



ARTICLE II – HHSC

The Legislature must fully fund HHSC Exceptional Items #2 and 3# to provide additional staff for the eligibility system. The demand for services is already on the rise and will only increase as the full effects of the recession hit Texas. Without adequate staff, HHSC cannot provide timely and accurate benefits to eligible families. The delay or inappropriate denial or termination of benefits not only causes great hardship to needy Texans. It also causes the state to lose out on critical federal funds for Food Stamps and Medicaid that boost our state and local economies.

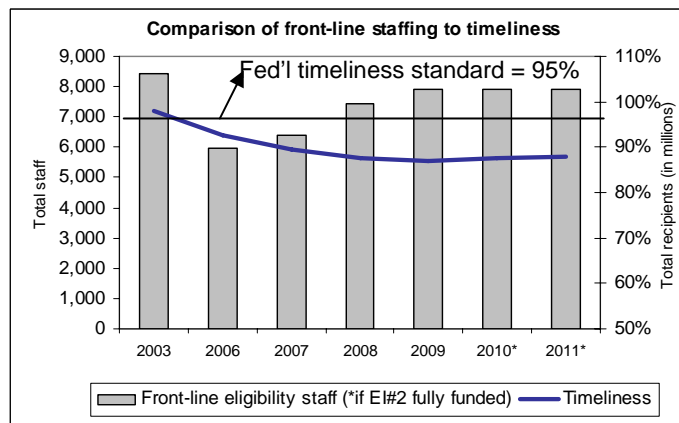
- According to HHSC, HB 1, as introduced funds 25% fewer staff in FY2010 and 27% fewer staff in FY2011 than needed to keep up with caseload increases and improve the performance of the eligibility system.

Comparison of HHSC Request to HB 1, as introduced

	Total Eligibility FTEs in HHSC's Base Request for 2010-11	Total Eligibility FTEs if EI #2 funded (maintain FY09 budg. staffing)	HHSC's estimate of what LBB Budget would fund	Unfunded FTEs in EI#1	Total FTEs if both Exceptional Items funded	Total unfunded FTEs in LBB budget	% Difference between LBB budget and HHSC request
FY 2010	8,552	9,039	7,229	1,810	9,695.4	2,466.4	25.0%
FY 2011	8,552	9,039	7,229	1,810	9,861.9	2,632.9	26.7%

Recommendations

- Fully fund exceptional item #1. This exceptional item would allow HHSC to maintain the current budgeted staffing levels of 9,039 FTEs (including 7,889 front-line eligibility staff). However, as introduced, HB 1 only includes enough funding to support 7,229 FTEs, according to HHSC's estimates. This would force HHSC to cut 23% of its current staff. The legislature should revise LBB's estimates of the cost of funding exceptional item #1 to reflect the higher amount HHSC says it needs to maintain current eligibility staffing levels. Even with this funding, HHSC will not be able to meet federal timeliness standards. *Without this funding, HHSC will have to cut staff and performance will get worse.*



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- **Fully fund exceptional item #3.** This exceptional item reflects the additional staff HHSC will need in FY 2010-11 to keep up with the increase in caseload that is expected. This would bring total eligibility FTEs to 9,695 in FY'10 and 9,861 in FY'11. **HHSC needs this funding in order to improve performance.**
 - **Invest a portion of federal economic stimulus funds in improving the performance of the eligibility system and increasing enrollment in public benefits.** A portion of the increased FMAP should be used to increase enrollment, which would also maximize Texas' share of the enhanced Medicaid funds in the economic stimulus package. In addition, the stimulus includes additional funds for Food Stamp administration, which should be used to fund additional staff and boost enrollment.

Symptoms of an Underfunded, Poorly Performing Eligibility System

- HHSC is not meeting federal timeliness standards, which require that 95% of all applications be processed within a certain number of days. Timeliness has been below federal standards for more than three years. The delays are most severe in applications processed through TIERS. In many regions of the state, delays of more than 3 months in processing have become so common that formal policies have been put in place to deal with the serious backlog of applications.
- Children moving between Medicaid and CHIP routinely get dropped from coverage, even though they qualify and are supposed to move directly between programs without any gap.
- The rate of improper denials in the Food Stamp program (known as the “negative error rate”) has soared over the last five years, increasing from 2.8% in FY2004 to 18.9% in the first quarter of FY 2008. Federal regulations state that a negative error rate above 1% is indicative of poor customer service and requires corrective action.

TANF block grant

- The federal stimulus package is likely to include the continuation of the TANF supplemental grants in FY 2010, which would provide \$52.7 million to Texas in addition to the base block grant.
- In addition, the bill is likely to include an emergency contingency fund that would allow Texas to draw down additional TANF funds – up to 25% of the block grant in FY 2009 and FY 2010, or approximately \$121 each year. States would be eligible for 80% reimbursement of increased spending (compared to FY 2008) in three areas: cash grants, one-time payments, and subsidized employment.
- *The legislature should consider temporarily increasing TANF cash grants and/or one-time TANF payments to take advantage of this opportunity to help extremely poor families weather the economic recession.*