

**ADMINISTRATOR'S STATEMENT**  
82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **9:18:07AM**  
PAGE: **1 of 4**

---

Agency code: **537** Agency name: **State Health Services, Department of**

---

The Department of State Health Services' mission is to improve health and well-being in Texas. DSHS is responsible for addressing a broad range of health issues that face Texans, either in a leadership or supportive role. Those health challenges include: mental illness, substance abuse, chronic disease, infectious disease, emergency response, food safety, children's health, and access to health care. Additionally, DSHS manages a large number of licensing programs to protect the public's health, including regulation of health care facilities, professions, and drugs and medical devices.

During the past biennium, we have been reminded how suddenly these challenges can develop into threats. The appearance of the novel H1N1 virus demonstrated how rapidly a pandemic can develop. While our public health capacity was ultimately successful in its response, the development of a new threat from a quickly-spreading infectious disease is inevitable. Food borne illnesses also present a threat to the public's health. Within the past several years, outbreaks of salmonella on both domestic peanuts and imported produce have reinforced the importance of protecting the food supply. DSHS regulatory and public health services are integrally involved in protecting Texans from food borne illnesses.

Health care reform implementation in 2014 presents opportunities for DSHS to redefine its role in the Texas health care system. Although coverage for health care will expand in the future, health care costs will continue to increase without action to prevent or mitigate certain diseases and conditions. We must continue to use public health strategies, data and other interventions to improve health and decrease health care costs. Health care reform will have a significant impact on our structure and programs. DSHS is currently evaluating the impact of provisions such as the new federal high risk insurance pool, insurance subsidies, medicaid changes and potential impacts on licensing of professionals and facilities. This information will be provided to the Governor and Legislature as it becomes available.

Mental illness and substance abuse remain challenges for Texas families and communities. Texas made significant progress in the 80th and 81st Legislative sessions by supporting state hospitals and increasing funding for mental health services in communities. These investments in mental health services reduce the burden on communities by serving mentally ill individuals in more appropriate settings than emergency rooms and local jails. Additionally, the Medicaid substance abuse services benefit endorsed by the 81st Legislature will help treatment providers draw on another resource to ensure effective treatment is available to Texans.

At the same time, the steady trend upward of obesity reminds us of the importance of increasing efforts to reduce its incidence and thereby reduce the cost of chronic disease to the economy. Tuberculosis and vaccine preventable diseases such as pertussis persist in Texas. We must continue our efforts to reduce the incidence of these infectious diseases.

The health of our children should be paramount. Giving them a good start of life is essential. The rates of prematurity and infant mortality increased in recent years. These rates and the associated health care costs can be reduced through targeted and evidence-based interventions.

#### THE DSHS LEGISLATIVE APPROPRIATIONS REQUEST

The DSHS appropriations request complies with the guidance provided by the Legislative Budget Board. DSHS continues reductions made in the current biennium as part of the Health and Human Services System approach to the five percent reduction to the base budget. The request includes an additional schedule for the ten percent general revenue reduction options. DSHS prioritized these options to mitigate as much as possible the impact on community services and safety net health programs, but much of the department's general revenue funds these programs. The LAR includes 12 exceptional items to address needs to: (1) maintain operating capacity in existing programs, (2) ensure compliance with current state and federal requirements, and 3) move health forward in Texas.

#### MAINTAIN OPERATING CAPACITY IN EXISTING PROGRAMS

**ADMINISTRATOR'S STATEMENT**  
82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **9:18:14AM**  
PAGE: **2 of 4**

Agency code: **537**

Agency name: **State Health Services, Department of**

DSHS requests funding for the FY 2012-13 biennium to maintain current services in public and behavioral health. Funding for several exceptional items last session was phased in incrementally and DSHS will need biennial funding to maintain services for the cystic fibrosis expansion of newborn screening, for the Montgomery County mental health facility, and for the additional inspectors to keep pace with growth in health related licensing in Texas. Caseload and medication cost increases are included for HIV medications and Kidney Health. Additionally, agency-wide costs for utilities, gas, postage, supplies and travel have increased.

State mental health hospitals experienced cost increases as well. In addition to medication and health care costs, DSHS continues to struggle with recruitment and retention of psychiatrists in numbers sufficient to maintain a safe therapeutic environment for patients. This is due to salaries for psychiatrists in the state hospital system being significantly below market and compounded by the shortage of psychiatrists in the state. Additionally, state mental health hospitals consistently function at a capacity higher than 96 percent. To provide for the care and safety of the patients, it is necessary to respond to the increased Joint Commission and federal standards of care, which are to maintain a 90 percent rate of filled FTEs. Additional FTEs and funding for them is necessary to maintain that capacity.

American Recovery and Reinvestment Act funds that were used to cover seven beds at North Texas State Hospital for this biennium and family planning services will not be available for Fiscal Years 2012 and 2013. Funding is needed to fill this gap unless the federal government chooses to extend the FMAP enhancement through the next biennium. It is important to note that the only new services provided through ARRA funds are the additional beds at North Texas State Hospital.

DSHS has identified a means of creating capacity in the state hospital system by creating beds for those long-term forensic patients who can be moved to settings that are less intensive and less expensive to operate than the state hospitals. By renovating a building at Victory Field in Vernon to house 50 long term patients, contracting for 25 beds in a private residential facility for long term care forensic patients, and contracting for 20 forensic beds with the Harris County Psychiatric Center, DSHS can make significant progress in reducing the Clearing House list and increasing the number of clients that the hospitals can serve.

