

**TRANSITION LEGISLATIVE
OVERSIGHT COMMITTEE**



**REPORT
TO THE
87TH LEGISLATURE**

December 22, 2021

Health and Human Services Transition Legislative Oversight Committee

SENATOR JANE NELSON, CO-CHAIR
REPRESENTATIVE FOUR PRICE, CO-CHAIR



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REPRESENTATIVE TONI ROSE
DR. WAYNE CARSON
MR. BILLY HAMILTON
HON. BONNIE HELLUMS

December 22, 2021

The Honorable Greg
Abbott Governor of
Texas

The Honorable Dan
Patrick Lieutenant
Governor of Texas

The Honorable Dade Phelan
Speaker, Texas House of Representatives

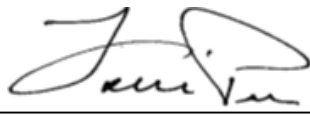
Dear Governor Abbott, Lieutenant Governor Patrick, Speaker Phelan, and members of the
Legislature:

The Transition Legislative Oversight Committee submits this report in accordance
with Senate Bill 200, 84th Texas Legislature, and Senate Bill 1021, 85th Texas
Legislature.

Respectfully submitted,



Senator Jane Nelson



Representative Four Price

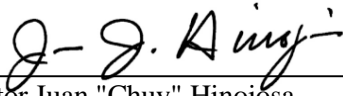


Senator Lois Kolthorst



Representative James Frank

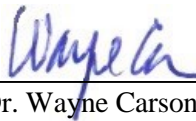
The Honorable Greg Abbott
January 7, 2021
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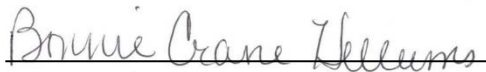
Senator Juan "Chuy" Hinojosa



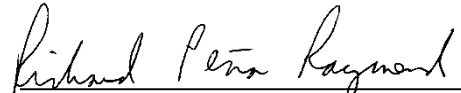
Senator Charles Schwertner



Dr. Wayne Carson

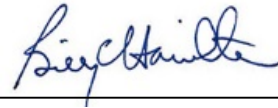


Hon. Bonnie Hellums



Representative Richard Raymond

Representative Toni Rose



Mr. Billy Hamilton

Introduction

In 2015, the Texas Legislature passed sweeping legislation requiring the Texas Health and Human Services System (HHS System) to undertake significant organizational transformation to create a more efficient, effective health and human services system for Texans. To put the size of Texas' HHS System in perspective, health and human services agencies were appropriated \$86.7 billion for Fiscal Years 2022 and 2023 to provide essential services for millions of Texans. System reform was directed via legislation in the 84th and 85th Legislatures, as well as via management recommendations issued by the Sunset Advisory Commission in 2015. This report, required originally by Senate Bill (SB) 200, 84th Legislature, and revised by SB 1021, 85th Legislature, provides an update on transformation-related activities.

Background

Following an evaluation by the Sunset Advisory Commission during its 2014-15 review cycle, the Legislature passed SB 200 and SB 208, requiring significant restructuring and transformation of the HHS System. The goal of transformation was to re-organize the five health and human services agencies along functional lines, address blurred lines of authority and power struggles between agencies, streamline administrative functions, and make the system easier to navigate for clients seeking services. To that end, structural changes were directed in the following phases:

Phase 1 (by September 1, 2016):

- Consolidation of administrative services, as practicable, at the Health and Human Services Commission (HHSC);
- Client services consolidated at HHSC;
- Department of Assistive and Rehabilitative Services (DARS) abolished with all functions moved to HHSC or the Texas Workforce Commission (TWC); and
- Prevention and early intervention services transferred to the Department of Family and Protective Services (DFPS) from HHSC and the Department of State Health Services (DSHS).¹

Phase 2 (by September 1, 2017):

- State Hospitals, State Supported Living Centers, and regulatory programs from the Department of Aging and Disability Services (DADS), DSHS, and DFPS transferred to HHSC;
- DADS abolished with all functions moving to HHSC;
- Women, Infants, and Children (WIC) program transferred to HHSC from DSHS; and
- Most remaining administrative services consolidated at HHSC.²

The 85th Legislature approved HB 5, establishing DFPS as an independent agency, with most of its administrative functions remaining consolidated at HHSC. The Legislature also approved SB 1021 directing HHSC to add information on communication between HHSC and DFPS, as well as the current make-up of system advisory committees to its required report.

