

# Children's Priorities in the Health and Human Services Commission FY 2022-2023 State Budget

## Testimony to the Legislative Budget Board and Office of the Governor on the Health and Human Services Commission's 2022-2023 Legislative Appropriations Request

The COVID-19 pandemic has exacerbated many longstanding Texas challenges, such as the state's uninsured rate and the need for mental health support for children and parents. The pandemic has also disrupted critical services that must be strengthened, including Early Childhood Intervention (ECI) and regular medical check-ups and immunizations for young children. That's why it's particularly important for Texas to fully fund state services for children and families during the upcoming legislative session. Since brain research makes clear that early childhood is the foundation for healthy development, Texas must invest in services that support parents during the critical window from pregnancy through age three. Any weakening of the state's foundational health and human services system will lead to the inevitable widening of existing gaps and the creation of new ones for children and families — especially within communities of color, which have been disproportionately affected by COVID-19 and the economic recession.

**We are concerned that the HHSC Legislative Appropriations Request (LAR) proposes reductions in the following areas: Eligibility and Enrollment services that help Texans enroll in health programs; ECI funding for toddlers with disabilities, measured on a per-child basis; funding for women's preventive care programs; and the number of youth served by substance abuse prevention services.** As the Legislative Budget Board and the Office of the Governor consider the FY 2022-2023 LAR submitted by HHSC, we respectfully offer the following recommendations regarding funding for critical children's policy priorities.

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# 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.

Likewise, 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.<sup>1</sup> In Texas, 1 in 10 babies is born premature and 1 in 12 Texas babies is born at low birth weight.<sup>2</sup> 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.<sup>3</sup> Strong investment in prenatal and postpartum care through Medicaid and CHIP ensures healthier moms and children and saves the state money.

According to a recent estimate, an additional 659,000 Texans became uninsured from February to May as unemployment soared amid the COVID pandemic.<sup>4</sup> As parents lose their job-based insurance or lose their job entirely, more children become eligible for Medicaid and CHIP. Especially during the coronavirus pandemic, Medicaid and CHIP are a lifeline for many Texans – programs that deserve to be protected, adequately funded, and effectively managed.

## Recommendations:

1. **Avoid reductions to Strategy I.1.1 Integrated Eligibility and Enrollment.** We are concerned by the proposed reduction to Integrated Eligibility and Enrollment (Strategy I.1.1) because these reductions may create delays for Texans signing up for Healthy Texas Women, Medicaid for Pregnant Women, Children's Medicaid, CHIP, and SNAP (food stamps), making it harder for the state to reach federal standards for enrolling families in a timely manner. These reductions would be a bad idea at any time, but they would be particularly harmful now as the state's worst-in-the-nation uninsured rate climbs even higher for kids and adults in the midst of a pandemic.
2. **Fund Exceptional Item #1 to Account for Cost Trends in Medicaid, CHIP, and CHIP Perinatal Services.** We agree with 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.

## Early Childhood Intervention (ECI)

Early Childhood Intervention (ECI) is one of the state's main programs for influencing the trajectory of children during the developmentally critical years of early childhood and ensuring that more students start kindergarten ready to succeed. Past budget cuts to ECI contributed to multiple state ECI contractors dropping out of the ECI program and reduced enrollments of young children with disabilities and developmental delays. We're concerned that the HHSC LAR maintains the same \$339 million that is provided for ECI in the current biennium. Since the number of children enrolled in ECI is projected to rise, the LAR translates into a reduction in per-child funding in the next budget. As our [new report](#) shows, Texas is already providing less ECI funding per child in the current budget compared to 2012-2015.<sup>5</sup> Additionally, recently released findings from [federal monitoring](#) of the state's ECI program cited the level of funding that the state has made available to Texas ECI as a significant cause of Texas failing to meet its obligation under federal law to ensure that children under age three with autism, speech delays, Down syndrome, and other disabilities have access to ECI services. The Legislature will need to increase ECI funding for infants and toddlers with disabilities in order to bring the program into compliance with federal law and finish restoring the funding that was cut in previous sessions.

### Recommendation:

1. **Restore ECI funding to at least the FY 2012 and FY 2013 funding level of \$484 per child each month to give contractors the capacity to enroll and serve all eligible children in their communities.** The funding should account for projected caseload growth amid the state's growing child population. It should include funding for Child Find to raise community awareness and support outreach efforts to ensure all eligible children are identified, screened, evaluated, and enrolled in ECI.

