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**Department of State Health Services  
Joint Hearing of  
the Governor's Office of Budget, Policy, and Planning  
and  
the Legislative Budget Board**

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September 22, 2016

John Hellerstedt, M.D., Commissioner

Donna Sheppard, Interim Chief Financial Officer

- Agency Mission and Overview
- FY 2017 Agency Structure
- Current Budget and Issues
- FY 2018 - 2019 Summary of Base Request Table
- Exceptional Items Summary Table
- Exceptional Items Details

**DSHS Mission:** To improve the health, safety, and well-being of Texans through good stewardship of public resources, and a focus on core public health functions.

**DSHS Vision:** A Healthy Texas

**DSHS Goals:**

- Improve health through prevention and population health strategies.
- Enhance public health response to disasters and disease outbreaks.
- Reduce health problems through public health consumer protection.
- Expand the effective use of health information.

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Sunset legislation streamlined DSHS focus on population health programs including:

- Infectious disease control
- Health emergency preparedness and response
- Public health data and surveillance
- Chronic disease prevention
- Community health services

# New Agency Structure (cont.)

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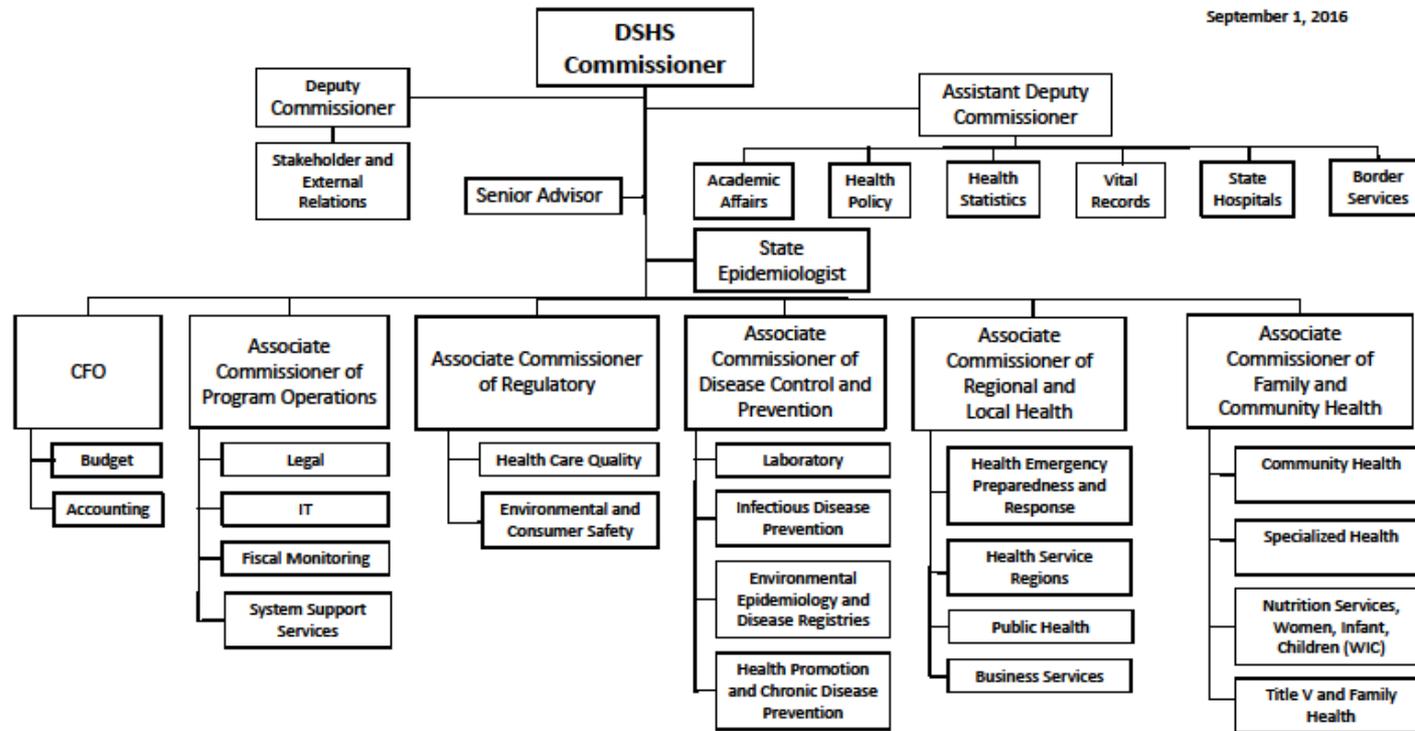
## FY 2017 Transitions

- Most client service programs have transferred to HHSC
- HHSC's Office of Border Affairs transferred to DSHS
- Four professional regulatory programs to the Texas Medical Board
- Seven occupational and professional regulatory programs to the Texas Department of Licensing and Regulation (TDLR)

## FY 2018 Transitions

- Health facility regulatory functions to HHSC
- Additional occupational and professional regulatory programs to TDLR and HHSC
- State hospital operations to HHSC
- Women, Infants, and Children (WIC) to HHSC

# DSHS Organizational Chart: Fiscal Year 2017





# Agency Divisions and Functions: Fiscal Year 2017

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## **Assistant Deputy Commissioner**

- Academic affairs
- Border health
- Health statistics
- Public health policy
- State hospitals
- Vital statistics

## **Disease Control and Prevention**

- Chronic disease
- Health registries
- Infectious disease
- Public health laboratory



# Agency Divisions and Functions: Fiscal Year 2017 (cont.)

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## **Family and Community Health**

- Community health
- Specialized health
- Title V and family health
- WIC nutrition

## **Regional and Local Health**

- Health emergency preparedness and response
- Health authority in areas without a locally-appointed health authority
- Public health support for jurisdictions with no or limited coverage

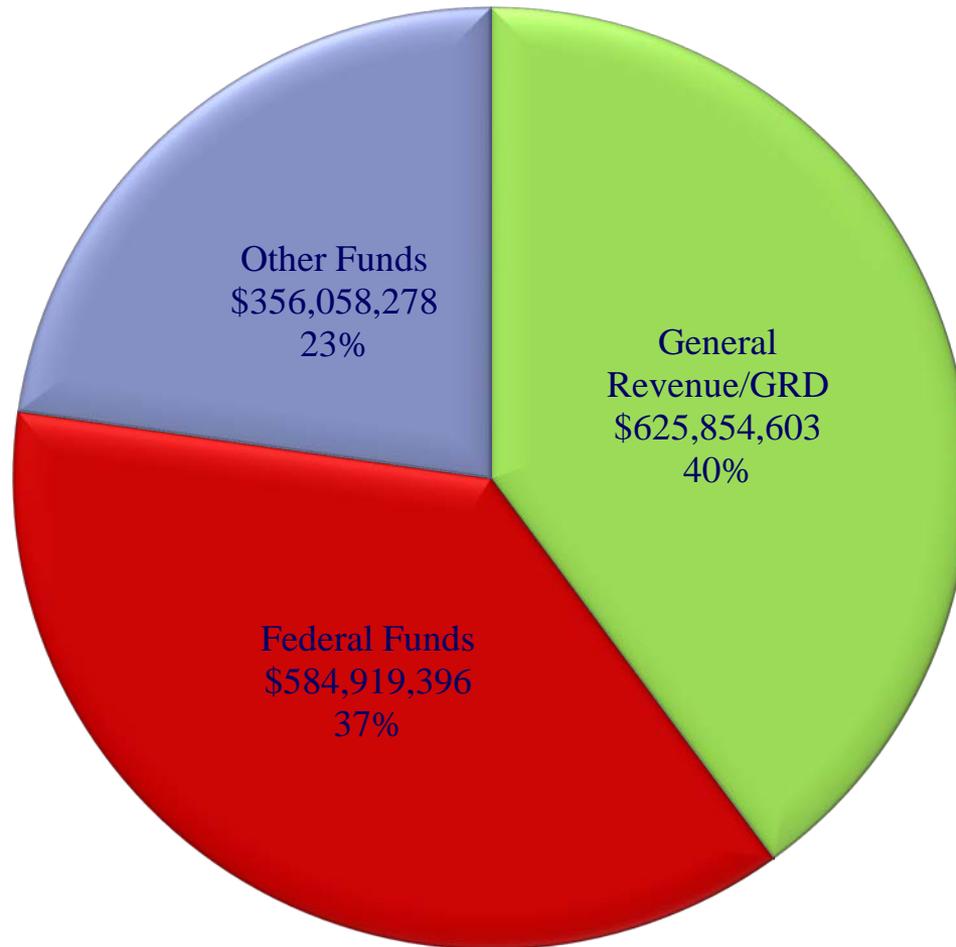
# Agency Divisions and Functions: Fiscal Year 2017 (cont.)