To provide ongoing oversight, SB 200 created the Transition Legislative Oversight Committee (TLOC). Composed of four members of the Senate, four members of the House of

Representatives, and three members of the public, TLOC is responsible for overseeing consolidation efforts through September 1, 2023.³

Below is a summary of the changes undergone over the last year, as well as significant events affecting the structure and organization of HHS System agencies.

Health and Human Services Commission

Efficiency Efforts to Support HHS Transformation

As a result of SB 200, HHSC established the Office of Transformation and Innovation (OTI) to oversee consolidation of the HHS System. Today, OTI is a division of the HHS Chief Policy and Regulatory Office, working collaboratively with HHS programs and administrative support service departments to improve the efficiency, coordination, capacity, and quality of programs and service delivery. The work accomplished through this office is detailed below.

Support Services Agreement Performance Model

To ensure client services and programs receive the administrative support they need to operate, SB 200 directed HHS to establish support service agreements (SSAs) that outline the standards and processes for delivering administrative support services between DSHS, the HHSC programmatic divisions, and the HHSC administrative support areas (ASA). SSAs increase efficiency in business operations of the HHS System by clearly delineating roles, responsibilities, and expectations for delivery of consolidated administrative support services. In the fall of 2021, HHSC began measuring the performance of each ASA. Once complete, this will demonstrate the quality and efficiency of services provided by each ASA to improve and strengthen business operations.

Administrative Efficiency Efforts

Both HB 2292 in the 78th Legislature and SB 200 addressed the need for HHSC to plan and implement an efficient and effective centralized system of administrative services through consolidating like functions from across the HHS System. This centralized administrative service system aimed to improve customer service and forge stronger connections between the services they provide and their programmatic customers. HHSC continues to address potential efficiencies and improvements to further break down organizational silos, connect similar functions, and continuously improve the HHS system as outlined in the HHS Transition Plan. OTI coordinates critical programmatic and organizational changes and oversees system improvement projects across all divisions. Two examples of this work are below.

1) Chief Financial Office

State agency operations rely on a broad network of financial planning, forecasting, rate setting, budgeting, and accounting systems. The extensive HHS System reorganization required a considerable level of planning to ensure all required financial systems remained in place to support programs in the new structure. HHSC evaluated current programs to ensure efficient and effective allocation, management, tracking, and reporting of financial operations.

2) Wireless Devices Move to Cost Pool

In October 2020, HHSC evaluated the agency's wireless service payment processes after a discovery of significant late payment challenges related to payment processes for wireless devices. HHSC determined the current payment process had not been scaled to match HHSC's size and complexity following the HHS Transformation in 2016. OTI worked closely with the CFO, System Support Services within the Chief Operating Office, and other agency stakeholders to migrate HHSC's wireless payments to an agency cost pool, which reduced the complexity of the payment process and ensured more timely payment. The cost pool migration took place on September 1, 2021. HHSC staff expect it to result in reduced or eliminated late payments for wireless services as well as reduced staff time and administrative burden.

Procurement and Contracting Services

The Texas Legislature has continued to push for contracting reform, and the HHS system also continues to heavily focus on the improvement of procurement and contracting systems following HHS System transformation. Reform efforts continue following the conclusion of the system-wide Procurement and Contracting Improvement Plan (PCIP) in Fiscal Year 2021. The PCIP was developed using several sources of guidance, including legislative direction, recommendations from third-party entities such as Ernst & Young, LLP, and findings of the HHS System Internal Audit office. Ernst & Young commended the agency for significantly elevating its procurement and contracting processes. The successful conclusion of the PCIP prompted the development of the next phase of procurement and contracting reform efforts to further improve procurement and contracting across the HHS system post transformation.

Notable Procurement and Contracting Achievements for the HHS System:

- Improved internal communication and focus on customer service;
- Documented and improved processes, resulting in a significant reduction in contract approval routing time from 54 days to five days in a pilot conducted by PCS and DSHS;
- Developed a comprehensive training strategy and framework, including a dedicated training team within PCS and an online training library available to all HHS employees;
- Established a Contract Management Support team in PCS to provide standard policies, tools, templates, and technical support to HHS contract managers; and
- Improved workforce stability, including a reduction in the PCS supervisor-to-purchaser ratio of 20:1 to 12:1 since October 2018, and a reduction in the PCS vacancy rate from 24.3 percent to 4.74 percent.

