

86th Legislature – HB 1 General Appropriations Bill

Total Budget

Overall the Budget increased by \$14.9 Billion All Funds (6.3%) from the previous biennium. The largest increase in funding was related to Article III, Public Education \$12.1 Billion All Funds (20.1%).

(Millions)	86(R)HB 1	
	2018/19	2020/21
Total Budget - AF	\$235,770.20	\$250,652.10
Total Budget - GR	\$108,539.70	\$118,859.20

Article II

Article II Funding remained relatively flat from the previous session with only a slight increase of \$784.5 Million All Funds (0.9%). General Revenue funding was decreased by \$987.6 Million (2.8%) from the previous biennium. A more favorable Federal Medical Assistance Percentages (FMAP) resulted in the Article II being funded with a higher proportion of Federal Funding.

(Millions)	86(R)HB 1	
	2018/19	2020/21
Article II - AF	\$83,584.2	\$84,368.7
Article II - GR	\$34,716.3	\$33,728.7

Article II biennial All Funds increase is primarily the result of the following areas¹:

- an increase of \$0.2 billion associated with child protective services programs, including foster care;
- an increase of \$0.6 billion for Medicaid client services, including rate increases for certain providers (i.e. \$500 add on for rural labor and delivery services) and expansion of community-based long-term care;
- an increase of \$0.3 billion in All Funds for other client services programs at the Health and Human Services Commission, including women’s health, community mental health, and early childhood intervention services;

¹ https://www.lbb.state.tx.us/Documents/Appropriations_Bills/86/Conference_Bills/5872_S12_Bill_Summary.pdf

- a decrease of \$0.5 billion in Federal Funds associated with onetime disaster-related federal funding and the Opioid State Targeted Response federal grant.
- an increase of \$141.2 million in All Funds for operation of state supported living centers and state mental health hospitals and to increase capacity at community mental health hospitals; and
- an increase of \$236.0 million in All Funds for deferred maintenance projects and other repairs at state-owned facilities, offset by a decrease of \$460.0 million in Other Funds associated with funds from the Economic Stabilization Fund appropriated for capital repairs and renovations at state-owned facilities during the 2018–19 biennium.

Medicaid

The Budget provides \$66.5 Billion in All funds, including \$24.7 Billion in General Revenue for the Texas Medicaid Program. This is an increase of about \$0.8 Billion in All Funds and a decrease of about \$1.9 Billion in General Revenue Funds from the previous session. (The 2018-19 Biennial amounts for Medicaid assume the supplemental funding to complete fiscal year 2019 expenditures.)

The Medicaid funding supports caseload growth but maintains fiscal year 2019 average costs for most services. This figure does not include full funding for anticipated increases in costs due to medical inflation, higher utilization, or increased acuity.²

HB 1 contains several riders regarding Medicaid and Medicaid Managed Care, including:

- HHSC Rider 16 - directs HHSC to evaluate data submitted from Managed Care Organizations.
- HHSC Rider 43 - requires HHSC to create an incentive program that automatically enrolls a greater percent of Medicaid recipients into a plan based on quality of care and performance, if they have not selected a managed care program.
- HHSC Rider 112 - directs the OIG to quarterly evaluate program integrity requirements, quality and accuracy of encounter date, and audits of Managed Care Organizations.
- HHSC Rider 114 - requires the OIG to review cost avoidance, and waste prevention activities employed by MCOs.
- HHSC Rider 60 - directs HHSC to evaluate prescribing practices for opioids in the state Medicaid program and to what extent they align with CDC guidelines.
- HHSC Rider 30 - requires HHSC to evaluate strategies to achieve cost savings for the Medicaid prescription drugs, including direct dispensing.

² https://www.lbb.state.tx.us/Documents/Appropriations_Bills/86/Conference_Bills/5872_S12_Bill_Summary.pdf

Waiver Programs

Article II of the Budget has several riders regarding reporting and evaluating programs under the 1115 Waiver, including:

- HHSC Rider 38 - directs HHSC to report on outcomes achieved by providers under DSRIP for DY 7 and DY 8.
- HHSC Rider 4 - maintains the requirement for HHSC to submit a biennial report on hospital uncompensated care and adds a new provision allowing HHSC to use the most accurate data available for each hospital.
- HHSC Rider 26 - directs HHSC to report on certain financial and expenditure information regarding supplemental payment programs including DSH, UC, DSRIP, and NAIP. The rider also contains language requiring HHSC to gather information on all LPPF payments and uses of the payments.
- HHSC Rider 36 - requires HHSC to evaluate Medicaid and CHIP reimbursement methodologies for non-profit children’s hospitals.

Trauma Care

Critical funding for Safety-Net hospitals was maintained in the Budget including the Trauma Add On, Safety-Net and Rural Hospital Add Ons. While the DSHS Trauma Strategy was reduced in Budget by about \$1.24 million, all of the add on payments are increased from last biennium’s levels due to the enhanced FMAP. In addition, the legislature added \$90 million All Funds to increase inpatient rates for rural hospitals.

DSHS -B.2.1 -	EMS/Trauma	86(R)HB 1			
		2018	2019	2020	2021
		\$126,755,690	\$126,755,686	\$126,277,581	\$125,992,378

	86(R)HB 1	
	2018/19	2020/21
Trauma Add On	\$357,288,176	\$360,000,000
Safety Net Add On	\$299,857,086	\$300,000,000
Rural Add On OP	\$58,264,038	\$60,000,000
Rural Add On IP	\$0	\$90,442,496

HB 1, Article II also contains a rider (HHSC Rider 39) directing HHSC to conduct a study on the feasibility and cost-effectiveness of establishing an enhanced payment model for non-state government-operated public providers of ground ambulance, including Fee-For-Service and Managed Care. The rider also direct HHSC to include the impact an enhanced payment would have on the Uncompensated Care Pool funding and whether these providers should continue to be eligible for payments from the UC Pool.

