
Issue Brief

HHSC's LAR for Fiscal Years 2022 + 2023

This brief includes key takeaways from the [Legislative Appropriations Request \(LAR\)](#) prepared by the **Texas Health and Human Services Commission (HHSC)** for fiscal years 2022 and 2023 (September 1, 2021 – August 31, 2023), with a focus on the funding requested to support the women's health programs administered by HHSC: Healthy Texas Women, Family Planning Program, and Breast and Cervical Cancer Services. A brief background on the budget process and the role of the LAR is provided for those who are new to, or need a refresher on, budget advocacy.

Background

Before the start of each legislative session (held in odd number years), state agencies must prepare and submit LARs that will inform the development of the General Appropriations Act (GAA), the legislation that provides state agencies with funding for the following two fiscal years (biennium).¹

Informed by an agency's strategic plan, the LAR outlines priorities for the next biennium and includes detailed fiscal information (like projected costs, methods of finance, and performance measures) for programs and services along with budget riders—which are policy directives that are included in the GAA. An agency's LAR has two components: the **baseline funding request** and **exceptional items** that are requested in addition to baseline funding. Although each agency is responsible for preparing its LAR, the Governor and members of the Legislature often provide guidance.

The [Legislative Budget Board](#) (LBB) is responsible for issuing LAR instructions and, together with the [Governor's Office on Budget and Policy](#), holding budget hearings ahead of the legislative session. In a typical budget cycle, the LBB issues LAR instructions in late spring or early summer, agencies submit LARs in late summer or early fall, and budget hearings follow.² As the Legislature convenes in January to begin its work on the GAA, the LBB presents budget recommendations, the Governor presents a budget proposal, and the Comptroller presents the biennial revenue estimate. Before the Legislature adjourns in May, a new biennial budget is adopted and certified,

¹ The state fiscal year (SFY) is September 1 – August 31.

² The COVID-19 pandemic significantly impacted the budget timeline for the 2022-2023 biennium—with HHSC submitting its LAR on October 27, 2020 and budget hearings starting on October 29, 2020.



subject to the Governor’s veto. Following the Governor’s approval, state agencies prepare to implement the new biennial budget in the state fiscal year that starts on September 1st.

Impact of COVID-19 on HHSC’s LAR Request

In May 2020, the Governor, Lieutenant Governor, and Speaker of the House directed state agencies to reduce their budgets for the remainder of the 2020-2021 biennium by at least 5 percent citing the economic impact of COVID-19 on the state’s finances. HHSC’s initial budget reduction plan included approximately \$15.2M in General Revenue reductions to client services, including \$3.8M in women’s health programs funding. Aware that HHSC would use funding levels for the 2020-2021 biennium to prepare its baseline funding request for its next LAR, a coalition of advocacy organizations that included Every Body Texas successfully pushed back on these reductions and HHSC offset reductions to client services in its revised plan.³

In its LAR, HHSC noted that it took a “restrained approach to developing its funding request” in light of the “economic challenges brought by COVID-19.” Specifically, HHSC states that it used the following principles to guide its decisions regarding exceptional items for the 2022-2023 biennium:

1. Maintain essential client services;
2. Request funding for only what is necessary to prevent agency operations from breaking; and
3. Scale request to the minimum necessary for effectiveness.

While Every Body Texas acknowledges the stark economic challenges facing our state, as the rates of unemployed and uninsured Texans continue to rise as a result of the COVID-19 pandemic, we will continue to advocate for more funding for safety net healthcare services—not less—and to urge the Legislature to address any revenue shortfall through the use of the Economic Stabilization Fund or available federal funding to meet the needs of Texans.

Requested Funding for Women’s Health Programs

Strategy 4.1.1 of HHSC’s LAR outlines the funding for the women’s health programs administered by HHSC (also referenced as Section D.1.1 of the GAA).

Summaries of HHSC’s baseline funding request and exceptional items for women’s health programs follow, along with a brief overview of budget riders. Key takeaways and future

³ HHSC did, however, move forward with implementing reductions to program administration directly supporting client services that may adversely impact eligibility and enrollment services.



considerations are detailed throughout. Every Body Texas plans to update this brief as additional information is made available.

Baseline Funding Request

HHSC's LAR includes the following summary of funding expended and budgeted for the 2020-2021 biennium and baseline funding requested for the 2022-2023 biennium.

