TEXANS CARE for CHILDREN

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Children's Priorities in the Health and Human Services Commission FY 2024-2025 State Budget

Testimony to the Legislative Budget Board and Office of the Governor on the Health and Human Services Commission's FY 2024-25 Legislative Appropriations Request

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Summary of Recommendations

The Health and Human Services Commission (HHSC) budget for the next two years – and the additional revenue that state leaders will have available in the upcoming legislative session – provide an opportunity for budget-writers to address critical needs affecting children, including unintended barriers preventing eligible Texas children from enrolling in health coverage; Early Childhood Intervention (ECI) services for toddlers with disabilities; maternal health; and children's mental health.

The **enrollment and eligibility system for Medicaid and other programs** is facing significant difficulties even as applications and renewals remain low under pandemic Public Health Emergency (PHE) policies. Parents are having difficulty enrolling eligible children, a priority identified by the Speaker of the House, and Texas must be prepared to quickly process Medicaid renewals when the PHE ends. To address these challenges, **we support Exceptional Item requests #2, #18, and #19** — addressing HHSC workforce needs, maintaining public-facing offices, and improving technology — and recommend revitalizing the state's marketing and outreach efforts.

Demand for Early Childhood Intervention (ECI) for toddlers with disabilities continues to grow, resulting in decreased funding per child, as the Legislative Appropriations request (LAR) warns. We urge the Legislature to **support the Exceptional Item #11 request** to increase ECI funding and provide additional funding.

State leaders have stated that **women's and maternal health** will be a priority during the 2023 legislative session. To meet that goal, the Legislature should **support Exceptional Item #5** for preconception and postpartum family planning services, increase Family Planning Program funding, and provide funding needed to implement 12 months of postpartum health coverage.

Following a decade of rising rates and intensity of **mental health concerns among Texas children,** state policymakers have recently signaled that the issue must be a priority. Yet, the HHSC LAR did not include an

Exceptional Item request to address critical capacity needs within Local Mental Health Authorities and Local Behavioral Health Authorities (LMHAs/LBHAs). We urge budget-writers to fund these priorities.

These and other recommendations are explained in greater detail below. We appreciate the attention of the Legislative Budget Board and the Office of the Governor as they consider the FY 2024-2025 LAR submitted by HHSC. For additional information, please contact us at jsaxton@txchildren.org, dforester@txchildren.org, and amendoza@txchildren.org.

Medicaid and CHIP

Strong investment in Medicaid and CHIP health insurance is vital for Texas' efforts to improve maternal and child health. Three out of four enrollees in Texas Medicaid are children. Medicaid and CHIP insurance help children get check-ups, eyeglasses, dental care, speech and physical therapies, and other health services to make sure they stay healthy and are ready to learn in school. Costs are reduced in the health care system and other programs like special education if children get needed services and interventions early on.[1]

Under the Families First Coronavirus Response Act (FFCRA), the federally-declared public health emergency (PHE) has paused renewals for Medicaid beneficiaries. Once the PHE ends, the state Medicaid department will have to process almost 4 million applications to determine who is still eligible.[2] When redeterminations resume, all states face the risk of substantial coverage losses among eligible individuals, but according to a recent report from the Georgetown University Center for Children and Families, Texas is one of six states where maintaining coverage of children eligible for Medicaid or CHIP is most at risk.[3]

Like all employers, HHSC faces ongoing staffing challenges in this tight labor market. In fact, eligibility worker vacancies have quadrupled over the last two years with 1,031 open positions as of February 2022.[4] Without adequate staffing of and training for critical positions like call center staff and eligibility workers, it will not be possible to successfully resume normal, orderly renewal operations. Shortages of HHSC eligibility workers have prevented Texas from meeting federal guidelines for processing Medicaid and SNAP applications in a timely manner in recent months.[5]

The state's current application and renewal system also creates barriers for Medicaid enrollees who attempt to complete simple, yet critical tasks, such as updating their address or contact information. Clients can update their contact information via YourTexasBenefits website or app, but if they do not remember their username or password, this cannot be reset online; they have to call 2-1-1 for password reset. Call hold times for the state 2-1-1 call center are long — often more than an hour in recent weeks according to Community Partners with whom we work. Demands on already-stretched state eligibility workers and call center operators will grow substantially at the end of the PHE, further increasing the risk that eligible children and other Texans will inadvertently lose coverage at the end of the PHE.