Behavioral Health

HB 1 contains \$3.3 Billion in All Funds for non-Medicaid/CHIP behavioral health services including community mental health care services; mental health care services for veterans, inpatient mental health services at state-owned and community hospitals, and substance abuse prevention and treatment services.³ Funding was increased for community mental health services including community mental health inpatient capacity, expanded outpatient capacity for adults and children, and to reduce substance abuse treatment waitlist for pregnant women.

- \$50 Million AF for the biennium to expand access to community mental health services for adults (HHSC Rider 63).
- \$8.8 Million AF for the biennium to expand access to community mental health services for children (HHSC Rider 63).
- \$5 Million GR for the biennium to provide a rate increase for all substance use treatment services provided under HHSC Strategy D.2.4. (HHSC Rider 64)
- \$24 Million GR in 2020 to reduce substance abuse treatment waitlist for pregnant women and women with dependent children waiting to receive services under Strategy D.2.4.

Article III also provides \$100 Million in GR for the biennium to create the Texas Child Mental Health Care Consortium and implement mental health initiatives including: A Child Psychiatry Access Network, Texas Child Health Access Through Telemedicine, Community Psychiatry Workforce Expansion, and Child Adolescent Psychiatry Fellowship (THECB Rider 58).

Article III – Health Related Institutions

Health Related Institutions All Funds were increased for the biennium by 2.7 % or \$86.4 million. For most institutions, their higher education formulas were minimally increased from the 2018-19 biennial rates. New mission specific formulas for The University of Texas Southwestern Medical Center, UT Medical Branch at Galveston, UT Health Science Center at Houston, and UT Health Science Center at San Antonio were included in HB 1.

(Millions)	86(R)HB 1	
	2018/19	2020/21
Article III HRI - AF	\$3,255.9	\$3,342.3
Article III HRI - GR	\$2,855.0	\$3,021.4

³ https://www.lbb.state.tx.us/Documents/Appropriations_Bills/86/Conference_Bills/5872_S12_Bill_Summary.pdf

Graduate Medical Education

HB 1 increases to some extent the HRI GME formula from 2018-19 levels (\$5,970 from \$5,824 per resident per year). The estimated Medical School Faculty Cost of teaching and oversight of residents is about \$18,000 - \$20,000.

The THECB GME Expansion grants strategy in the Budget increased by \$60 million over last biennium, providing \$157.2 million in All Funds.

		86(R)HB 1	
2018	2019	2020	2021
\$48,525,000	\$48,525,000	\$78,600,000	\$78,600,000

CPRIT

Historic appropriations of \$600 million for the biennium were maintained for CPRIT in HB 1, with most of the financing coming from Bond proceeds from General Obligation Bonds. The Budget contains Article I, CPRIT, Rider 10 noting that \$164 million of the Bond funding in fiscal year 2021 is contingent upon the passage and voter approval of House Joint Resolution 12. HJR 12 proposes a constitutional amendment authorizing the legislature to increase the maximum bond amount authorized for CPRIT by an additional \$3 Billion.

		86(R)HB 1	
2018	2019	2020	2021
\$300,055,000	\$300,055,000	\$300,055,000	\$300,055,000

Women’s Health

The Budget increases funding for Women’s Health Programs by \$62.3 Million (22%) for the biennium.

		86(R)HB 1	
2018	2019	2020	2021
\$142,322,217	\$142,322,217	\$165,244,813	\$181,717,042

Riders were included that require HHSC to annually report on the savings and performance of the Women’s Health Programs (HHSC Rider 74); direct HHSC and the Pharmacy Board to evaluate transferring unused LARCs to another client (HHSC Rider 77); and contingent upon approval of the 1115 Waiver by CMS, direct HHSC to work with CMS to determine if LARC bulk purchasing can be added to the waiver (HHSC Rider 77).

In addition, a rider was added to the Budget for SB 750 (HHSC Special Provisions Rider 176) appropriating more than \$14 million from the Women’s Health Program Strategy to implement a limited postpartum care package in Healthy Texas Women.

The DSHS strategy on Maternal and Child Health was also increased by \$13 Million (12%) for the biennium. Included in this strategy is \$1.33 Million and 6 FTEs to implement maternal safety initiatives, \$1.2 Million and 2 FTEs to develop and establish a high-risk maternal care coordination service pilot for women, \$1 million for a public awareness and prevention activities related to maternal mortality and morbidity. DSHS in coordination with the Maternal Mortality and Morbidity Task Force will annually collect information related to postpartum depression screening and treatment under state health programs including Medicaid and Healthy Texas Women.

		86(R)HB 1	
2018	2019	2020	2021
\$50,332,933	\$50,332,933	\$56,828,169	\$56,828,169

Cost Containment

HB 1 contains a cost containment rider (HHSC Rider 19) directing HHSC to develop and implement cost containment initiatives to achieve savings of at least \$350 Million in GR funds for the biennium. The initiatives shall include increasing fraud, waste, and abuse prevention and detection; maximizing federal flexibility under Medicaid and achieving programmatic and administrative efficiencies. The rider also contains language that the savings shall be achieved without adjusting amount, score, or duration of services or otherwise negatively impacting access to care, unless HHSC is trying to maximize federal flexibility in the Medicaid program.