
Chairman's Message

An adage tells us that "If you always do what you've always done, you'll always get what you've always got." That's a clever reminder that if we continue to repeat our actions, we will continue to arrive at the same results. It also implies that if we want something different, we need to change the way we do things.

It sounds simple. It is simple. The problem is that we often become so engrossed in keeping the wheels turning that we forget to look back to see how far we've come or to look forward to see where we want to go. With no clear picture of the past and no vision for the future, it's difficult even to measure where we are.

It's appropriate that fiscal year 1989 marks the department's 50th anniversary because we have spent much of the year measuring where we are. We've been looking at how we've done things in the past and planning new ways of achieving better results in the future.

We plan to focus greater emphasis on targeting department resources on those people whom we can help the most. We will stress coordination not only among departments and agencies of state government, but also between our department and the private sector. We will seek more creative ways of leveraging state tax dollars to maximize available federal dollars, and we will attempt to recog-

nize the limits of what our department can do by recruiting an additional army of volunteers to assist us in carrying out our mission.

We hope to develop more coherent and continuous forms of care for individuals, families and children. We must continue to stress self-sufficiency, independence and personal dignity. Most of our clients want to be productive members of society. We must redouble our efforts to encourage productivity and discourage dependence.

In those efforts, we have been fortunate to have the insights and expertise of five new members of the Texas Board of Human Services. Gov. Bill Clements appointed Maurice Lee Barksdale of Arlington, David Herndon of Austin, Glenn McMennamy of Amarillo, Ida Kern Papert of Dallas and Louis P. Terrazas of San Antonio to serve on the expanded, six-member board.

The board, the staff and I have been taking a close look at a variety of new initiatives. And we have been fine-tuning the many programs already in place.

The REFOCUS program, formerly called Refocused Employment Services, was implemented in three regions as a test project last fiscal year and expanded to three more regions this fiscal year. Its goal is to help Aid to Families with Dependent Children (AFDC) clients find the training and education they need to get jobs that will lead to independence from welfare.

REFOCUS targets clients based on their employment potential. Clients who should be able to get a job within six months without the department's help are referred to placement agencies such as the Texas Employment Commission. Others

who need long-term basic education and extensive support services are referred to community resources.

REFOCUS zeroes in on those who can best benefit from the case management process, in which staff and clients devise plans to move clients into jobs within a year. Clients are active partners in discovering employment goals and deciding how to reach them. This new way of working with clients is less structured, more intensive and slower-paced.

Our experience over the past two fiscal years highlighted the need for additional support services. Transportation—or the lack of it—is proving to be a significant obstacle for clients in meeting their goals. Day care is also often unavailable where and when clients need it.

We discovered that many clients needed basic remedial education and literacy classes before they could get into skills training or GED classes, so it may be unrealistic to expect most clients to enter employment at the end of 12 months. We identified the need for assessment of clients' reading comprehension and mathematics skills, so the Adult Basic Learning Examination was added to the REFOCUS program, as was a series of workshops called "Survival Skills for Women" to help AFDC mothers overcome low self-esteem and learn to take charge of their lives.

A cooperative program between the department and the private sector was tested in the Houston Region. Called Texas Works Together, it matches volunteer mentors with AFDC clients in the REFOCUS program. The mentors provide friendship, support and advice that can help welfare mothers achieve their goals of independence.

The REFOCUS program and its ancillary activities set the stage for implementation of the Job Opportunity and Basic Skills (JOBS) program under the Family Support Act of 1988, the federal legislation mandating welfare reform. The JOBS program, which will replace the current Work Incentive (WIN) program, requires states to offer such activities as high school or equivalent education, remedial education to achieve a basic level of literacy, education for people with limited English proficiency, job skills training, job readiness, job development and job placement.

The federal legislation also requires states to provide two of the following activities: group and individual job search; on-the-job training; wage supplementation or grant diversion; or community work experience, known as "welfare."

Under the new law, Texas will be required to furnish AFDC benefits to two-parent families when the principle wage earner is unemployed. With some exceptions, one of the parents must participate in on-the-job training, wage supplementation or a community work experience program. Although states may limit AFDC benefits to six months out of 12 months, continuous Medicaid coverage must be provided for all family members.

To smooth the transition from welfare dependency to independence, the new law requires states to provide JOBS participants with one year of child-care assistance and one year of continued family Medicaid eligibility after they obtain jobs and leave the welfare rolls.

Because we had begun to implement the REFOCUS program, Texas will be able to implement JOBS as early as July 1, 1990. States are not

required to do so until Oct. 1, 1990. We also requested and received a federal waiver that allowed Texas to get a head start on welfare reform in several regions. This fiscal year, we began offering AFDC clients transitional Medicaid and day-care services for a full year after they take jobs.