Coverage losses of this magnitude would be devastating for the low-income children and families in Medicaid and would only deepen existing racial and ethnic disparities. Nearly two-thirds of Texans enrolled in Medicaid are

from communities who have suffered disproportionate health and economic impacts from the pandemic (15% of Texas Medicaid enrollees are Black and 49% are Latino).

A strong state plan for outreach and application assistance efforts is critical now and in the coming years because so many Texas children are eligible for Medicaid or CHIP but not enrolled. Texas lags behind when it comes to eligible children's enrollment in coverage – nationally, about 91.9% of eligible children participate in Medicaid or CHIP, but only 84.5% of eligible kids in Texas participated in these programs in 2019.[1] Of the 995,000 uninsured Texas children in 2019, over 400,000 (40%) were eligible for Medicaid or CHIP but not enrolled.[3]

Recommendations:

1. **Fund Exceptional Item #1 to Account for Cost Trends in Medicaid, CHIP, and CHIP Perinatal Services.** We support HHSC's recommendation that additional funding is needed to account for projected cost trends, an action that is crucial to ensure a sufficient number of health care providers continue to participate in Medicaid and CHIP and serve pregnant women, infants, and children across the state.
2. **Fund Exceptional Item #2 to Address Critical Workforce Needs.** We agree with HHSC's recommendation that additional funding is needed to recruit and retain staff, especially eligibility workers that help process applications for Medicaid, CHIP, and SNAP, which are historically hard-to-fill positions. These workers are critical to the agency's core mission in providing access to benefits.
3. **Fund Exceptional Item #18 to Maintain Public Facing Offices and Client Supports.** We agree with HHSC's recommendation that additional funding is needed to keep vital office space for eligibility workers who are crucial touchpoints with families in rural and urban communities across Texas.
4. **Fund Exceptional Item #19 to Modernize the Eligibility Infrastructure.** We support HHSC's recommendation that additional funding is needed to update significantly outdated technology that is essential for determining eligibility for Medicaid services.
5. **Funding is needed to revitalize the state's marketing, outreach, and application assistance efforts** with the goal to increase the number of eligible children connected to health coverage, inform more Texas families about their health coverage options, and educate Medicaid clients and other stakeholders about what the end of the Public Health Emergency (PHE) means for accessing health programs.

Early Childhood Intervention (ECI)

HHSC takes a positive step forward in the exceptional item request for Early Childhood Intervention (ECI), but additional funding is needed so that infants and toddlers with disabilities can receive life-changing services. HHSC's exception item #11 requests $56.6 million in General Revenue and $66.3 million in All Funds for the 2024-2025 biennium to fund increasing demand for ECI services that ECI providers are already experiencing across Texas. This step is necessary but not sufficient.

Demand for ECI services continues to grow significantly, resulting in decreased funding *per child*. ECI providers across Texas are being asked to serve more infants and toddlers with less funding.

While the Legislature funded the ECI program at $433.61 per child for the last biennium, this amount is actually lower given current enrollment numbers. The **actual** funding per child as of April 2022 was only $410.[6] This continues a trend where the actual funding per child is lower than the target funding allocated by the state and lower than per child funding ten years ago. Like many programs and industries across Texas, ECI programs have been hit with rising costs to provide services due to inflation, including transportation costs. Inadequate per-child funding has exacerbated staff shortages, and reduced outreach efforts, resulting in kids in ECI getting fewer services.

Recommendations:

1. **To account for growing demand for ECI services among infants and toddlers as well as rising costs of services, Texas should increase ECI funding by, at a minimum, fully funding HHSC's Exceptional Item # 11.** In order to ensure sustainability and continued participation of ECI programs, per-child investments need to increase and keep up pace with increasing costs. Programs need this additional funding to remain sustainable and have the capacity to serve all eligible children in their communities.