Strategy 4.1.1 Women's Health Programs Sub-Strategy Level Detail		2020	2021	2022	2023	Biennial Difference	
		\$ Expended	\$ Budgeted	Baseline \$	Baseline \$	\$	%
Healthy Texas Women	<i>Client Services</i>	89,882,893	109,469,221	101,951,096	103,004,104	5,603,086	2.8%
	<i>Cost Reimbursement</i>	11,433,324	10,975,955	10,975,955	10,975,955	(457,369)	-2.0%
	Total	101,316,217	120,445,176	112,927,051	113,980,059	5,145,717	2.3%
Family Planning Program	<i>Client Services</i>	32,807,742	30,671,538	30,173,816	30,777,291	(2,528,173)	-4.0%
	<i>Cost Reimbursement</i>	9,321,287	9,457,498	9,457,498	9,457,498	136,211	0.7%
	Total	42,129,029	40,129,036	39,631,314	40,234,789	(2,391,962)	-3.0%
	Breast & Cervical Cancer Services	10,468,875	11,730,778	10,895,655	10,895,655	(408,343)	-1.9%
	Administrative Costs	9,628,749	6,559,885	6,919,596	6,923,626	(2,345,412)	-16.9%
	Strategy 4.1.1 Total	163,542,870	178,864,875	170,373,616	172,034,129	-	-

A review of the overall funding for request Strategy 4.1.1 determines that although HHSC requests level-funding based on funds expended and budgeted in the 2020-2021 biennium, the 2022-2023 baseline funding request represents **a reduction of \$4,554,110 or 1.3% of the total funding appropriated for strategy D.1.1 in the GAA for the 2020-2021 biennium (\$346,961,855)**. Every Body Texas plans to seek additional information on why HHSC did not spend all the funds appropriated during the 2020-2021 biennium.

Another area of interest is the availability of cost reimbursement funding. A number of Every Body Texas-supported providers recently reported that if cost reimbursement funding in either the Healthy Texas Women or Family Planning Programs were reduced or eliminated during the 2022-2023 biennium, they would be forced to reduce hours for clinicians and other service providers, lay off staff, reduce operation hours at clinics, and close clinics. As detailed above, **continued funding for cost reimbursement for both Healthy Texas Women and the Family Planning Program is included in the 2022-2023 baseline funding request**. Every Body Texas plans to continue advocating for the Legislature to maintain cost reimbursement funding that is critical to supporting the sexual and reproductive healthcare safety net.

Perhaps most alarming is the **reduction in baseline funding for the Family Planning Program by \$2.4M or 3%**. Providers and advocates have repeatedly alerted HHSC and state leaders to significant unmet need in the Family Planning Program.⁴ HHSC's own output measures

⁴ 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. (Finding that one of the most pressing challenges to utilizing available women's health programs was the limited funding for the Family Planning Program which tends to result in funds being expended well before the end of the fiscal year.)



include an **increase in the average monthly number of family planning clients receiving services** (11.6% biennial difference); however, HHSC also estimates a **significant decrease in the average monthly cost per family planning client receiving services** (-27.4% biennial difference). Every Body Texas plans to request additional information about the assumptions used to arrive at the baseline funding request for the Family Planning Program.

Exceptional Items

Based on HHSC's stated principle of maintaining essential client services, Every Body Texas hoped to see some level of acknowledgement that women's health programs require an additional investment to be effective and responsive to the needs of clients—especially during the COVID-19 pandemic.

However, there is no exceptional item specifically addressing the cost growth of the women's health programs. Nor does HHSC include the women's health programs in its exceptional item request to fund cost growth for the Medicaid entitlement and non-entitlement, Children's Health Insurance Programs (CHIP), and Temporary Assistance for Needy Families (TANF) programs.

Although HHSC notes that the COVID-19 pandemic has “resulted in caseload growth among programs due to federal policies aimed at sustaining healthcare coverage as well as a larger potentially eligible population from increased unemployment and economic impact” in its justification for Exceptional Item #1 (Maintain Client Services Case Growth), it does not appear that HHSC considers the women's health programs to be impacted—despite projecting caseload growth for Healthy Texas Women and the Family Planning Program.⁵

Every Body Texas will continue to advocate for the Legislature to sufficiently fund the women's health programs—with a particular focus on the unmet need in the Family Planning Program noted above.⁶

Budget Riders

HHSC proposes several changes to budget riders related to the women's health programs in its LAR. [Women's Health riders begin on page 3.B. Page 31 in the HHSC LAR.](#)

Women's Health Programs: Savings and Performance Reporting (Rider 74)

HHSC proposes that the due date of its annual report on the women's health programs be changed from May 1st to August 1st. HHSC notes that the quality and level of data included in the

⁵ As noted above, HHSC estimates a significant decrease in the average monthly cost per family planning client receiving services—perhaps in an attempt to offset the cost of projected caseload growth.