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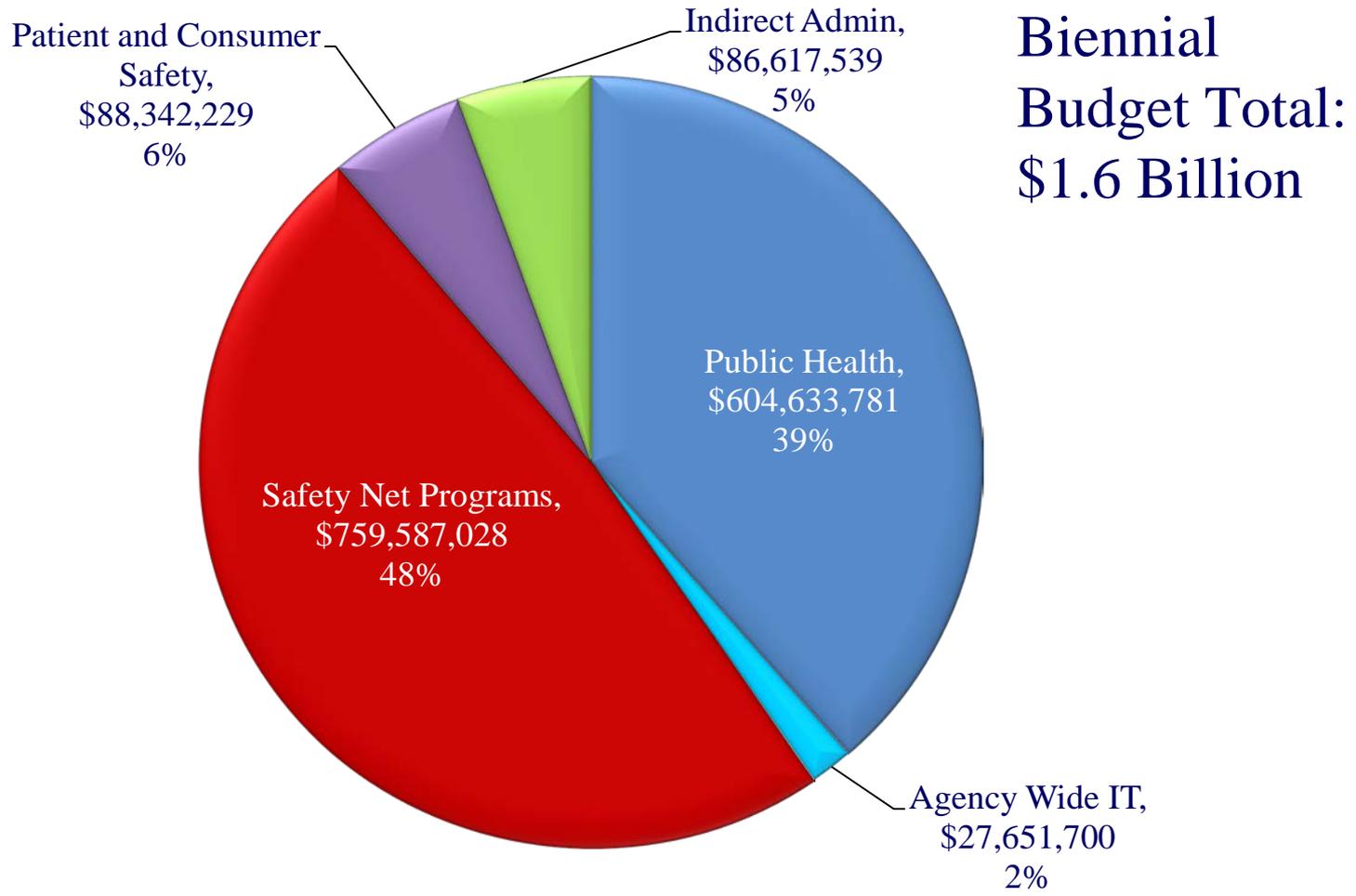
## **Regulatory**

- Emergency Medical Services and trauma care system
- Environmental health
- Food and drug safety
- Health care professionals
- Health care facilities
- Radiation control

# FY 2018 - 2019 Request: By Source



# FY 2018 - 2019 Request: All Funds





# Top Ten Federal Funding Sources

Federal Funding Source	Program	FY 2018 - 2019 Base Request
Ryan White Care Act II	HIV/STD Prevention	\$200,847,455
Public Health Emergency Preparedness (PHEP) - Base	Public Health Preparedness and Coordination Services	\$69,415,320
Maternal and Child Health Services - Title V	Women & Children's Health Services	\$48,543,271
Refugee and Entrant Assistance	Infectious Disease, Epidemiology, Surveillance and Control	\$46,451,482
Immunizations and Vaccines for Children Program	Immunize Children & Adults in Texas	\$36,285,704
HIV Prevention Program: Category A: HIV Prevention Core	HIV/STD Prevention	\$31,777,264
Hospital Preparedness Program (HPP)	Public Health Preparedness and Coordination Services	\$30,520,856
Medicaid- 50/50	Women & Children's Health Services	\$16,982,168
Project & Cooperative Agreements for Tuberculosis Control	Tuberculosis Surveillance and Prevention	\$13,669,912
Preventive Health Services-STD Control Grants	HIV/STD Prevention	\$13,322,050
	<b>Total Method of Finance</b>	<b>\$507,815,482</b>

## **FY 2017**

- State hospital shortfall
- State hospital deferred maintenance needs
- State hospital forensic wait list
- Public health laboratory revenue
- Tobacco Settlement Fund estimates

## **FY 2018 - 2019**

- Increasing number of disease investigations and demand for public health professionals due to population growth
- Emerging disease threats like Zika virus
- Laboratory and vital records infrastructure
- EMS/Trauma funding

# Four Percent General Revenue Reduction

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## **Four Percent Reduction Impact: \$12.5 million annually**

### **Approach:**

- Target administrative activities.
- Target one-time projects from the previous budget.
- Avoid programs with the most immediate impact to public health.

### **Highest Impact Reductions:**

- Chronic Disease Prevention, \$3.5 million annually
  - Includes reductions to Lone Star Stroke Consortium, Love Your Kidneys, Heart Attack and Stroke Data Collection Initiative
- Tobacco Prevention and Control: \$1.0 million annually



# FY 2018 - 2019 Base and Exceptional Item Requests

Department of State Health Services Goals	FY 2018 - 2019	FY 2018 - 2019	FY 2018 - 2019	FTE Total Request	
	Base Request	Exceptional Items	Total Request	FY2018	FY2019
Goal 1: Preparedness and Prevention	\$1,208,690,738	\$87,316,189	\$1,296,006,927	1,916.6	1,916.6
Goal 2: Community Health Services	\$155,530,071	\$2,065,712	\$157,595,783	516.4	516.4
Goal 3: Consumer Protection Services	\$88,342,229	–	\$88,342,229	646.0	646.0
Goal 4: Agency Wide Information Technology	\$27,651,700	–	\$27,651,700	–	–
Goal 5: Indirect Administration	\$86,617,539	–	\$86,617,539	215.5	215.5
<b>Total Agency Request</b>	<b>\$1,566,832,277</b>	<b>\$89,381,901</b>	<b>\$1,656,214,178</b>	<b>3,294.5</b>	<b>3,294.5</b>
General Revenue	\$507,563,368	\$89,381,901	\$596,945,269		
General Revenue - Dedicated	\$118,291,235	–	\$118,291,235		
Federal Funds	\$584,919,396	–	\$584,919,396		
Other Funds	\$356,058,278	–	\$356,058,278		
<b>Total Agency Method of Finance</b>	<b>\$1,566,832,277</b>	<b>\$89,381,901</b>	<b>\$1,656,214,178</b>		