Women's and Maternal Health

Medicaid for Pregnant Women and CHIP Perinatal is a cost effective tool that helps avoid bad outcomes, such as premature birth and maternal death, by identifying and managing potential complications early. For instance, smoking cessation interventions and treating diabetes and high blood pressure during pregnancy help prevent pregnancy complications, premature births, infant death, and birth defects.[7] In Texas, 1 in 10 babies is born premature and 1 in 12 Texas babies is born at low birth weight.[8] These rates have been higher than the national average for the last decade. Babies born too early or too small may face long NICU stays as well as long-term health issues like hearing loss, asthma, or disabilities that can affect their ability to be healthy and successful in school and beyond. In fact, babies born premature or at low birth weight can cost the state almost 200 times more than a full-term baby. Over the first year of life, HHSC estimates a premature baby will cost Texas Medicaid an average of $100,000, while a full term baby costs a tiny fraction of that: $572.[9] Strong investment in prenatal and postpartum care through Medicaid and CHIP ensures healthier moms and children and saves Texas money.

During the PHE, Texans in Medicaid for Pregnant Women and Healthy Texas Women (HTW) have been able to maintain coverage without having to renew their eligibility. As conditions restabilize and the PHE ends, Texans will again be required to renew their eligibility. As Texas returns to normal operations, there is great potential for *many* eligible Texans to lose health coverage they are eligible for simply over paperwork or confusion. And, while some postpartum moms may no longer be eligible for Medicaid for Pregnant Women, they will very likely be eligible for HTW and need to know about these options. HHSC needs a strong plan to work with health plans and community-based organizations to ensure postpartum moms losing Medicaid coverage at the end of the PHE will stay connected to women's preventive and postpartum services in HTW, leading to fewer postpartum complications and better continuity of care for new mothers during a pivotal time in a mom's health and her baby's healthy development.

Continued investment in Texas' women's health programs is critical for rebuilding our state's family planning network and providing vital services such as health screenings, contraception, and well-woman exams to Texas women. Family Planning Program (FPP)is a vital preventive health program for Texans who do not qualify for health coverage options. FPP providers can determine client eligibility onsite and get people in the door for same day services. This flexibility and responsiveness is a key asset to FPP, and **participating FPP providers throughout the state report that FPP is consistently in high demand and program funds routinely run out before the end of the funding cycle**.[10] HHSC's requested exceptional item #5 for FPP funding is a great start to better support and meet the demand for affordable preventive healthcare for Texas communities.

The state should move forward with extending Medicaid coverage to 12 months postpartum to ensure new moms have access to comprehensive health coverage and medical care. One in four women of childbearing age do not have health insurance (26%),[11] which Texas' own data show contributes to maternal deaths and severe complications for postpartum women. For women who do not get health insurance through their job or their spouse, many times the only coverage option is Medicaid, which is available to low-income women while they are pregnant. The Texas Maternal Mortality & Morbidity Review Committee found that one-third of maternal deaths in Texas occur between 43 days and one year after pregnancy. And the vast majority (about 89%) of maternal deaths are preventable.[12] Texas has taken a significant step with HB 133 by allowing new moms to keep Medicaid for six months postpartum rather than just two months — a key step towards improving access to health care. However the landscape on postpartum coverage has shifted in the last 2 years. Over two thirds of states have extended postpartum Medicaid coverage for a full year after pregnancy, including Alabama, South Carolina, Florida, Louisiana, Kentucky, Ohio, West Virginia, Tennessee, among others.[13]

Recommendations:

1. **Fund Exceptional Item #5 to Enhance Preconception and Postpartum Family Planning Services to Improve Birth Outcomes and Address Maternal Mortality.** We support HHSC's recommendation that additional funding is needed to promote better birth outcomes and maintain client access to HTW. HTW and FPP served approximately 300,000 clients in 2021, and with the end of the public health emergency, that number is expected to significantly increase.
2. **Increase FPP funding to meet the consistent high demand and promote program growth.** Based on current utilization and expected caseload increase, we recommend no less than $153.6 million in All Funds for FPP within the Women's Health Programs D.1.1. budget strategy for the FY 1024-2025 budget. Allocating $65.8 million All Funds in FY 2024 and $87.8 million All Funds in FY 25 would allow clinics to ramp up services and encourage new contractors in contraceptive deserts, or regions of the state in which access to preventive care is geographically limited.
3. **The state budget should include funding needed to extend Medicaid for 12 months postpartum.** Extended coverage would prevent maternal morbidities and mortalities by allowing more Texas mothers to see a health or mental health professional to manage medical issues and complications before they get worse — such as postpartum depression, cardiac arrest, infection, and extreme blood loss or hemorrhage.

Children's Mental Health

We are greatly disappointed in the absence of an exceptional item to address critical capacity needs within Local Mental Health Authorities and Local Behavioral Health Authorities (LMHAs/LBHAs) to deliver timely services that match a child's mental health challenge. This gap stands in stark and troubling contrast to the rising rates and intensity of mental health concerns among youth in Texas. More than 14,000 Texas kids lost a parent or caregiver to COVID-19 during the first 15 months of the pandemic.[14] Nearly one in three youth (30 percent) reported a parent or other adult in home lost their job in 2021.[15] Mass violence traumatized children and families in Santa Fe, El Paso, Sutherland Springs, and most recently in Uvalde.

Community mental health providers are bracing for the tsunami of children expected to need mental health care in the coming years. This rising wave of children's mental health concerns creates ripple effects that put pressure on schools, communities, and the state. Brain science tells us the long-term effects of trauma and hardships faced by so many children in recent years will lead to more children developing mental health and substance use concerns.[16] The data that is emerging bears this out – and it is sobering. Rates of major depression among youth in Texas increased by 73 percent between 2015 and 2022.[17] Calls to the Texas Poison Control Network for suspected suicide among teenage girls jumped nearly 50 percent between 2019 and 2021.[18]

HHSC's level-funding request in the LAR for children's mental health services delivered by LMHAs/LBHAs will not meet the current and growing needs of families seeking intensive and on-going treatment for children with significant mental health concerns. School counselors, pediatricians, and TCHATT providers often refer families to LMHAs/LBHAs when children have mental health needs that cannot be met by the services and supports offered by schools, primary care providers, and telehealth programs. Based on a child's need, services at LMHAs/LBHAs can include intensive case management; cognitive behavioral therapy; family therapy; family peer support services; children's respite care services; YES Waiver program services; and residential treatment services through HHSC's relinquishment avoidance program.

However, while LMHAs/LBHAs often can provide families seeking care with some services and avoid placing children on a waitlist, funding limitations and workforce challenges frequently prevent them from being able to provide the level or intensity of mental health services children may need and when they need them. HHSC reports indicate that 662 children received lower levels of care in FY 2021 due to lack of LMHA resources – particularly in some areas of the state – with workforce challenges being a leading barrier, especially in rural and underserved parts of the state.[19] The reimbursement rates HHSC establishes for YES Waiver services do not cover all of the workforce costs associated with administering the program, limiting the number of families who are able to access the intensive services provided by the YES Waiver program. From April 2021 to March 2022, 2,656 children statewide were on YES Waiver Program inquiry lists,[20] which represents nearly double the number of children who were enrolled in the program in any given quarter during those twelve months.[21]

Recommendations:

1. **Increase funding for community-based children's mental health services.** Increase HHSC funding to shore up capacity within LMHAs/LBHAs to deliver intensive children's mental health services identified in children's treatment plans. LMHAs/LBHAs should be provided the flexibility to use the funding to address the local barriers to providing children's mental health services, such as to hire and retain a qualified workforce; reduce caseloads; scale-up or enhance services; or enhance partnerships with other systems, such as schools or juvenile probation departments.
2. **Direct HHSC to examine the adequacy of YES Medicaid Waiver reimbursement rates and update rates as needed to cover the actual costs of delivering YES program services.**

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