Russell Lee, 1949

In addition to welfare reform legislation, some of the provisions of the federal Medicare Catastrophic Coverage Act of 1988, which expanded eligibility and services under the

Medicare and Medicaid programs, were phased in this year. One provision of the act expanded Medicaid services to additional elderly and disabled people. As of Jan. 1, 1989, the department is required to pay all Medicare out-of-pocket expenses, such as Medicare premiums, deductibles and coinsurance, for Medicare-enrolled elderly and disabled people with incomes at 85 percent of the poverty level. That limit will be raised to 90 percent of the poverty level in 1990, 95 percent in 1991, and 100 percent in 1992. The new requirement added 17,895 eligible people to the Medicare beneficiary program in fiscal year 1989, with an estimated 40,643 people expected to be eligible for the program next fiscal year.

The federal catastrophic coverage act also requires states to phase in Medicaid health care by July 1, 1990, to all pregnant women and infants up to age 1 with incomes below 100 percent of the poverty level. Effective Sept. 1, 1988, however, the Texas Board of Human Services, based on recommendations made by the Select Committee on Medicaid and Family Services, expanded services to pregnant women and children up to age 2 with incomes below 100 percent of the poverty level. That action brought the department into compliance with the federal mandate almost two years early.

This expansion gives us an opportunity to provide health care services to people who have not been served under Medicaid in the past. Virtually all poor pregnant women should have access to prenatal care, which will have immediate and long-range economic benefits for the state. When women get prenatal care, babies' birth weights go up, children's IQs go up, school success goes up,

dropout rates go down and crime goes down. Prenatal care and pediatric care are investments in the future.

In other legislative action, Congress passed the Hunger Prevention Act of 1988; cut funds for the Low Income Home Energy Assistance Program; extended for two years the targeted jobs tax credit for employers who hire economically disadvantaged youths, disabled people, welfare recipients and others; and extended funding for a federal program that helps purchase a life-prolonging drug for AIDS patients who cannot afford the costly medication.

Anticipating the need for increased funding to meet federal law changes, the 71st Texas Legislature voted unprecedented increases in aid to the state's needy. Legislators appropriated \$3.2 billion in state dollars for the 1990-91 biennium, which, when added to federal funds for the same period, brought the department's total appropriation to \$8.3 billion. Legislators approved the use of a portion of that appropriation to fund a staff expansion of more than 3,000 additional employees to be hired by the department over the next two years. Most of the new positions are required to comply with federally mandated changes in welfare, family and health care programs. Other new positions were funded as part of an expansion of child protection and income assistance programs.

Lawmakers extended AFDC grants to include eligible, two-parent families beginning in October 1990 in compliance with the federal welfare reform requirements. They also set aside \$23 million in state tax dollars to raise the income eligibility cap for Medicaid assistance for pregnant women and infants from 100 percent

of the poverty level to 130 percent. Children up to age 4 will be covered beginning Sept. 1, 1989, and children up to age 6 will be covered beginning Sept. 1, 1990. The appropriation will not only serve as a preventive measure to avoid more expensive health care problems in the future, but will also generate federal dollars on an approximate 60/40 federal-state match. The increase will help us serve an estimated 43,000 additional low-income, pregnant women and their babies during the next two years.

State lawmakers also raised the income cap for people seeking help to pay for nursing home or community care services from \$735 a month to \$1,104 a month. The increase is expected to enable almost 6,385 more people a month to receive nursing home care and another 11,295 people to receive community care services. Because the community care and nursing home caps were increased to the same level, elderly and disabled people will have the opportunity to choose whether they want to go into a nursing home or stay in their own homes longer.

An additional \$25.4 million was allocated for increasing foster-care payments up to 82 percent of the median costs of care. And more than \$6 million was budgeted for family planning services—enough to reach an additional 50,500 women a year.

In other action, legislators ordered a partial restoration of the 10 percent reduction in service reimbursements that hospitals and other health care providers suffered during the 1986 budget cuts and passed legislation that will pay for medication and insurance for indigent AIDS patients. The lawmakers also adopted an initiative that would increase funds

available to hospitals providing a disproportionate share of indigent health care. The addition of local funds to existing state appropriations will allow Texas to match its approximately \$28 million with \$47 million federal dollars. As a result, Medicaid disproportionate share hospitals are expected to get \$75 million during the 1990-91 biennium.

The Texas Board of Human Services also took several actions to help improve and increase the availability of health care services. After a great deal of preparation by department staff, the board approved the implementation of a case-mix pay-

11 different groups, based on individual assessments of their conditions and service needs, and payment rates vary according to their needs. Previously, nursing homes were paid a flat rate according to each patient's assessed level-of-care. And there were only two payment categories—intermediate care and skilled nursing care. We believe this is an important step in promoting the quality of patient care in our nursing home program.