# Summary of Exceptional Items

Exceptional Item	FY 2018 GR/GRD	FY 2018 All Funds	FY 2019 GR/GRD	FY 2019 All Funds	Biennial GR/GRD	Biennial All Funds
1. Restore Four Percent GR Reduction to Chronic Disease Programs	\$2,492,994	\$2,492,994	\$2,492,993	\$2,492,993	\$4,985,987	\$4,985,987
2. Maintain Critical Public Health Capacity and Tobacco Prevention/Control	\$5,051,058	\$5,051,058	\$5,202,790	\$5,202,790	\$10,253,848	\$10,253,848
3. Support Regional and Local Public Health	\$3,314,230	\$3,314,230	\$2,987,769	\$2,987,769	\$6,301,999	\$6,301,999
4. Strengthen the State Public Health Lab	\$20,288,825	\$20,288,825	\$7,244,671	\$7,244,671	\$27,533,496	\$27,533,496
5. Improve Tuberculosis Detection and Control Capacity	\$12,541,971	\$12,541,971	\$12,135,008	\$12,135,008	\$24,676,979	\$24,676,979
6. Secure and Preserve Vital Records	\$2,061,165	\$2,061,165	\$1,796,080	\$1,796,080	\$3,857,245	\$3,857,245
7. Ensure Continued Operation of Public Health Information Technology	\$8,333,314	\$8,333,314	\$3,439,033	\$3,439,033	\$11,772,347	\$11,772,347
<b>Exceptional Item Total</b>	<b>\$54,083,557</b>	<b>\$54,083,557</b>	<b>\$35,298,344</b>	<b>\$35,298,344</b>	<b>\$89,381,901</b>	<b>\$89,381,901</b>

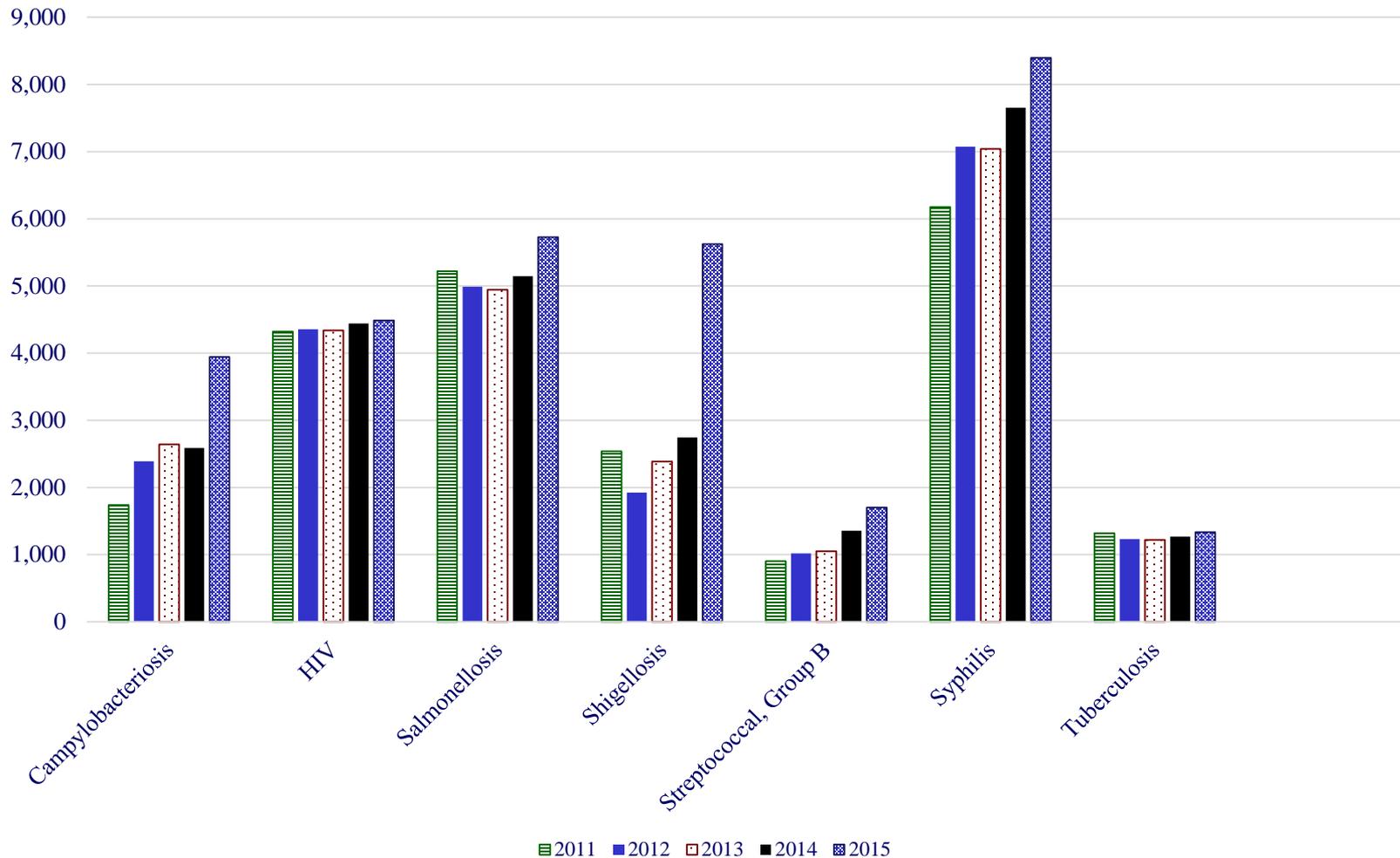
# DSHS Exceptional Item Objectives

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- Ensure critical public health services
  - Continue funding levels for chronic disease and tobacco prevention efforts
  - Continue support of existing public health capacity
- Meet the needs of a growing population
  - Public health expertise and capacity in the field and in the laboratory
  - Adequate testing and medications capacity
- Maintain capacity for response to the increasing number of emerging and current disease threats
  - Routine surveillance and outbreak response
  - Tuberculosis containment
- Secure the operations of vital events registration and public health data systems
  - Vital statistics building infrastructure
  - Electronic systems for blood lead and the public health pharmacy

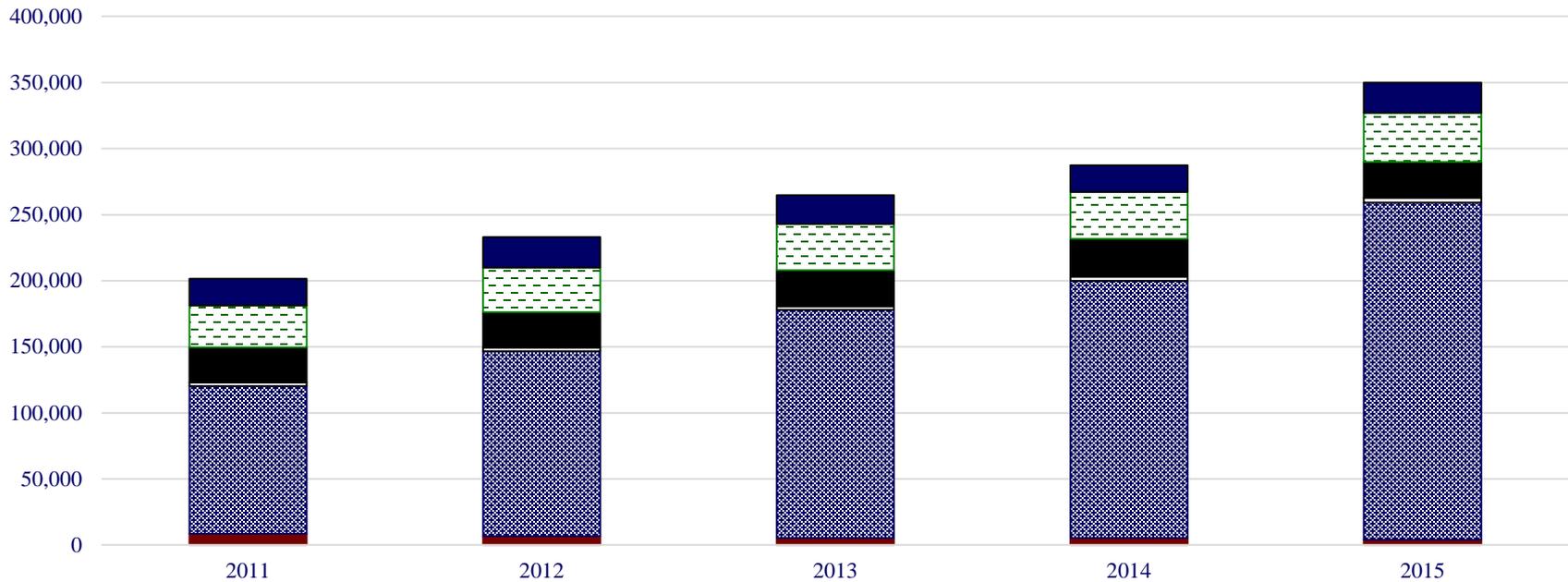
# A Growing Population Leads to Increasing Numbers of Reported Disease

