



AGENDA

State Health Services Council Work Session

Minutes

Department of State Health Services (DSHS)
Robert E. Moreton Building, M-739
1100 W. 49th Street, Austin, Texas
April 8, 2011

Council Members Present

Ms. Glenda Kane, Chair – Corpus Christi
Dr. Kirk Calhoun – Tyler
Ms. Graciela Cigarroa – San Antonio – until 3:10
Dr. Lewis Foxhall – Houston
Dr. David Woolweaver – Harlingen

Council Members Not Present

Ms. Beverly Barron – Odessa
Dr. Jacinto Juarez – Laredo
Dr. Jeffrey Ross – Houston
Mr. Nasruddin Rupani – Sugar Land

Visitors

Joe Lovelace – Texas Council of Community Centers
Cynthia Humphrey – Association of Substance Abuse Providers
Neal Nolan – GOVantage
Jeanette Calhoun – Tyler AIDS Services-
Nancy Fisher – Texas Strategy Group

1. Council Chair, Glenda Kane called the meeting to order at 9:14 a.m.
2. Briefing on DSHS Appropriations Status - Commissioner David L. Lakey, and Bill Wheeler, CFO, provided a briefing on the status of the agency's appropriations. Dr. Lakey welcomed council members and provided an overview of the agenda and DSHS' role in the legislative process. Bill Wheeler detailed the differences in the House and Senate versions of the appropriations bill, the possible use of the rainy day fund, and the Comptroller's revised estimate of income available. There were over 400 pre-filed amendments to House Bill 1, of which 317 were adopted by the House. The House has passed their version of the appropriations bill.

The Senate is still working through their version, which may possibly be laid out before Easter, or shortly thereafter, leaving the month of May for debate by conference committee. The details for this presentation are available at <http://www.dshs.state.tx.us/council/agenda.shtm>.

Mr. Wheeler discussed the ongoing deliberations regarding the federal government budget. Congress continues to work through the FY11 budget. If there is no agreement by April 8, the federal government is scheduled to shut down at midnight. If that happens DSHS is prepared to work through it to the best of our ability. DSHS has enough funds to work through April. Many programs are affected by federal funding including Prevention; Centers for Disease Control and Prevention earmarks; Women, Infants, and Children nutrition program; Health Resources and Services Administration grants; and other discretionary grants that go out to the states. Congress is also looking at reducing the FY12 budget; the Republican House members have proposed six trillion dollars less over next ten years. Some suggestions include block granting Medicaid and Food Stamps, and repealing the Affordable Care Act, in addition to reducing the federal work force by ten percent. There is also a proposal to change Medicare for those born after 1957; a stipend would be issued for each person to purchase their own healthcare.

Council members had the following comments/questions for staff response:

- Does DSHS have any programs that are directly affected by the loss of federal funds?
- What impact will the effect on these federal positions have on our hurricane preparedness?
Dr. Calhoun said that officials at the University of Texas Health Science Center at Tyler (UTHSCT) have been told that automated accounts will still be accessible, but anything that requires human assistance will be shut down. Ms. Kane stated that in the event of a disaster (hurricane or earthquake) DSHS must be prepared to proceed in a manner that assumes the money will not be there.

Dr. Lakey spoke about where we were at the beginning of this session, compared to last session. Dr. Lakey covered initial exceptional items, and the resubmitted priority exceptional items. The detail for exceptional items is provided at <http://www.dshs.state.tx.us/council/agenda.shtm>. On the House side, no additional general revenue has been put in for state agencies. The House looked at all items and prioritized what would be funded if additional money becomes available. On the Senate side, they put additional funds into items. Many of the items DSHS asked for are included in the Senate bill, and members are looking at ways to reapportion funding. The Exceptional Items have been prioritized into three sections.

Council members had the following comments/questions for staff response:

- What is the difference between general revenue dedicated and general revenue all funds; is that different from federal funds in Community Mental Health?
- In instances where we are losing state general revenue, are federal funds also going to be lost for failure to show maintenance of effort?

