a child the very best we have to give, the future of Texas is solidified. Our children represent our future. An investment in their health today brings promise of a happier tomorrow for everyone! ■

By giving a child the very best we have to give, the future of Texas is solidified.



A look beyond the numbers

Continued from Page 1

Six clusters or broad service groupings make up the Consolidated Budget. These clusters reflect a functional approach to organizing the strategies of the HHS agencies.

Health and Human Services Commission. The bottom line is that, for many Texans, these services provide crucial assistance necessary to exist and succeed in life!

So, when we look at the Health and Human Services Consolidated Budget request for fiscal years 1998-1999, it is easy to be awed by the \$26.3 billion price tag—particularly if we consider the fact that there are countries which have less money to run their entire government. Consisting of the budgets of the twelve agencies that comprise the health and human services enterprise (the Texas Health and Human Services Commission, the Texas Commission for the Blind, the Texas Commission for the Deaf and Hard of Hearing, the Texas Commission on Alcohol and Drug Abuse, the Texas Department of Health, the Texas Department of Human Services, the Texas Department of Mental Health and Mental Retardation, the Texas Department of Protective and Regulatory Services, the Texas Department on Aging, the Texas Interagency Council on Early Childhood Intervention, the Texas Juvenile Probation Commission and the Texas Rehabilitation Commission) the \$26.3 billion request represents a concerted attempt to meet the needs of Texans.

While the agencies' base biennial request for FY 1998-1999 totals \$24.5 billion, the Consolidated Budget

recommendation request is \$26.3 billion. This is an increase of \$1.8 billion or 7.2 percent over the agencies' base request. General revenue related funds total \$10.3 billion. This is also a biennial increase of \$707.7 million or 7.4 percent over the FY 1996-1997 biennium. Although not reflected in this budget, some \$84 million in additional general revenue would be needed to replace federal monies lost to the state in the FY 1998-1999 biennium.

The Consolidated Budget recommendation for FY 1998-1999 is based on current services. Current services assumes that agencies should continue to provide the same level of service to the same number of clients (including increases in entitlement programs) in the next biennium as they are currently providing. However, it should be noted that the recommended level of funding does not allow for increases in inflation, and holds the unit cost per service to FY 1997 levels unless federal mandates demand such increases.

Six clusters or broad service groupings make up the Consolidated Budget. These clusters reflect a functional approach to organizing the strategies of the HHS agencies. Also, these categories facilitate a comparison of similar services in a manner that supports coordination and identification of gaps in services. The use of functional or service categories helps illustrate the broad array of services provided by the health and human services

system. Furthermore, these categories point to what services are being bought, what services require the most money, what areas are experiencing growth or reductions and which funding sources pay for which services. Here are the clusters and services categories:

- ◆ Health—general health care, health promotion and prevention, mental health, substance abuse treatment, business regulation and occupation regulation.
- ◆ Long term care—long term care.
- ◆ Family services—family support services, nutrition services and incarceration and supervision of juvenile offenders.
- ◆ Coordination/eligibility determination—eligibility determination and service coordination.
- ◆ Rehabilitation—habilitation and rehabilitation.
- ◆ Administration—indirect administration and facilities.

The use of total HHS funds by cluster varies widely. The chart on page 1 shows the distribution of total recommended funding in the 1998-1999 biennium.

As part of the strategic planning process, the twelve HHS agencies identified two initiatives that have common strategic directions, cross-agency purposes and populations and reflect investment budgeting approaches to reduce long term costs. The two initiatives are:

- ◆ Community based services—expands community based services that support informed choice and help Texans who are elderly or who have disabilities to remain as independent as possible.
- ◆ Child, youth and family—focuses on improving outcomes for

CRCGs achieve statewide coverage

Community Resource Coordination Groups (CRCGs) of Texas recently achieved statewide implementation in all 254 counties across Texas. CRCGs are local interagency groups composed of public and private agencies that develop service plans for children and adolescents whose needs can only be met through interagency coordination and cooperation.

"CRCGs play a critical role in helping coordinate services for children and youths in Texas and ensuring that they receive needed assistance," says Health and Human Services Commissioner Michael D. McKinney. He adds that "by working together agencies are able to eliminate roadblocks that previously hindered the effectiveness of service delivery to young children and adolescents."

CRCGs were created in 1987 under Senate Bill 298 which directed state agencies serving

children to develop a community-based approach to provide better coordination of services for children and youth who have multi-agency needs and require interagency coordination. "An interagency community process provided by CRCGs is a proven way of bridging gaps in services for our children," notes Sherri Hammack, State Director of CRCGs.

Organized on a county-by-county basis, CRCG members include public and private sector child-serving agencies within that county. Many CRCGs also include parents of children with disabilities. CRCG members meet in partnership with the family to plan for needed services.

For more information on CRCGs or the CRCG contact in your area, call the Texas Health and Human Services Commission at 512/424-6561. ■

children so that they achieve success in education and future employment.

The need to move the health and human services system closer to the 21st century is evident in the manner in which member agencies have worked to construct a budget request that reflects a genuine commitment to quality state services.

By continuing to work together towards the common good of helping people who need help, health and human services agencies

are making great strides in implementing a service delivery system that is efficient and effective.

To those children, adults and elderly citizens who depend on the health and human services enterprise for the promise of a healthier and happier tomorrow, the objective remains steadfast: to offer a concerted compassion and care so that people will be better able to help themselves. It is a true Texan trademark. One that makes us all the better for the effort! ■

Second Notice

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Helping people help themselves

Published quarterly by the Texas Health and Human Services Commission (HHSC), 4900 North Lamar, Fourth Floor, Austin, Texas 78751.

Dr. Michael D. McKinney, Commissioner.

The Service Connection informs consumers, advocates, health and human services agencies and service providers about agency goals and initiatives. HHSC accepts complaints on its functions and on the 11 health and human services agencies. Send complaints or comments to HHSC at P.O. Box 13247, Austin, Texas 78711 or call 512/424-6500 (Voice) or 512/424-6597 (TDD). To obtain this newsletter in alternate format, call or write the Commission.

Periodicals postage paid at Austin, Texas.

POSTMASTER: Send address changes to *The Service Connection*, P.O. Box 13247, Austin, Texas 78711.

Editors: Charles Stuart and Cecilia Berrios