Select Reported Infectious Diseases, 2011- 2015



# Increased Disease Threats Require Greater Public Health Response Capacity

Investigations for Select Diseases, 2011 - 2015



- Tuberculosis
- ▣ Syphilis
- HIV
- Gonorrhea
- ▣ Emerging and Acute Diseases and Zoonotic Diseases
- Chlamydia



# Increased Disease Threats Require Greater Public Health Response Capacity

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- October 2014 – December 2015
  - Approximately 1,500 individuals were monitored for Ebola, including Ebola testing by the DSHS Public Health Laboratory.
- January 2016 – March 2016
  - 88 individuals were monitored for avian influenza, including testing by the DSHS Public Health Laboratory.
- 2016 Mosquito Season
  - Approximately 200 Zika cases
  - 126 cases of human West Nile virus and two deaths
  - 23 human Dengue cases



# Actionable Data Requires Modernization and Maintenance

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## **Vital Event Records for Texans**

- Responsibility for over 30 million birth and 10 million death records

## **Public Health Data**

- Over 140 million immunization records in the Immunizations Registry
- Over two million records of patients in the Cancer Registry
- Over 7.5 million reports in the Blood Lead Registry

## **Valuable Public Health Assets**

- Over \$112 million value in medications and drugs processed through the Public Health Pharmacy annually
- Systems for High Consequence Infectious Disease monitoring and response



# EI 1: Restore Four Percent GR Reduction to Chronic Disease Programs

Restore funding for Chronic Disease programs to support the following:

- End Stage Renal Disease Prevention Program: \$500 K
- Lone Star Stroke (LSS) Research Consortium: \$3.0 M
- Texas Heart Attack and Stroke Data Collection Initiative: \$1.5 M

	FY 2018	FY 2019	Biennium
GR	\$2.5 M	\$2.5 M	\$5.0 M
All Funds	\$2.5 M	\$2.5 M	\$5.0 M

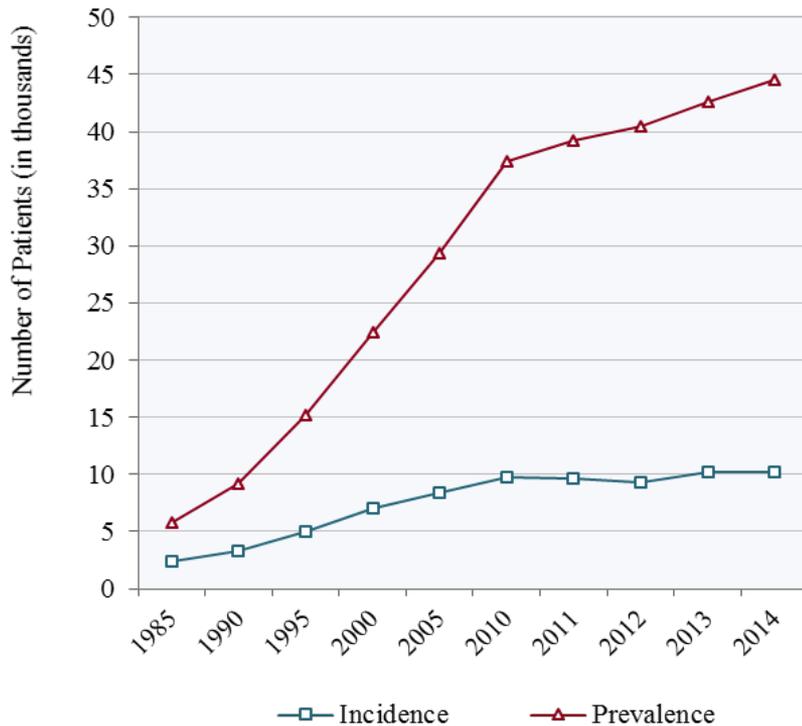
<b>FTEs</b>	<b>2</b>
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Program Impact	
Hospitals Reporting Heart Attack and Stroke Data	281
Texans served by the LSS Research Consortium	7,000

Outputs
<ul style="list-style-type: none"> <li>• Maintain current kidney disease education activities: medical education for providers and a website ad multimedia campaign for at risk Texans.</li> <li>• Allow completion of existing projects to improve 7,000 Texans' cerebrovascular health through clinical research and therapeutic trials.</li> <li>• Continue augmented data collection to inform system of care improvements for heart attack and stroke.</li> </ul>

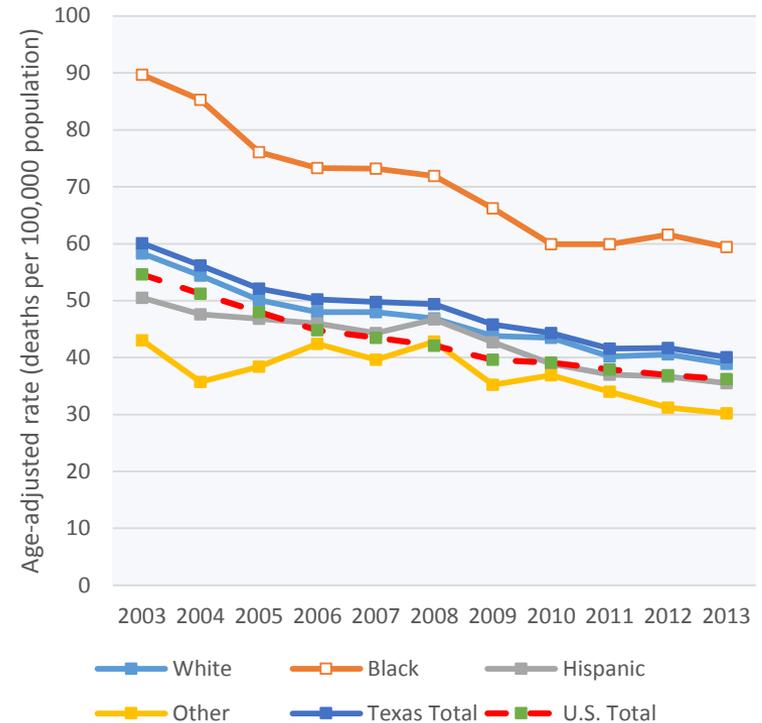
# Continued Interventions Needed for Kidney Disease and Stroke

Number of Living End Stage Renal Disease  
Patients in Texas



Source: End State Renal Disease (ESRD) Network of Texas 2014 Annual Report <http://esrdnetwork.org/wp-content/uploads/Network-14-2014-Annual-Report-Final.pdf>