Dr. Lakey explained that Mike Maples and staff have been working to determine ways to streamline processes to save money. Savings have been identified in NorthStar, improved use of medicines, increased use of forensic hospital beds, and step down processes in state hospitals. The step down process was implemented in state hospitals March 1, 2011.

Council members had the following comments/questions for staff response:

- How many people over age of 70, who do not pose a threat, stay in state hospitals?
- How many of these individuals could be relocated to nursing homes?
Nursing homes often are not willing to take these individuals due to aggressiveness. Mike Maples described the PASAR (pre admission screening assessment referral) program that is being considered.
- Can discussion be held with DADS on programs that they implement to accommodate the aging population in state schools?
- Can DSHS partner with DADS to accommodate these individuals who reside in state hospitals?
Dr Lakey indicated he will discuss with Chris Traylor, Commissioner of DADS.

Dr. Lakey discussed the impact of proposed budget reductions on Regulatory Services. Regulatory Services are listed as priority two in the Senate funding proposal. If funds are not appropriated, and DSHS cannot increase fees, 120 FTEs will be affected. This will primarily be inspectors.

Council members had the following comments/questions for staff response:

- What is the percentage of employees who are “boots on the ground” in Regulatory Services, and employees directly involved in the health and safety of the state, who will be impacted by funding cuts? Dr. Lakey and Kathy Perkins detailed the impact on FTEs in Regulatory Services.
- Ms. Kane asked for a graph showing where these positions are located.
- Is it possible to correlate the number of inspections to the number of citizens put at increased risk due to lack of inspections for each area?
- Is there a specific reason these were put at priority two instead of priority one?

Another exceptional item is an increase of \$19.2 million for HIV medications. If the funds are not added, DSHS will need to restructure HIV eligibility criteria. Currently, DSHS serves about 15,000 individuals with no waiting list.

Council members had the following comments/questions for staff response:

- Do we currently get 340B pricing?
- Is there a program where pharmaceutical companies provide these medications?
- Since we have a growing HIV population, can we have a discussion with partners about matching funds?
- Are there other programs in the state that could be made available to take up the slack?
Dr. Valadez spoke about the AIDS Drug Assistance Program (ADAP) program. Dr. Valadez explained that the federal regulations under Ryan White do not allow DSHS to extend ADAP pricing to local communities; therefore, their costs for HIV meds are higher than what we can get through ADAP.

Other Senate-funded exceptional items include: maintain hospital capacity, community hospitals, and psychiatrist salaries. Other items such as new state hospital capacity, information technology, emergency preparedness, hospital equipment, consolidated laundry operations, and vehicles supporting patient transport were made priority two; however DSHS was given capital authority for information technology, equipment, and laundry operations in the event we can find the funds.

Exceptional items considered on the Senate side that will save money if implemented are: patient safety, preventable adverse events reporting, interventions for hospital acquired infections (Michigan Keystone Project), and Healthy Babies Initiative. Prematurity has been a huge driver for this last initiative. Kentucky has a successful public/private partnership with March of Dimes similar to this initiative.

Council members had the following comments/questions for staff response:

- Dr. Foxhall asked about a bill before the legislature that will address smoking in workplaces, and if a calculation can be done to determine economic impact and decreased mortality of using tobacco control funds for programs to decrease smoking.
- Has the possibility of raising dedicated tobacco taxes been discussed? What amount will the cost of a pack of cigarettes have to be raised to make up the difference (\$24 million) in lost funds?
- Can DSHS make the case that HIV/AIDS services can be funded with a raise in the cost of tobacco?
- Ms. Kane asked for a list of all programs that would benefit with a small increase in tobacco tax.

Another exceptional item on the Senate side is preventable hospitalizations. DSHS has county-by-county breakdown of preventable hospitalizations and the causes. Investment of \$2 million could have significant impact on costs. Regarding infectious disease prevention, the Texas Center for Infectious Diseases (TCID) is a 75-bed facility, with current funding for 35 beds. There is an exceptional item request to increase capacity. UTHSCT is the other institution in Texas that provides tuberculosis care; they have had to reduce funds due to budget constraints. If TCID and UTHSCT are not able to care for all the tuberculosis patients, a back up is created at other hospitals trying to provide appropriate care.