⁶ In addition to a request for additional funding, Every Body Texas is preparing a request for a budget rider that will include transfer and unexpended balance authority provisions for the Family Planning Program.



report has been impacted by the current due date and that an August 1st due date would allow for the inclusion of more complete and verified data.

Every Body Texas is assessing whether it will advocate for amendments to this rider to include additional reporting requirements.

Funding for Healthy Texas Women Program (Rider 75)

HHSC proposes to delete this rider now that it has obtained approval of the 1115 family planning waiver and has started to draw down federal matching funds for Healthy Texas Women (as included in the baseline funding request).

Every Body Texas is assessing whether it will advocate for a contingency rider for Healthy Texas Women funding, including funding for HTW Plus services.

Long-acting Reversible Contraceptive Devices (Rider 77)

HHSC proposes to delete this rider, citing a determination that it was not feasible; however, it appears that the feasibility determination is limited only to section (a), which concerns the transfer of unused LARC devices from one HTW client to be used by another client. Section (b), concerning the bulk purchasing of LARC devices is not addressed.

Every Body Texas is assessing whether it will advocate for the Legislature to maintain the language related to pursuing an 1115 family planning waiver to support bulk purchasing with federal matching funds.

Primary Care and Specialty Care Provisions (Rider 79)

In its 2018-2019 LAR, HHSC proposed to delete the portion of this rider related to the tiered allocations of Family Planning Program funds; however, HHSC did not propose these changes in its 2020-2021 LAR and only proposes to update date references here.

Every Body Texas will continue to advocate for the Legislature to eliminate language related to tiered allocations of Family Planning Program funds. This language has been held over from when federal Title X funding was administered by the state (prior to 2013) and it is unclear whether recent Family Planning Program awards have employed tiered allocations. We also are assessing whether we will advocate for the Legislature to direct HHSC's use of a revised allocations methodology or, alternatively, to require HHSC to engage stakeholders in developing an allocations methodology and to transparently communicate this methodology to potential contractors.

Alternatives to Abortion Program (Rider 80)

HHSC proposes to maintain the portion of this rider which authorizes a transfer of up to \$20M during the biennium from any appropriated funds if HHSC determines there is a demand based on program utilization, and to update the portion of the rider that authorizes carry-forward of



unobligated and unexpended balances at the end of the first fiscal year of the biennium. HHSC is not proposing any changes to the reporting requirements.

Because the 2022-2023 baseline funding request for the Alternatives to Abortion program includes the \$20M transferred during the 2020-2021 biennium, Every Body Texas plans to advocate for the Legislature to eliminate the transfer and unexpended balance authority provisions of this rider.

Next Steps + Budget Advocacy Opportunities

Sexual and reproductive healthcare providers are encouraged to actively engage in budget advocacy to ensure that the programs and services that clinics, clients, and communities rely on are sufficiently funded during fiscal years 2022-2023. And, as the COVID-19 pandemic continues, there will be opportunities for providers—including those typically unable to travel to Austin for hearings—to engage in advocacy virtually and to submit testimony electronically.

The LBB and Governor's Office on Budget and Policy will hold budget hearings in November that will include invited testimony from agency staff via teleconference. Hearings will be broadcast live and members of the public will be invited to submit written testimony. The LBB hearing on Article II of the Budget (Health and Human Services) on **Thursday, November 5th**. Details can be found at [LBB Budget Hearings](#) page. [Written testimony](#) is due November 26th via email.

Every Body Texas plans to submit written testimony in response to HHSC's LAR that will outline our concerns with the baseline funding request and the lack of an exceptional item to support the women's health programs. We also plan to make templates available for providers interested in submitting written testimony—and to share resources prepared by our coalition partners that focus on funding for Medicaid, CHIP, and maternal and child health programs. As a reminder, providing feedback on an agency's LAR during a budget hearing is considered administrative advocacy—which means that your organization can offer feedback on HHSC's LAR even if it is otherwise prohibited from engaging in lobbying activities.

In the coming weeks, Every Body Texas also plans to engage in administrative, legislative, and media advocacy with the dual goals of obtaining additional information about HHSC's decision-making process and highlighting the need for increased funding for HHSC's women's health programs. Every Body Texas plans to update this brief as additional information is made available.

If you have questions about the information included in this brief, please contact Kami Geoffray, Every Body Texas's Chief Executive Officer, at kami.geoffray@everybodytexas.org. We also encourage you to [sign up for our newsletter](#) to receive timely updates about our work, including policy and advocacy.