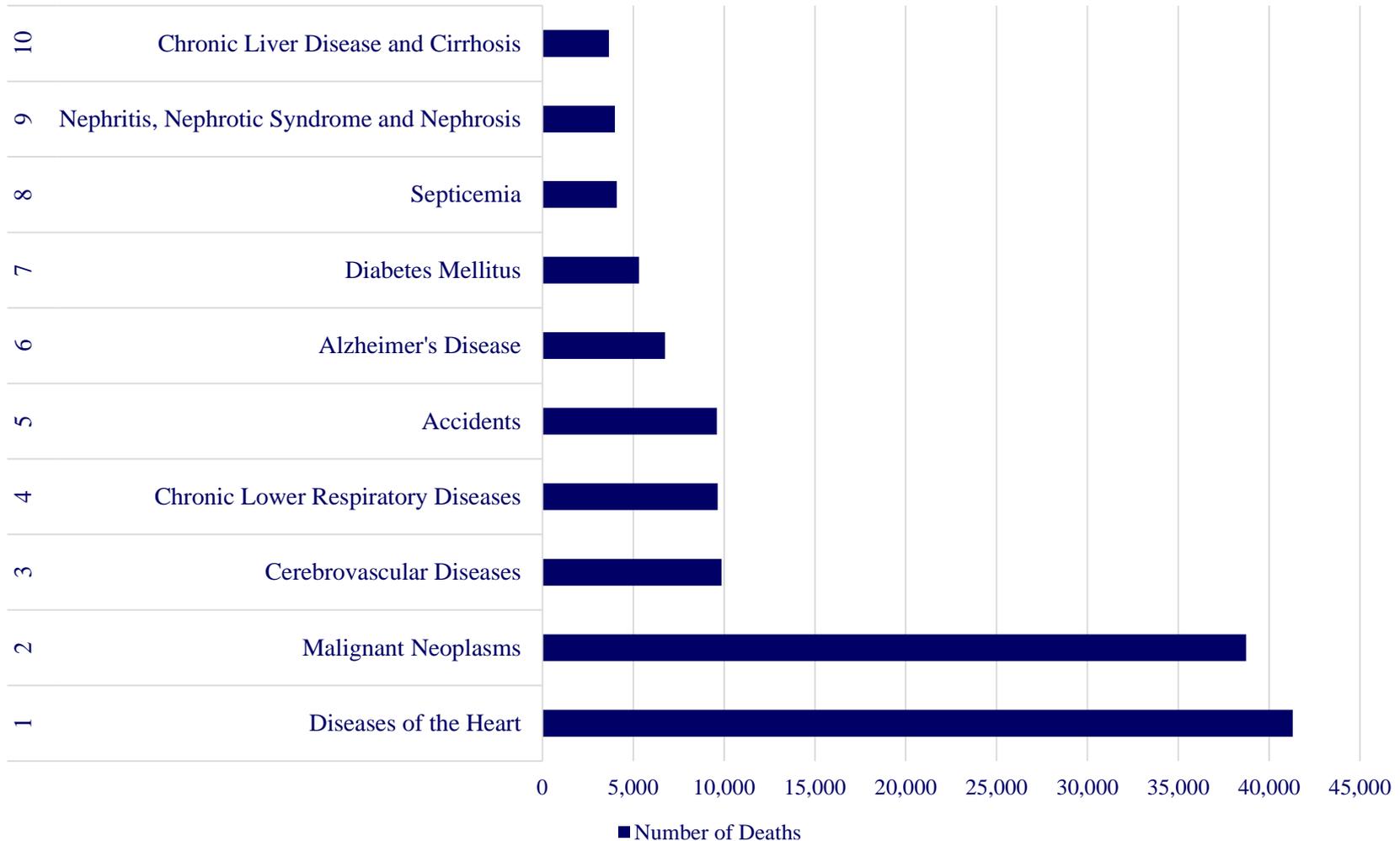
Stroke Death Rates among Residents of Texas  
and the U.S. by Race/Ethnicity



Source: Texas Behavioral Risk Factor Surveillance System (BRFSS), 2013

# Top Causes of Death in Texas Largely Caused by Chronic Disease or Tobacco

Top Ten Causes of Death in Texas, 2014





# EI 2: Maintain Critical Public Health Capacity and Tobacco Prevention/Control

- 1) Decrease in General Revenue-Dedicated Estimates, \$8.3 M: Cover reduced appropriations from the Tobacco Settlement Fund with General Revenue:
  - EMS/Trauma (\$2.1 M)
  - Tobacco Prevention and Control (\$4.1 M)
  - Public Health Prevention and Preparedness (\$2.1 M)
  
- 2) Restoration of General Revenue Reductions, \$2.0 M: Continue tobacco prevention and control programming at current appropriated levels.

	FY 2018	FY 2019	Biennium
GR	\$5.1 M	\$5.2 M	\$10.3 M
All Funds	\$5.1 M	\$5.2 M	\$10.3 M

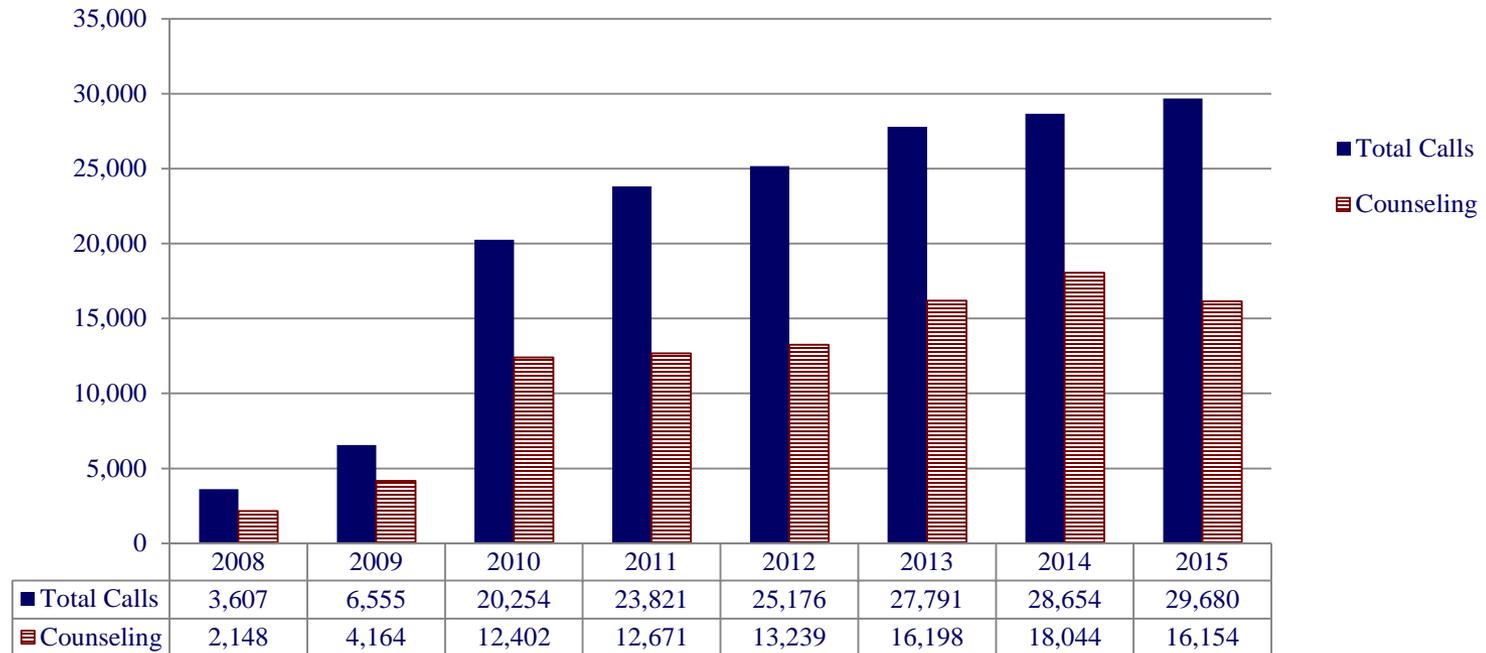
<b>FTEs</b>	-
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<b>Program Impact</b>	
Regional Advisory Councils	22
EMS Grants	50-60
Tobacco Coalitions	12

<b>Outputs</b>
<ul style="list-style-type: none"> <li>• Continue local and state disaster and disease outbreak preparedness efforts and grants to rural and resource-scarce EMS providers and first responders for equipment, training and supplies.</li> <li>• Continue locally-driven tobacco cessation and prevention services, public awareness, youth access enforcement, and program evaluation to measure outcomes.</li> </ul>

# Tobacco Education Efforts Drive Texans to Cessation Resources

**Number of Individuals Using DSHS Quitline Services, 2008-2015**



Data Source: Texas Quitline data, Health Promotion and Chronic Disease Prevention Section, DSHS

# EI 3: Support Regional and Local Public Health

1) Addressing Gaps and Population Growth, \$3.0 M: Fund 19 FTEs to provide essential public health services in jurisdictions without a local health department or with only limited services.

	<b>FY 2018</b>	<b>FY 2019</b>	<b>Biennium</b>
GR	\$3.3 M	\$3.0 M	\$6.3 M
All Funds	\$3.3 M	\$3.0 M	\$6.3 M

2) Public Health Workforce and Expertise, \$3.3 M: Ensure the viability of the DSHS public health workforce with statewide operational support, recruitment and retention of licensed public health professionals, and needed training.