The board also authorized implementation of the Medicaid swing-bed program early next fiscal year. Under the program, authorized rural hospitals with fewer than 100 beds may offer nursing home care, thereby increasing the availability of such care to residents of rural communities.

The board also approved the use of Medicaid funds, beginning next fiscal year, to cover influenza and pneumonia immunizations for eligible elderly people, nursing home residents, severely disabled people and people with chronic diseases or weakened immune systems. And the board directed department staff to contract for hospice services to Medicaid recipients who are terminally ill. Services include medical care, dietitian services, medications and bereavement counseling for patients and their families.

In addition to health care services, child-care issues, particularly the protection of children from abuse and neglect, continued to be a major focus this year. In an effort to measure our effectiveness in protecting children, the board last fiscal year authorized an independent review of the department's child protective services (CPS) program.

The study, completed in August 1988, was conducted by the American



ment system for nursing home services. The new system provides financial incentives for improved patient care by paying nursing homes more for patients who require more care. Patients are now classified into

Association for Protecting Children (AAPC), a children's issues organization affiliated with the American Humane Association. What these experts found is that Texas, like most other states, is struggling with the problem of child abuse and neglect.



Dorothea Lange, 1936

Reported cases of child abuse increased 119 percent in Texas from 1976 to 1986, but the size of the CPS staff increased by only 3 percent. The study revealed that the department's child protective services program, like other states', experiences problems

because of uncertainty about definitions of child abuse and neglect, increases in the volume of reports, inconsistency in the structure and management of intake, variations in the qualifications and training levels of staff, limitations in the availability of service resources and the extent to which policy supports good practice. In short, many of the problems identified in the study are common to other states. But that is certainly no consolation to the child victims.

Fortunately, the AAPC study set out a blueprint, in the form of 72 recommendations, for building an exceptional child protective services system in Texas. Their recommendations ranged from revising policy and providing specialized staff training to establishing interagency agreements and organizing regional child fatality review teams.

Throughout the study, the experts confirmed our belief that an effective attack on child abuse and neglect can only be waged with the combined forces of the community. As we worked this fiscal year to implement many of the recommendations, it became more and more evident that this is true—we cannot hope to effectively address the problems alone.

So, to involve Texas communities in finding solutions to the problems of child abuse and neglect, we conducted a series of forums in 15 cities across the state. The format of each forum was the same. Participants broke into work groups to develop action plans to address the needs of children in the local community. They not only identified specific steps to take but also the people committed to taking those steps.

It was a heartening experience. Those who participated learned that there are no easy answers. We con-

firmed once more that there are people in communities all over the state who are able and willing to help us find answers—for the children.

The first round of forums included medium to large urban areas. We plan to hold community meetings for all counties that have child welfare boards. The experience was so positive that we hope to hold a similar series of forums on services for elderly Texans next fiscal year.

In our process of reviewing and assessing the status of several program areas in the agency, we also asked for a comprehensive review of the department's structure and organization as a whole. Those measurements included two management studies and an employee attitude survey. The management studies, the first in 12 years, will give us the opportunity to review what we do well and what we can do better.

The first study, carried out by the Governor's Operational Audit Team, examined the department's support functions in the central office and the regions, with the exception of most computer operations. The team was made up of individuals from other state agencies and the private sector.

The second study was conducted by the management consulting firm of Touche Ross and Co., which was selected from a field of seven firms that competed for the contract. The firm reviewed administrative structure, computer operations in both the central office and the regions, and the operational aspects of two program areas—Child Protective Services and Income Assistance Services. The results of both studies will be released early in fiscal year 1990, as will results of the employee attitude survey.

That survey's objectives were to give employees an opportunity to

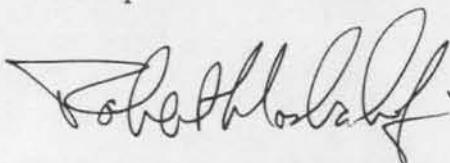
comment on organizational policies, practices and the quality of work life at the department and to give management staff an increased awareness of how employees perceive their jobs.

We plan to use the study and survey results to make decisions on how the department delivers services and how resources and personnel are allocated.

And we plan to continue looking at our agency and the services we provide with fresh eyes. We can no longer "do what we've always done"—the new federal legislation assures that; the increased state funding promises that.

Our 50th year as a department has been a pivotal one. We have reviewed our past, cognizant of the fact that by being aware of what has gone before, we increase our choices for the future. We have assessed where we are now, with the help of independent studies and internal surveys. And we have charted a new course of independence for our clients, of prevention as a focus for our services, of innovation for developing new strategies, and of cooperation as a means of accomplishing our goals.

As we conclude half a century of service to the state's neediest citizens, we look forward with confidence and anticipation to the future.



Rob Mosbacher, Chairman
Texas Board of Human Services