Compliance and Quality Control

Although not originally a part of the HHS Transition Plan, HHSC established the Compliance and Quality Control (CQC) division in 2018 to monitor and provide quality control for agency procurement and contracting practices. CQC provides objective single audit, fiscal monitoring, and solicitation review and approval, serving in an essential oversight role of the procurement and contract management functions in the HHS system. Over the past fiscal year, HHSC worked to develop a set of tools to facilitate an efficient process for PCS staff to submit solicitation documents to CQC for review, and to capture and report on the types of issues identified in

CQC's review of the documents. The resulting dashboards provide a tool to identify trends in errors and weaknesses identified in HHSC's complex solicitations throughout the final review and approval process. HHSC also developed quick reference guides to support the standardization of solicitation review functions and to serve as a resource for PCS purchasers and other stakeholders to better understand CQC functions and how and when to engage CQC.

Agency Realignment

On October 13, 2021, Executive Commissioner Cecile Young announced proposed changes to HHSC's organizational structure. Under the plan, the Chief Program and Services Office (CPSO) structure will be re-aligned with two new departments: one focused on services for women, children, and families, the other on services for people with disabilities and older adults. The Health, Developmental and Independence Services (HDIS) department will be re-aligned. HHSC is currently conducting reviews of staff and external stakeholders to inform the development of the realigned organizational structure. Full implementation is expected to be complete by September 1, 2022.

Additionally, the Medicaid and CHIP Services (MCS) division, led by the State Medicaid Director, was elevated as a chief-level position reporting directly to the Executive Commissioner.