<b>FTEs</b>	<b>22.5</b>
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<b>Program Impact</b>	
Counties Served by Additional FTEs	112

## Outputs

- Provide boots-on-the-ground support for response to disease and foodborne outbreaks in uncovered jurisdictions.
- Maintain capacity statewide for basic public health services like immunizations, health education, and preventive health services.
- Shore up stability of the DSHS public health nurse workforce that works to control the spread of infectious disease in Texas.





# Proposed FTE Locations Correspond with Heightened Public Health Need

- Lubbock – 1 FTE providing additional regional capacity
  - Over the past four years, a 57 percent increase in gonorrhea and a 111 percent increase in syphilis.
- Dallas – 2 FTEs providing additional regional capacity
  - Increase over four years in the number of gonorrhea and syphilis cases, by 1,845 and 553, respectively.
- Montgomery County – 9 FTEs
  - Population grew by 49 percent and depends on supplemental DSHS regional public health coverage.
- Harlingen – 2 FTEs providing additional regional capacity
  - Doubled animal-to-human disease activities in the past five years, and increased threat of mosquito-borne disease like Zika.
- Hunt County – 3 FTEs
  - Hunt County health department is no longer providing preparedness and Tuberculosis services.
- Calhoun & Jackson Counties – 2 FTEs
  - Closure of local health departments.

# EI 4: Strengthen the State Public Health Laboratory

1) Laboratory Science Staff Recruitment and Retention, \$3.0 M: Increase salary levels of DSHS skilled laboratorians and add two new staff to cover testing demand.

	<b>FY 2018</b>	<b>FY 2019</b>	<b>Biennium</b>
GR	\$20.3 M	\$7.2 M	\$27.5 M
All Funds	\$20.3 M	\$7.2 M	\$27.5 M

2) Cost of Public Health Testing, \$11.1 M: Support public health disease surveillance testing needs that are not reimbursed by other funding sources.

<b>FTEs</b>	<b>2</b>
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3) Laboratory Infrastructure, \$13.4 M: Maintain laboratory security and infection control with an emergency power generator and proper airflow, acid waste treatment, and biosafety features.

<b>Program Impact</b>	<b>Annual</b>
Public Health Lab Tests	1.6 million

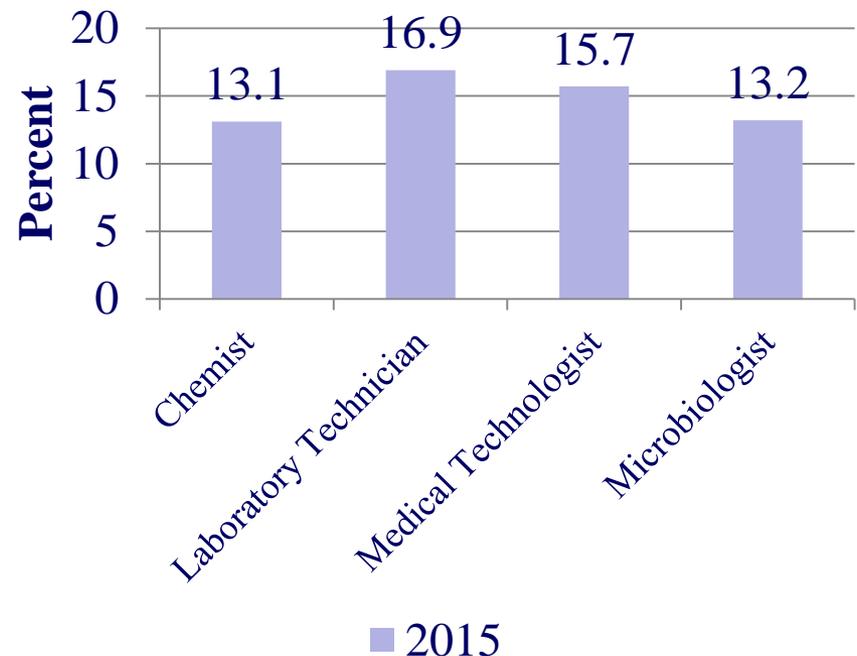
## Outputs

- Maintain DSHS ability to provide critical disease outbreak response by ensuring testing capacity.
- Ensure continued operation of the laboratory and integrity of laboratory specimens and testing supplies during an emergency.
- Protect infection control in the laboratory for hazardous biological agents handled by the laboratory.

# Laboratory Staff Turnover Reduces Efficiency and Available Expertise

- Laboratory staff require up to two years training to gain the full proficiency for efficient performance of all job duties.
- Loss of high skill laboratory staff has a significant impact on the timeliness and reliability of public health lab results.
- Investment will better ensure the ability of the DSHS laboratory to fulfill its mission of reliable and accurate testing results to inform public health action

**Lab Staff Turnover Rate Percentage**



# EI 5: Improve Tuberculosis Detection and Control Capacity

Expand the state’s ability to identify and reduce the incidence of tuberculosis through:

- Increased local and regional public health investigation workforce
- Additional laboratory testing capacity, including capability to detect drug resistance
- Greater supply of medications to treat tuberculosis infection and disease
- Capacity to meet increased demand during an outbreak or large-scale investigation in sensitive locations like schools, day cares, and nursing homes

	<b>FY 2018</b>	<b>FY 2019</b>	<b>Biennium</b>
GR	\$12.5 M	\$12.1 M	\$24.7 M
All Funds	\$12.5 M	\$12.1 M	\$24.7 M

<b>FTEs</b>	<b>31</b>
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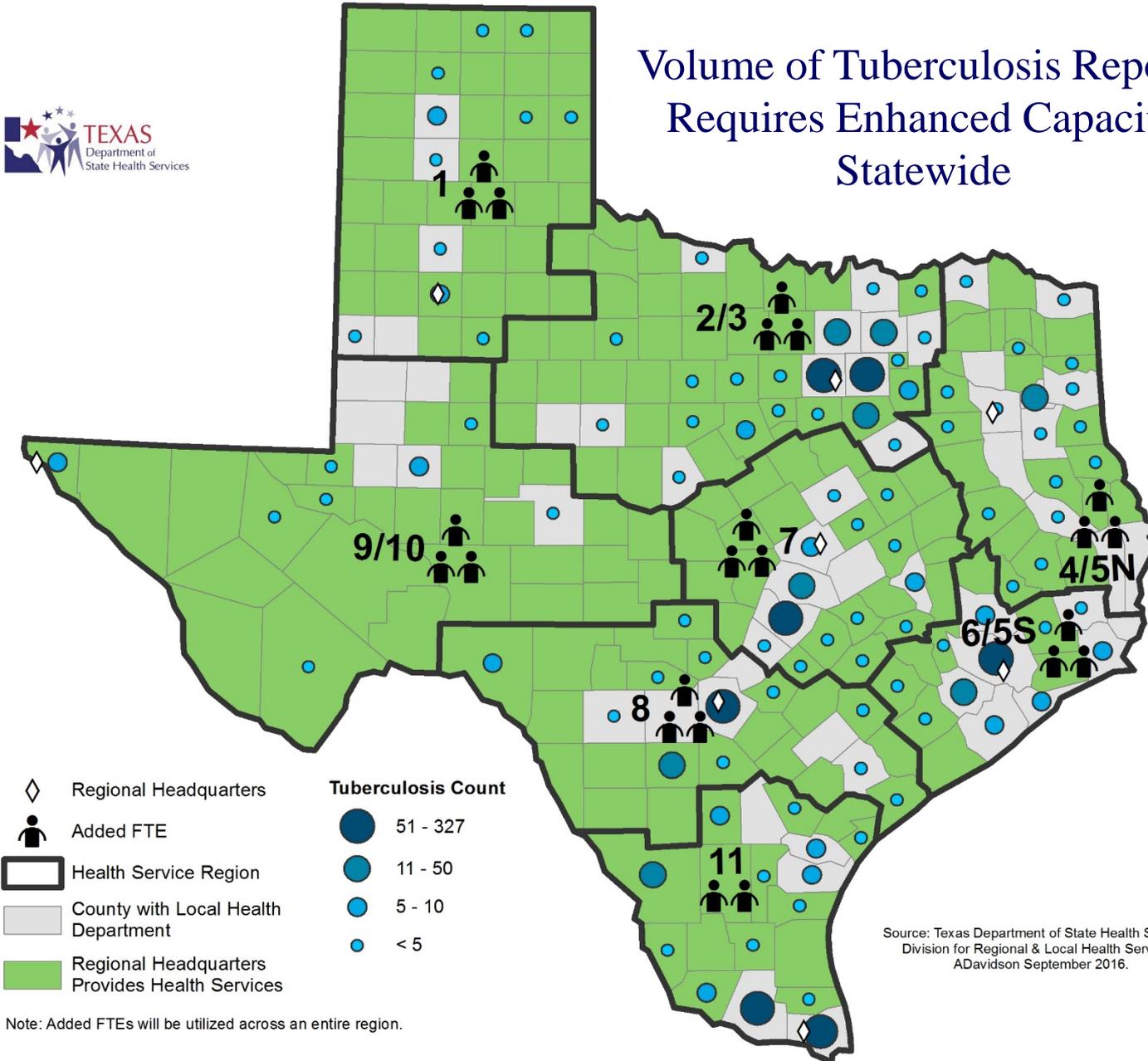
<b>Program Impact</b>	<b>FY 2018</b>	<b>FY 2019</b>
Additional TB Screening for Exposed Individuals	1,100	1,100