## Women's Health

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. A women's ability to plan and space her pregnancies leads to an array of benefits, including lower abortion rates, improved infant and maternal health, better educational and economic opportunities for families, and cost savings for the state.<sup>6</sup> In tough financial times, funding for women's preventive care is a smart investment for families and for the state. Every dollar spent on contraceptive care leads to savings of \$6.<sup>7</sup> HHSC recently estimated that services provided by Healthy Texas Women (HTW) and the Family Planning Program (FPP) in 2019 save the state a combined \$140 million in General Revenue.<sup>8</sup> After accounting for the annual cost of administering HTW and FPP, these programs generated a net savings of \$20 million in General Revenue and

\$236 million in state and federal savings in 2019 alone.<sup>9</sup> It is in the state's best fiscal interest to support access to HTW and FPP.

While progress has been made, more work is needed. Texas still has a large unmet need for women's preventive care: roughly 1.8 million Texas women need publicly funded family planning,<sup>10</sup> and in 2017, HTW and FPP served 219,400 Texas women. Continued investment in HTW and FPP will help the state realize even more cost savings and ensure a stronger provider network in both rural and urban areas of Texas.

### **Recommendations:**

- 1. Support continued funding in HHSC's LAR for the cost reimbursement portion of HTW and the FPP.**
- 2. Avoid reductions to Strategy 4.1.1. Women's Health Program, including FPP and Women's Health Program Administration.**
  - a. When comparing the 2020-21 baseline to the 2022-2023 request, HHSC is requesting a \$2.4 million (3%) decrease to the Family Planning Program budget. We are concerned this appropriations request will not meet FPP providers' needs to deliver services to eligible clients. Amidst a global pandemic and with 29 percent of non-elderly adults uninsured in Texas, this is the worst time to cut preventive care. Cuts to women's health services would hurt Texas families in the middle of a recession and pandemic *and* increase state costs and Medicaid costs. FPP is a vital program for Texans who do not qualify for health coverage options or HTW. Unlike HTW, FPP serves men and women, and due to its eligibility criteria, generally has a wider potential client population when compared to HTW. 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. In fact, a report by the Texas Collaborative for Healthy Moms and Babies and University of Texas found that one of the most pressing challenges to utilizing available women's health programs was the limited funding for FPP, which tends to result in funds being expended well before the end of the fiscal year.<sup>11</sup>
  - b. When comparing the 2020-21 baseline to the 2022-2023 request, HHSC is requesting a \$2.3 million, or 3.0% decrease, to the Women's Health Program Administration budget. In addition to typical program operations, HHSC must implement and administer the new Healthy Texas Women Plus (HTW) – a new limited, enhanced postpartum services package for new mothers. HHSC has held two webinars describing HTW Plus to providers and stakeholders. However, it remains unclear how the agency will recruit and add qualified providers in geographic areas of Texas where new mothers need access to care and services. It is also unclear how HHSC will provide technical assistance and training to providers' enrollment staff. We are concerned that HHSC program operations, provider recruitment efforts, and technical assistance needed to effectively execute HTW Plus, in addition to regular HTW program operations, will not be achievable with the proposed budget.

# Mental Health and Substance Use

The smart investments in the state's behavioral health system that have been made by the Texas Legislature over more than a decade will be critical in addressing the increased mental health needs stemming from COVID-19. The potential long-term consequences of the persistent stress and trauma created by the pandemic are particularly serious for young people who have not developed coping skills found among older adults. Rates of trauma, mental health and substance use concerns, and suicide risk are projected to rise amid the pandemic and continue to endanger lives once COVID-19 has been contained. Evidence of such increases have already been documented:

- A national survey found increases in teens (ages 13-17) and young adults (18-23) reporting symptoms of depression since the start of the pandemic.<sup>12</sup> Other groups found by the survey to be most affected are people with pre-existing mental health issues, low-income individuals, and people of color.
- Depression symptoms and serious psychological distress in the U.S. are triple the level measured in 2018, and higher than those reported after other large-scale traumas like September 11th and Hurricane Katrina.<sup>13</sup> The rise in depression and anxiety amid the COVID-19 pandemic, especially among young adults, was worse than what researchers expected.
- 13.3% of adults reported new or increased substance use as a way to manage stress due to the coronavirus.<sup>14</sup>
- Almost 1 in 5 people diagnosed with COVID-19 received a psychiatric diagnosis within the next three months.<sup>15</sup>