\$20,000,000 for critical repairs to the Moreton Building is included in the Senate version of the bill.

Amendments to House Bill 1 reduce Family Planning funds by \$61 million over biennium, with funding moved to other initiatives. Funds saved by the consolidation of Women's Health Lab and South Texas Lab would add \$8 million into mental health crisis and \$2.4 million into county indigent funds.

Bill Wheeler, CFO, detailed the riders that have been adopted by the House. This document can be found at <http://www.dshs.state.tx.us/council/agenda.shtm>. Glenda Kane asked for a copy of the rider that requires a study of the mental health system.

Amendment 244 could limit our authority to raise regulatory fees. DSHS is watching this issue closely.

Amendment 86 impacts the collection of red light camera funds that are dedicated to trauma.

3. Briefing on 82nd Legislative Session and Bills of Interest to DSHS – Kirk Cole, Director, Center for Consumer and External Affairs, provided a briefing on bills of interest to DSHS.

Mr. Cole laid out the committee hearing schedules and policy bills. Approximately 6,000 bills have been filed this session, compared to 7,300 last session. DSHS is tracking 812, compared to 925 tracked last session. DSHS is tracking some bills that do not have direct impact. Government Affairs

also monitors general government bills that affect all state agencies. On direct impact bills, the role of Government Affairs staff is to work with the program and financial staff to get the required information, and to work with resource witnesses to arrange attendance at hearings.

DSHS also has a role in the fiscal note process. To date, DSHS has provided over 300 cost estimates on proposed legislation. Government Affairs provides complex fiscal information to the Legislative Budget Board. DSHS works with the members' offices on legislation for a variety of reasons. Our role is to educate and inform, provide an impact analysis, describe how the bill fits in with state law or federal law, determine how much it is going to cost, understand intent, and help legislative offices with language to achieve goals. Government Affairs staff are talking to members as bills change. As new language gets introduced and intent changes, staff is continually analyzing bills and tracking a large range of bills that effect DSHS. Mr. Cole provided detail on a variety of the bills.

Council members had the following comments/questions for staff response:

- What is the intent of the Healthcare Quality Institute?
- Why is it important to have a registry of healthcare foreign language interpreters?
- Is there any thought/discussion to provide additional funding to DSHS for the FTEs needed to enforce these regulations? Is there an opportunity to make adjustments to real costs involved to cover needs?

Ms. Kane said it would be helpful if we had business people to help with budget preparation to explain the consequences if fees collected are not appropriated. If DSHS is charged with running the agency like a business, then need to be allowed to run like a business. Ms. Kane asked that Mr. Cole let Council members know when a discussion is needed on what is collected versus what is appropriated, cost versus final fiscal note.

Other bills discussed involved consolidation of some agency functions and transfer of functions to DSHS along with the transfer of funds for those functions.

Mr. Cole provided the following statistics:

DSHS is tracking 812 bills, of which 122 have passed out of committee - 15%

58 bills of the 812 that have passed out of originating house - 7.1%

39 of those are not technically in next chamber yet - 5%

One bill that we are tracking has made it all the way through the process, HCR 40 establishing suicide prevention week in September.

Of the introduced bills, a great percentage most will likely not pass.

Government Affairs sends out weekly hearing charts and will include Council members on the distribution list. These charts indicate what bills are getting hearings and supplemental information.

Council members had the following comments/questions for staff response:

- Is there a bill that requires an insurance mandate to cover oral chemotherapy medication?
Mr. Cole will research and get back to Ms. Cigarroa.

4. General Public Comment – Chair Glenda Kane asked for public comment. Joe Lovelace had signed up for public comment, but had to leave. There was no other public comment

Chair Glenda Kane adjourned the meeting at 11:25 a.m. Next scheduled SHS Council Work Session is June 22, 2011, to be followed by Council Meeting on June 23, 2011.



Glenda Kane, Chair
State Health Services Council

June 23, 2010
Date Approved by Council