## Outputs

- Better ensure that individuals who are diagnosed with tuberculosis infection or disease receive appropriate treatment that breaks the cycle of disease spread.
- Increase support for local jurisdictions that are struggling to manage increasing tuberculosis caseloads; over half of funds will be directed towards local health departments.
- Harness technology for more efficient use of state resources.



# Volume of Tuberculosis Reports Requires Enhanced Capacity Statewide



Source: Texas Department of State Health Services,  
Division for Regional & Local Health Services,  
ADavidson September 2016.

Note: Added FTEs will be utilized across an entire region.

## EI 6: Secure and Preserve Vital Records

Protect Texas's birth, death, marriage, divorce, and adoption records through:

- Controlled access and surveillance systems for the vital records work areas
- Implementation of tracking mechanisms for all vital records and security paper
- More modern equipment to microfilm records for more high quality and faster processing
- Assessments for strategies to address future needs

	<b>FY 2018</b>	<b>FY 2019</b>	<b>Biennium</b>
GR	\$2.1 M	\$1.8 M	\$3.9 M
All Funds	\$2.1 M	\$1.8 M	\$3.9 M

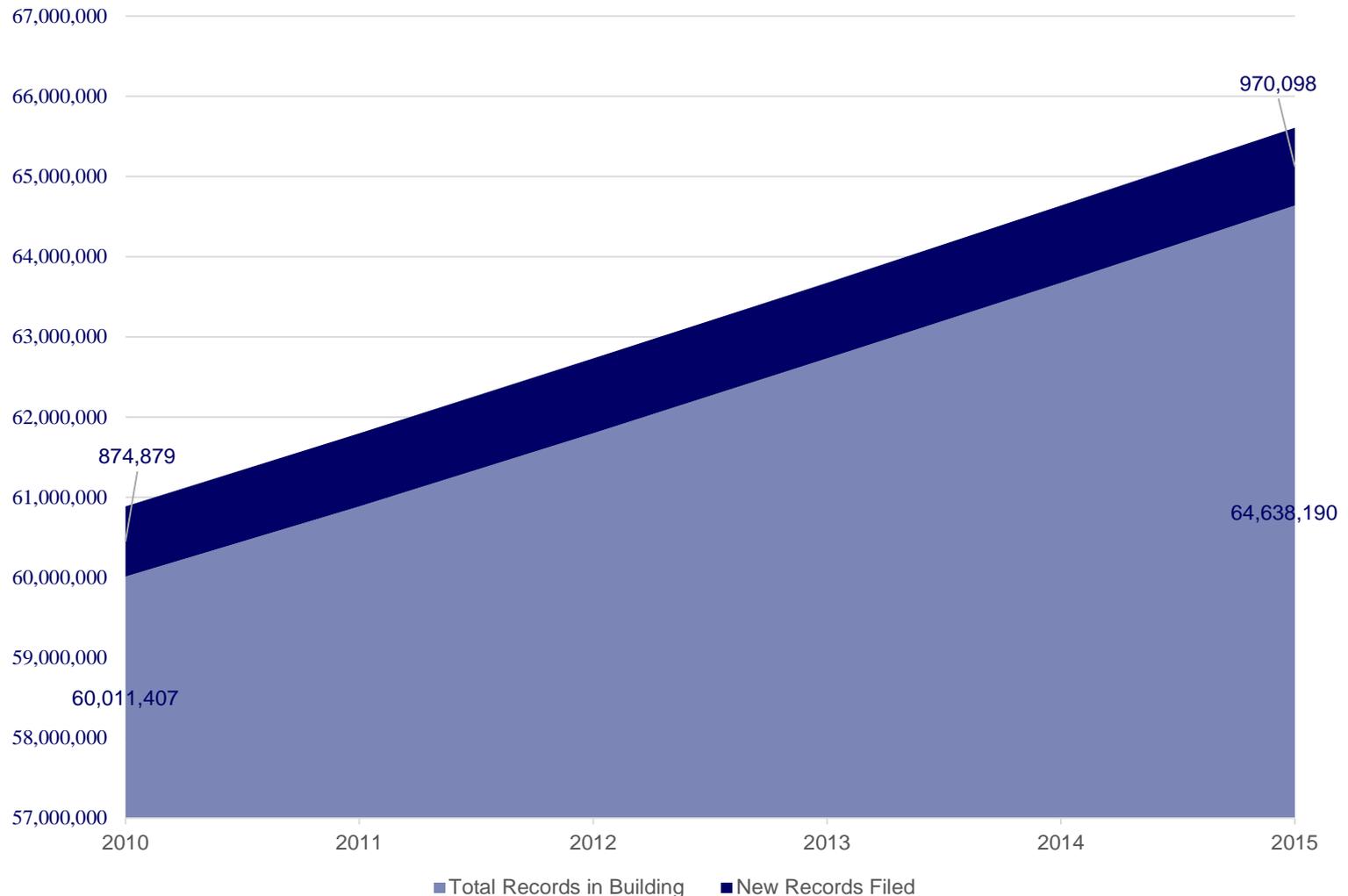
<b>FTEs</b>	-
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<b>Program Impact</b>	
Birth Records	30 Million
Death Records	10 Million

### Outputs

- Protect the integrity of over 60 million Texas vital event records dating back to 1878 that are housed and preserved by DSHS.
- Meet the statutory mandate to preserve hard copies of Texas vital records in perpetuity.
- Better ensure the security of sensitive personal information that may be used for criminal activity like identity theft.

# Increasing Intake of New Records Requires Effective Security and Archival Equipment



# EI 7: Ensure Continued Operation of Public Health Information Technology

1) Blood Lead Registry, \$2.9 M: Replace the blood lead surveillance system that allows identification of areas of high risk for lead exposure and targeted primary prevention actions.

	<b>FY 2018</b>	<b>FY 2019</b>	<b>Biennium</b>
GR	\$8.3 M	\$3.4 M	\$11.8 M
All Funds	\$8.3 M	\$3.4 M	\$11.8 M

2) Public Health Pharmacy, \$8.9 M: Replace the public health pharmacy system that tracks inventory for 340 drugs to treat tuberculosis, HIV, and STDs, as well as vaccines and post-exposure drugs for the Strategic National Stockpile.