## Recommendations:

1. **Support Base Level Requests for Behavioral Health Services and Strategies.** HHSC requests maintaining current levels of general revenue funding for strategies that support the behavioral health of families. Access to the following services will be vital to keep children and families healthy, safe, and together amidst the significant challenges caused by the pandemic: mental health services for children (D.2.2) and adults (D.2.1); the Youth Empowerment Services (YES) Waiver Program (D.2.5); community mental health grant programs (D.2.6); substance abuse services (D.2.4); and the Community Resource Coordination Groups (CRCGs) that work to meet the needs of children and families experiencing complex challenges in communities across the state (F.3.3).
2. **Leverage federal COVID-19 relief funds that are or become available to expand access to behavioral health services for children and families.** Increase funding for strategies that address the rising rates of stress, trauma, depression, substance misuse, and suicide risk in Texas due to COVID-19, including:
  - a. **Expand the reach of youth substance abuse prevention services.** Although HHSC seeks level funding of general revenue in its base request for substance abuse prevention, intervention, and

treatment services, the number of youth receiving substance use prevention services is projected to decline during 2022-2023. This is concerning because the earlier a child initiates substance use, the greater the risk of developing substance-related problems and addiction later in life.<sup>16</sup>

- b. **Support community-based suicide prevention in settings outside of the state’s public mental health system.** The majority of individuals who die by suicide are not in contact with the public mental health system. They receive treatment through private mental health providers – if they receive treatment at all. The Texas Legislature should leverage federal COVID-19 funds to: (1) expand the use of effective suicide prevention strategies in community-based settings (including non-clinical settings such as places of worship, schools, youth centers, sports groups, civic organizations, and beauty salons – places where individuals contemplating suicide are more likely to frequent) and (2) increase the number and capacity of public and private groups working together across multiple sectors within their communities to advance comprehensive suicide prevention strategies that reach individuals at risk for suicide.
3. **Fund HHSC Exceptional Items 11 and 12.** State hospitals are an important part of a continuum of mental health services. Children with serious emotional disturbance do best when they and their families have access to mental health care and support in their community, but treatment in a state hospital must be available when such care is appropriate and necessary. The Legislature should use funds from the Economic Stabilization Fund to support state hospital redesign and facility infrastructure projects addressed in EI 11 and EI 12 so that children and adults have access to safe and quality treatment in state hospitals.

## Child Protection

While child protection is primarily addressed through the LAR for Department of Family and Protective Services (DFPS), the HHSC LAR also addresses child protection. Specifically, to stop child fatalities and abuse within the foster care system and respond to federal court orders regarding Texas foster care, the HHSC LAR includes an Exceptional Item request for additional funding at Child Care Licensing (CCL). We support this request, but additional funding and policy changes will be needed to fully address the challenges in the state’s foster care system.

### Recommendation:

1. **Fund the Exceptional Item request for additional CCL funding to address foster care safety and oversight.**

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- <sup>4</sup> Families USA (July 2020). <https://www.familiesusa.org/resources/the-covid-19-pandemic-and-resulting-economic-crash-have-caused-the-greatest-health-insurance-losses-in-american-history/>.
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- <sup>8</sup> Texas Health and Human Services. Women's Health Programs Report Fiscal Year 2019. (May 2020). Available at <https://hhs.texas.gov/sites/default/files/documents/laws-regulations/reports-presentations/2020/tx-womens-health-programs-report-fy-2019.pdf>.
- <sup>9</sup> Ibid.
- <sup>10</sup> Frost et al., "Contraceptive Needs and Services, 2014 Update," New York: Guttmacher Institute, 2016.
- <sup>11</sup> Nehme E, Patel D, Cortez D, Gulbas L, Lakey D. (2020). Increasing Access to Healthcare Coverage for Uninsured, Postpartum Women in Texas: A Report from the Postpartum Access to Healthcare (PATH) Project. The University of Texas System/Texas Collaborative for Healthy Mothers and Babies.
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