Finally, state hospitals need significant funding for equipment, and repair and renovation. The bulk of this funding should come from bonds and not general revenue but is needed for patient care, patient/staff safety, communications/information technology, emergency preparedness and vehicles.

#### ENSURE COMPLIANCE WITH CURRENT STATE AND FEDERAL REQUIREMENTS

DSHS has integrated the common objectives of actions taken by the last two Legislatures under a general framework of initiatives to improve patient safety. The legislative initiatives are data gathering and reporting requirements for health care-associated infections (HAI) and preventable adverse events (PAE). According to Chapter 98 of the Health and Safety Code, DSHS must compile and make available to the public a summary, by health care facility, of HAI and PAE. Funds are requested to complete the program and develop, implement, support and maintain the web-based reporting systems required by the legislation. DSHS has added a request for an HAI prevention initiative and a core hospital epidemiology team to analyze data, provide training and promote best practices.

In accordance with its mission to improve health and well-being in Texas and its statutory charges, DSHS seeks funding to improve the detection and investigation of food borne illness in Texas. Expansion of this program will help prevent illness and death. Funding will allow the state to test thousands more bacterial isolates from persons with food borne illnesses and allow public health professionals to follow up and investigate many more cases and outbreaks in Texas. In addition, DSHS requests funding to improve the collection and investigation of blood lead testing results to identify and screen children who are at risk for lead poisoning. The program works with providers and parents to ensure timely and appropriate care and treatment.

**ADMINISTRATOR'S STATEMENT**  
82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **9:18:14AM**  
PAGE: **3 of 4**

Agency code: **537**

Agency name: **State Health Services, Department of**

**MOVE TEXAS FORWARD**

DSHS identified several interventions and funding needs to help improve health and reduce health care costs including Medicaid. These exceptional items include: (1) health babies, (2) community mental health and substance abuse services, (3) obesity prevention, (4) preventable hospitalizations, and (5) infectious disease prevention.

Rates of prematurity and infant mortality have risen in Texas in recent years. The percentage of Texas infants born with low birth weight rose from 7.4 percent of all births in 2000 to 8.4% in 2006. The infant mortality rate rose by 9 percent during the same period; the rate was 6.2 in 2007 per 1,000 live births. For African-Americans, the rate was 11.8. To address this trend, DSHS is requesting funds to reduce infant mortality in Texas through: 1) coordinated community-based projects focused on reducing the top two causes of infant mortal: birth and genetic defects and preterm/low birth-weight; 2) sustaining and improving collection of birth defect data; and 3) expanding newborn screening in compliance with HB 1795 of the 81st Legislative Session to the secondary panel of newborn screening condition targets.

Mental illness and substance abuse affect every Texas community. Many individuals with these conditions end up in the criminal justice system. DSHS is requesting funding to help reduce the burden of mental illness and substance abuse on the Texas criminal justice system. In addition, a border services expansion would use an evidence based curriculum for gang violence prevention, substance abuse prevention and violence prevention for youth; provide mental health and short term counseling services to person on the border and increase access to services. The Clinical Management Behavioral Health System (CMBHS) is an electronic health record utilized by DSHS and its contractors for mental health and substance abuse clinical records. The system needs to be expanded to support the projects in this exceptional item as well as provide for e-prescriptions interface, computerized physician's order entry and client appointment scheduling, and data exchange with service providers using national standards.

Overweight and obesity, physical inactivity and poor nutrition increase the risk of chronic diseases, such as type 2 diabetes, heart disease, stroke, arthritis, and certain types of cancer. Efforts to reduce the incidence of overweight and obesity will reduce the disease burden on both the economy and state assistance programs. Funding is requested to support community-based obesity prevention activities (through a competitive grant application process) that are evidence-based and designed to improve nutritional intake and increase levels of physical activity.

DSHS collects health care information data and seeks innovative ways of using it to improve outcomes in Texas. DSHS uses discharge data from health care facilities to identify communities with high rates of preventable hospitalizations. Funding is requested to provide grants to those counties to reduce adult hospital costs by 15% for potentially preventable hospitalizations through the implementation of evidenced based interventions. The interventions will focus on nine conditions for which hospitalization is considered preventable: bacterial pneumonia, congestive heart failure, diabetes, chronic obstructive pulmonary disease, asthma, urinary tract infection, dehydration, hypertension, and angina. This initiative has the potential to save funding for publicly funded health care and private insurance.

Tuberculosis (TB) remains a persistent infectious disease threat. The Legislature provided funds to build a new tuberculosis hospital, the Texas Center for Infectious Disease. DSHS will need funding for additional staff and operating expenses to provide care for 40 additional patients, made possible by the new facility. The capacity of TCID by 2013 will be 75 patients. Funding is also requested to increase the use of newer laboratory technology to improve the accuracy of TB testing and reduce the number of false positive tests.

Pertussis is a vaccine preventable disease that can be deadly to newborns. DSHS proposes an initiative to expand vaccine access, promote Tdap vaccine, and promote strategies to protect newborns from exposure. Funds are also necessary to improve the outdated and aging IMMTRAC system which does not meet current DSHS, state and federal requirements.

**ADMINISTRATOR'S STATEMENT**  
82nd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/27/2010**  
TIME: **9:18:14AM**  
PAGE: **4 of 4**

---

Agency code: **537**

Agency name: **State Health Services, Department of**

---

In addition to the funding needs outlined in this request, important funding for DSHS has been included in the HHSC request. Also, additional funding for the Sexual Predator Monitoring Program is included in the Comptroller's Judiciary Section request.

DSHS looks forward to working with the 82nd Legislature to make Texas healthier.