<b>FTEs</b>	<b>6</b>
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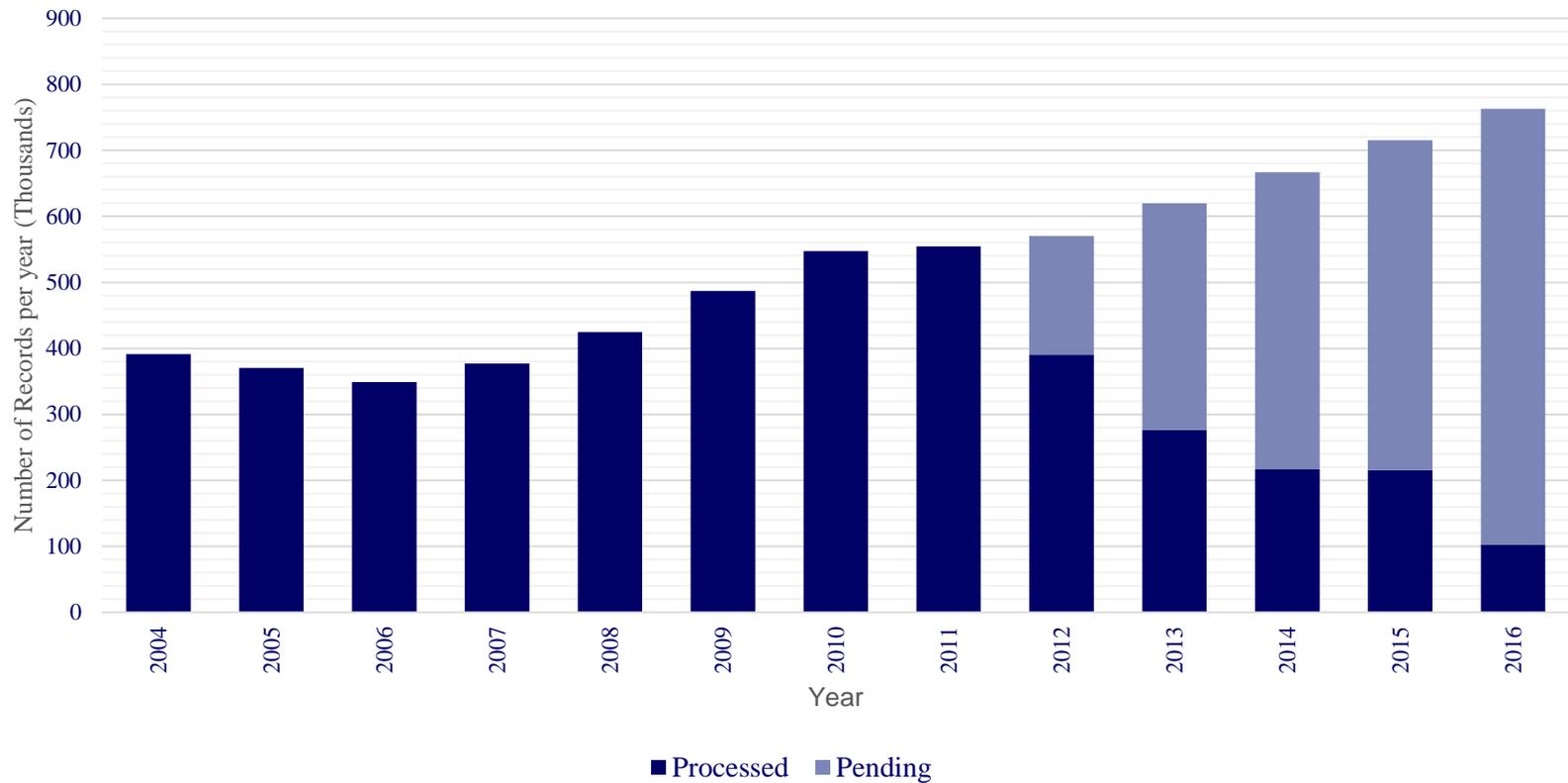
<b>Program Impact</b>	
Blood Lead Reports	Over 7.5 million
Pharmacy Inventory Value	Over \$112 million

## Outputs

- Catch up on the two-year backlog of blood lead report database entry to maintain complete and accurate data for Texas lead exposures and allow the program to carry out legislative mandates.
- Ensure the Public Health Pharmacy's compliance with federal Food and Drug Administration standards for inventory tracking and patient safety.
- Improve management and controls of costly medications and vaccine, valued at over \$112 million.

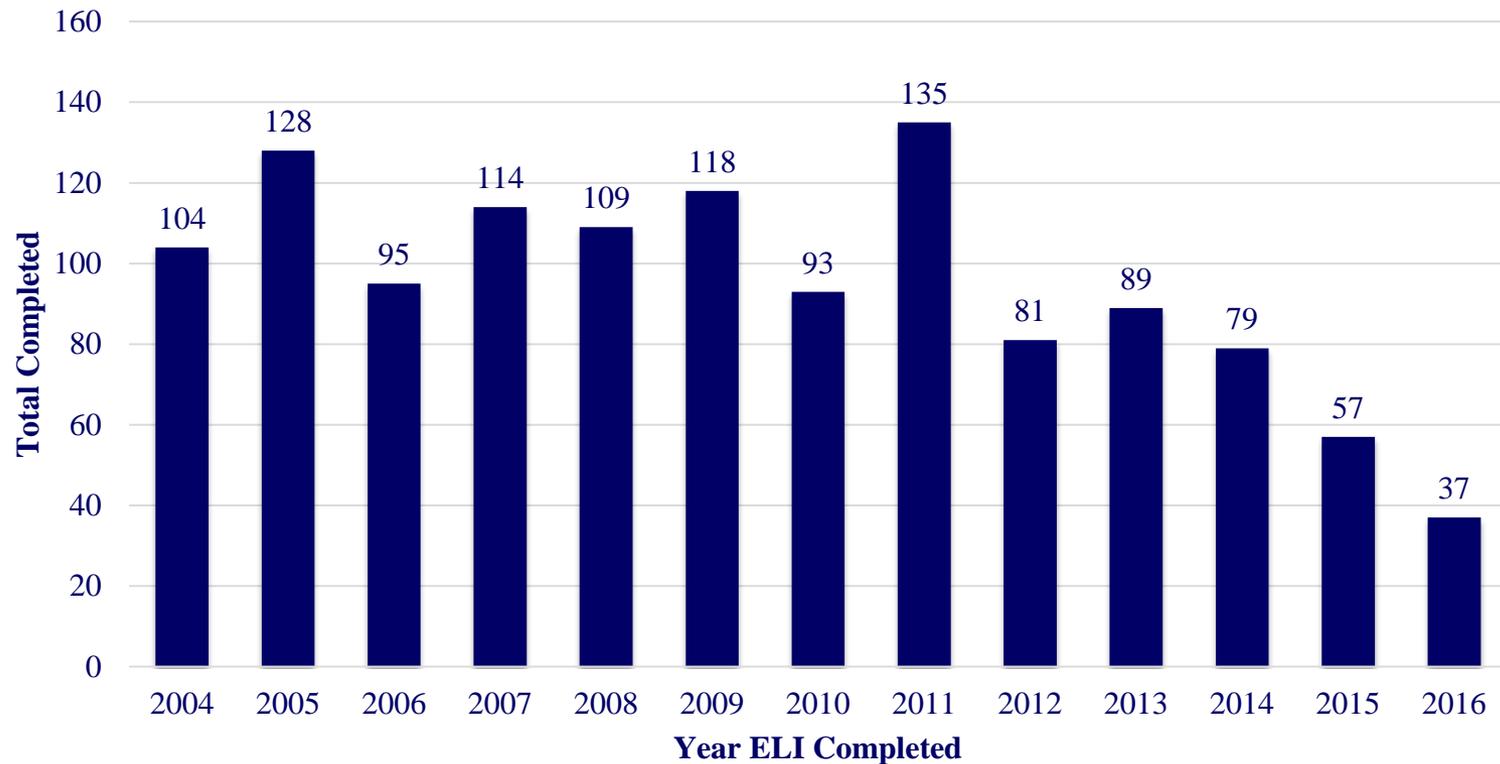
# Technology and Staffing Needs Delay Timely Public Health Risk Analysis

Texas Lead Record Counts, 2000 - 2016



# Lead Investigations Hampered by Resource Limitations

## Environmental Lead Investigations (ELI) in Texas, 2004 - 2016





# The Public Health Pharmacy Processes Valuable Medications that Control Disease in the State

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- More than 340 types of drugs, including medications to treat infectious disease like:
  - Hansen's Disease
  - HIV
  - Rabies
  - Sexually Transmitted Diseases
  - Tuberculosis
- Over 85,000 drug orders processed annually to nearly 900 locations statewide

# HHSC Exceptional Items Impacting DSHS

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- Information Technology
  - Legacy System Modernization (Item 53)
  - Seat Management (Item 54)
- Fleet Operations (Item 20)

# Appendix

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# Ten Percent General Revenue Reduction Schedule

Reduction Item	Biennial Total	FTEs
Regulatory Programs	(12,163,744)	(162.5)
Public Health Programs	(26,693,916)	(47.0)
Safety Net Programs	(21,233,802)	(21.5)
<b>Grand Totals - All Reductions</b>	<b>(60,091,462)</b>	<b>(231.0)</b>