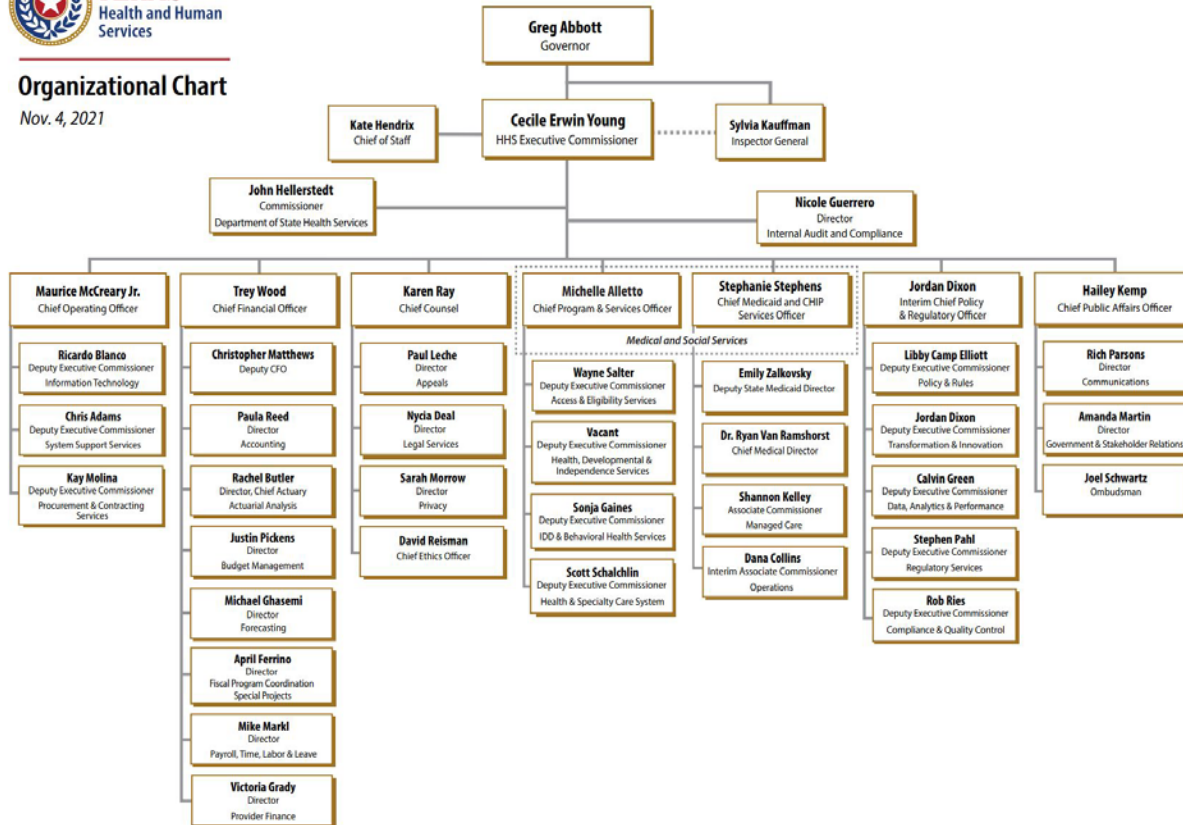
Organizational Structure

The chart on the following page shows HHSC's organizational structure as of November 2021. HHSC will provide an updated chart to the Committee once the realignment of the agency structure as described above is complete.⁴



Organizational Chart

Nov. 4, 2021



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Department of State Health Services

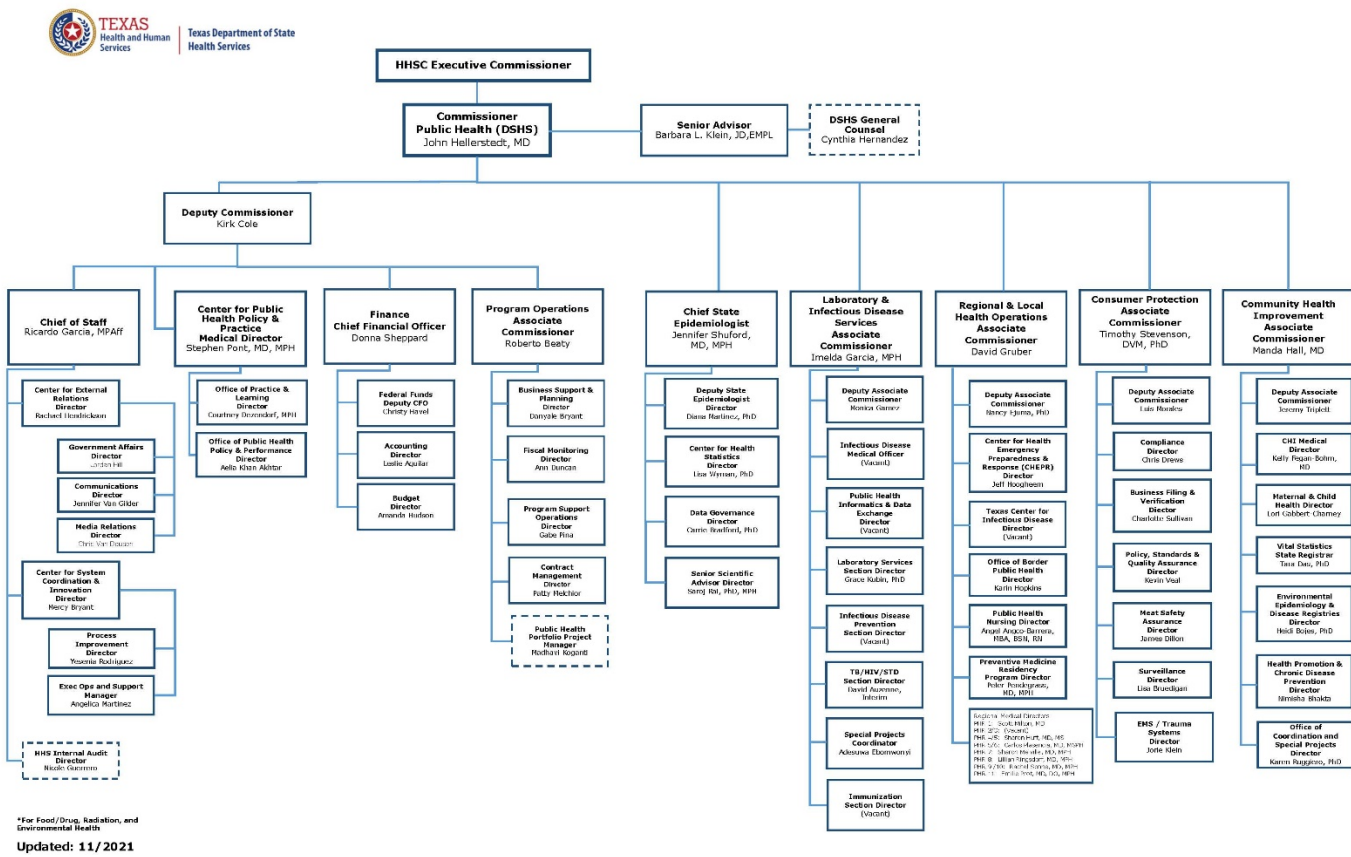
SB 200 maintained DSHS as a separate agency within the HHS System and streamlined programs and services to focus on its core public health mission. Administrative support functions were consolidated at HHSC.

