



Children's Hospital Association of Texas
An Association for the Advancement of Children's Healthcare in Texas

BUDGET SUMMARY

2014-15 Supplemental Appropriations Bill (HB 2)

- Net General Revenue (GR) appropriations increase by \$299 million for 2015.
- The Medicaid program receives \$76 million GR for health benefits and \$80 million GR for the health insurance provider fees and taxes required under the Affordable Care Act.
- The rest of the Medicaid shortfall (\$244 million GR) is made up by the transfer of otherwise lapsing funds.
- \$768 million GR shores up the Teacher Retirement System and \$88 million GR shores up the Texas Tomorrow Fund.
- The 2014-15 budget now comes within \$25 million of the biennium's GR spending limit.

2016-17 General Appropriations Act (HB 1)

- The Total State Budgets equals \$114 billion GR/\$209 billion All Funds (AF).
- This represents an 11% increase in GR over the 2014-15 biennium.
- Of the \$11.6 billion increase in GR, \$3.8 billion is for tax relief.
 - \$2.6 billion is related to reducing the franchise tax rates by 25%.
 - \$1.2 billion is related to increasing the mandatory homestead exemption for property taxes from \$15,000 to \$25,000 (worth about \$125 per year to the average homeowner).
- Based on HB 2, the estimated net reduction in GR-Dedicated account balances available for certification is \$546 million.
- GR funding is \$2.9 billion below the spending limit and \$6.4 billion below the pay-as-you-go limit.
- The balance of the Rainy Day Fund is projected at \$11.1 billion at the end of 2017.

Medicaid

- Across all agencies, Medicaid totals \$25 billion GR/\$61 billion AF in 2016-17.
- This represents an increase of \$2 billion in GR over 2014-15, including \$1.7 billion for caseload growth.
- The Medicaid caseload is forecast to be 4.1 million in 2016 and 4.2 million in 2017 (about 3.2 million children each year).
- The CHIP caseload is forecast to be about 350,000 in 2016 and 370,000 in 2017.
- No funds are included for cost growth due to medical inflation, higher utilization or increased acuity. (The LBB's estimate for cost growth is \$752 million GR/\$1.8 billion AF.)
- \$373 million GR/\$870 million AF is deducted from Medicaid for cost containment (rider attached).

Medicaid (continued)

- No funds are included for restoring the primary care rate increase for Medicare parity related to the Affordable Care Act (\$460 million GR/\$1.1 billion AF).
- \$242 million GR/\$588 million AF will reimburse managed care organizations for health insurance provider fees and taxes associated with the ACA.
- \$129 million in Trauma Funds/\$299 million AF is appropriated as “Funding for Safety Net Hospitals.”
 - A rider directs HHSC to develop a methodology to target the funds for inpatient reimbursement to safety net hospitals, including those that treat a high percentage of Medicaid and low-income uninsured. Ten percent of the funds must be based on quality metrics at the safety net hospitals; quality-related funding can exceed hospital specific limits (rider attached).
- \$67 million in Trauma Funds/\$217 million AF is appropriated for a trauma add-on for hospitals.
- \$5 million GR and \$20 million in Trauma Funds/\$58 million AF is appropriated for full-cost reimbursement to rural hospitals for outpatient services.

Other Health and Human Services (HHSC) Items

- Women’s Health and Family Planning programs are transferred to HHSC.
 - \$50 million GR is added for Women’s Health, with a related reduction to Medicaid of \$10 million GR/\$24 million AF.
- Funding for Children’s Advocacy Centers (CACs) and Court Appointed Special Advocates (CASA) is transferred from the Office of the Attorney General to HHSC.
 - \$7 million GR increase is provided for CACS.
 - \$5 million GR increase is provided for CASA.
- \$5 million TANF Federal Funds are provided to expand the Nurse Family Partnership program

Department of State Health Services (DSHS)

- GR funding at DSHS increases \$103 million over 2014-15 funding levels.
- \$5 million GR is provided for 186 Children with Special Health Care Needs on the wait list for services.
- \$10 million GR is added for Mental Health Outpatient Services for Children.
- Funding for NorthSTAR assumes discontinuation January 1, 2017 and reflects the transfer to DSHS community mental health strategies and HHSC Medicaid.
- \$11 million GR is appropriated for Neonatal Abstinence Syndrome; a related Medicaid savings of \$2 million GR/\$5 million AF is assumed.
- Funding for autism services increases by \$5 million GR.
- \$13 million GR/\$37 million AF is appropriated for ebola/other infectious diseases.

Department of Family and Protective Services (DFPS)

- Funding for Child Protective Services totals \$1.5 billion GR/\$2.8 billion AF (an AF increase of \$231 million).
- \$2 million GR is appropriated for shaken baby syndrome and safe sleep initiatives awareness campaigns.

Graduate Medical Education (GME)

- \$53 million GR is appropriated to the Higher Ed Coordinating Board for GME expansion, an increase of \$39 million from 2014-15 funding levels (rider attached).
- GME formula funding at health-related institutions increases the rate per resident from \$5,122 to \$6,266.