The re-focused DSHS has been able to serve as the lead agency more effectively for public health and medical response during the COVID-19 pandemic, including:

- Coordination of local and state public health efforts;
- Statewide management and provision of lab testing and capacity;
- Data collection, analysis, and reporting;
- Health care system support and deployment of medical staffing to hospitals and nursing facilities;
- Statewide public awareness;
- Public health guidance for individuals and businesses and consultation with local elected leaders;
- Sourcing and consulting on medical supplies and personal protective equipment (PPE); and
- Developing the infrastructure to safely and appropriately disseminate vaccines.⁵

Below is the most recent organizational structure of DSHS. In 2021, DSHS:

- Created the Office of Chief State Epidemiologist (OCSE);
- Altered other reporting structures to reflect the roles of the Senior Advisor, Office of the Chief of Staff, etc.;
- Reorganized functions related to public health policy and practice, resulting in a center with two reporting offices; and
- Made other minor reorganizations within primary divisions.



Department of Family and Protective Services

When the Legislature voted to establish DFPS as an independent agency by passing House Bill 5 in 2017, legislators stressed the need to maintain a strong link between HHSC and DFPS.⁶ In addition to sharing administrative functions, both agencies serve vulnerable Texans and have overlapping client populations.

HHSC continues to provide certain administrative services to DFPS programs, including areas such as IT, procurement, and contracting. Several standing meetings are in place between agency leadership at both agencies to share information, resolve concerns and plan for future initiatives. They include the following:

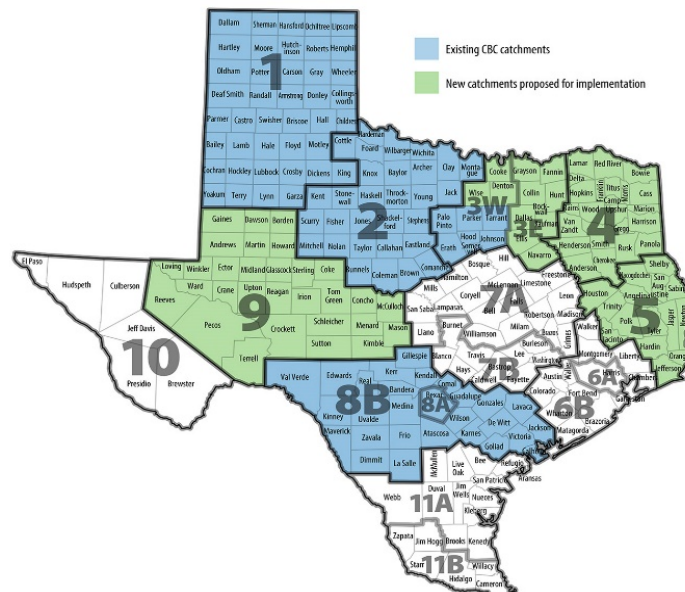
- Bi-weekly contracting meetings;
- Bi-weekly meetings regarding facility support;
- Monthly Executive leadership meetings; and
- Monthly IT meetings.⁷

Community-Based Care

The 82nd Legislature enacted SB 218, which implemented Foster Care Redesign with the goal of improving safety, eliminating obstacles to permanency, increasing stability and growing capacity while supporting the well-being of the children and families receiving services.⁸ In 2017, the Legislature enhanced foster care redesign with the passing of SB 11, which created Community-based Care (CBC). CBC gives local communities the flexibility to draw on local strengths and resources and find new ways to meet the needs of children and their families in the system.⁹ CBC includes many of the services that Child Protective Services (CPS) normally provides. This includes foster care, case management, kinship, and reunification services.

In 2021, the Texas Legislature created the new Community-Based Care Transition Office through passage of SB 1896, which is an independent office administratively attached to DFPS. In addition, SB 1896 established a Joint Legislative Oversight Committee with three members of the Senate, three members of the House, and two co-chairs. This Committee will work with the Community-Based Care Transition office to review and oversee implementation of CBC across Texas.¹⁰

Community-based Care is currently in four regions of Texas and is proposed to enter another four catchment areas before the end of the Fiscal Year 22-23 biennium. Current CBC areas are run by nonprofit contractors, but SB 11 also allows CBC areas to have a governmental entity as a contractor.¹¹ See the map below for the proposed green areas where CBC will soon be implemented, and blue areas where CBC has already rolled out.¹²



Texas Workforce Commission

Four programs transferred from the now-abolished DARS to TWC in 2016 as consolidation efforts began.¹³ In addition, TWC was directed to co-locate local vocational rehabilitation services (previously overseen by DARS) with local workforce offices by August 31, 2018. In total, 129 vocational rehabilitation offices transferred to TWC, comprising 70 leases and 59 offices co-located with HHSC. Beginning in October 2016, TWC developed a plan for co-locating vocational rehabilitation offices with Workforce Solutions offices. The plan takes into account the readiness of workspace, including accessibility confirmation, as well as the expiration of existing lease agreements for the vocational rehabilitation offices and of Workforce Solutions offices, where new locations will need to be procured. Leases extend until as long as 2025 and many lack early termination clauses.

Of the original 129 vocational rehabilitation offices, 14 are not expected to integrate. That includes three specialized locations, two that already closed, two regional offices, and seven small offices in rural areas where vocational rehabilitation services are still needed. By November 30, 2021, 86 vocational rehabilitation offices were fully co-located within Workforce Solutions offices. There have also been eight placements of small vocational rehabilitation staff contingents in additional Workforce Solutions offices, expanding provision of integrated services.

In Fiscal Year 2022, TWC anticipates completing the integration of up to an additional 11 local vocational rehabilitation offices into local Workforce Solutions offices, reaching 86 percent completion. Current projections include moves of five offices in Fiscal Year 2023, 10 in Fiscal Year 2024, and three in 2025, completing the 115 offices now expected to integrate. In addition, as of December 15, 2021, 18 of the 28 Workforce Boards are fully integrated. All boards have at least one integrated office. Where integration moves are delayed due to lease expiration, program and administrative integration is already underway.¹⁴

Recommendations

The committee recommends that the agencies should:

- 1) Continue working collaboratively to meet the requirements of the legislative items.
- 2) Determine and implement innovative methods to further expand operational and programmatic efficiencies.
- 3) Gather and provide information regarding metrics and measurements of the already implemented new methods.
- 4) Generate new metrics and measurement tools and advise the committee regarding the progress.
- 5) Focus on strengthening contract management effectiveness, efficiency, quality, and oversight, along with accountability throughout the procurement and contracting process.

Conclusion

The original goals associated with transformation of the HHS System were to improve efficiency, break down silos and better coordinate the delivery of services for vulnerable Texans. TLOC must continue to monitor the ongoing transformation to ensure that the objectives set forth by the Sunset Advisory Commission and the enacted legislation referenced in this report

are fully implemented, and that clients are receiving services efficiently and effectively. TLOC will continue its oversight role through August 31, 2023.

¹ S.B. 200, 2015 Leg., 84th Reg. Sess. (Tex. 2015).

² *Id.*

³ *Id.*

⁴ Information provided by the Health and Human Services Commission via email on December 10, 2021.

⁵ Information provided by Department of State Health Services via email on December 10, 2021.

⁶ H.B. 5, 2017 Leg., 85th Reg. Sess. (Tex. 2017).

⁷ Information provided by the Department of Family and Protective Services on December 9, 2021.

⁸ S.B. 218, 2011 Leg., 82nd Reg. Sess. (Tex. 2013).

⁹ S.B. 11, 2017 Leg., 85th Reg. Sess. (Tex. 2017).

¹⁰ S.B. 1896, 2021 Leg., 87th Reg. Sess. (Tex. 2021).

¹¹ S.B. 11, 2017 Leg., 85th Reg. Sess. (Tex. 2017).

¹² *Supra* note 7.

¹³ 2016 Interim Report (Vocational rehab for the blind and those with visual impairments, vocational rehabilitation for people with other disabilities, Business Enterprises of Texas program, and Independent Living Services for older blind).

¹⁴ Information provided by the Texas Workforce Commission via email on December 3, 2021.