



# **Annual Review of STAR Health Services**

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**As Required by  
Texas Government Code, Section  
533.00521**

**Texas Health and Human Services  
January 2025**



**TEXAS**  
Health and Human  
Services

# Table of Contents

<b>Executive Summary .....</b>	<b>2</b>
Key Takeaways .....	2
<b>1. Introduction .....</b>	<b>4</b>
<b>2. Background .....</b>	<b>5</b>
<b>3. STAR Health Service Use .....</b>	<b>6</b>
Report Framework .....	6
STAR Health Demographics .....	7
Preventive Health Care .....	7
Mental Health Care .....	9
Psychotropic Medication.....	10
Therapy Services .....	11
Physical Health Care Services .....	12
Substance Use Disorder Services.....	13
Emergency Room Services .....	13
Non-Emergency Medical Transport Services .....	14
Private Duty Nursing .....	14
<b>4. Collaboration with Residential Child-Care Providers.....</b>	<b>15</b>
Focus Group .....	15
Themes.....	16
<b>5. Exploration of Strategies for Maximizing Federal Funds .....</b>	<b>18</b>
<b>6. Recommendations .....</b>	<b>19</b>
Residential Child-Care Provider Participation in Changes to STAR Health .....	19
Credentialing and Claims Resolution .....	19
Preventive Service Monitoring .....	20
<b>List of Acronyms .....</b>	<b>21</b>

# Executive Summary

[Texas Government Code, Section 533.00521](#), requires the Texas Health and Human Services Commission (HHSC) to annually evaluate the use of benefits under the State of Texas Access Reform ([STAR](#)) Health program for children in foster care and provide recommendations to the Department of Family and Protective Services (DFPS) and each single source continuum contractor (SSCC) in the state to better coordinate the provision of health care and use of those benefits. HHSC must annually report findings of the evaluation to the standing committees of the Senate and House of Representatives having jurisdiction over DFPS. HHSC completed the first [Annual Review of STAR Health Services](#) on January 31, 2023, which was used as a baseline to inform the evaluation of the use of benefits in the [second report](#), which HHSC published January 31, 2024.

This third annual report builds upon information from the first two reports and includes summaries of:

- Outcomes from a focus group of a statewide sample of residential child-care providers HHSC hosted on June 27, 2024, to identify strategies to address recommendations from prior collaborations with residential child-care providers that were included as part of the 2023 and 2024 Annual Reviews of STAR Health Services; and
- Options and limitations of obtaining federal matching funds under Medicaid to pay for room and board in a safe home-like or community-based residential setting for children in conservatorship of DFPS.

## Key Takeaways

In performing this review, HHSC identified these key takeaways:

- The analysis of claims data from fiscal years 2019 through 2023 may be impacted by both the implementation and unwinding of continuous coverage for Medicaid recipients related to the public health emergency (PHE) during this period.
- Most STAR Health claims analyzed for this report illustrate a decrease in service use, while the member population illustrates an increase.

- Teleservices<sup>1</sup> use across all service categories has decreased from its peak in 2021.
- Federal Medicaid matching funds continue to be unavailable to pay for room and board in a safe, home-like, or community-based residential setting, including for children in conservatorship of DFPS.
- Residential child-care providers continue to report challenges related to:
  - ▶ Advanced knowledge of major changes to STAR Health;
  - ▶ The process and time for health care providers to become a credentialed provider with the STAR Health managed care organization (MCO);
  - ▶ The Medicaid reimbursement rates for health care services paid to STAR Health providers; and
  - ▶ The process and timelines health care providers must follow to resolve claims and reimbursement complaints and appeals.

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<sup>1</sup> Telehealth and telemedicine claims are collectively called teleservices for the purposes of this report.

# 1. Introduction

Texas Government Code, Section 533.00521, requires HHSC to annually evaluate the use of benefits in the STAR Health program offered to children and youth in foster care. This third annual report includes data from fiscal years 2019 through 2023 on use of services.<sup>2</sup>

To meet the requirement in Texas Government Code, Section 533.00521, which also requires HHSC to collaborate with residential child-care providers regarding any unmet needs of children in foster care and the development of capacity for providing quality medical, behavioral health, and other services, HHSC hosted a focus group of a statewide sample of residential child-care providers. The goal of the focus group was to identify strategies to address recommendations from prior collaborations with residential child-care providers that were included as part of the 2023 and 2024 Annual Reviews of STAR Health Services. Outcomes from the focus group are presented in this report.

The statute requires HHSC to also identify options to obtain federal Medicaid matching funds to pay for a safe home-like or community-based residential setting for a child in the conservatorship of DFPS. To meet this requirement, this report also includes a summary of options for and limitations to obtaining federal matching funds for room and board in a safe, home-like or community-based residential setting for children in DFPS conservatorship.

The report ends with recommendations for DFPS, SSCCs, and HHSC to better coordinate the provision of health care and use of services and benefits for children in foster care.

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<sup>2</sup> All years referenced in this report indicate state fiscal years, unless noted otherwise.

## 2. Background

The STAR Health managed care program was established in 2005 to meet the health care needs of children in DFPS conservatorship. STAR Health is a statewide Medicaid managed care program that provides medical, dental, vision, prescription, behavioral health, and long-term services and supports to children and young adults in the conservatorship of DFPS. Services are delivered through a single, statewide MCO.

The STAR Health Medicaid managed care program serves:

- Children in DFPS conservatorship under the age of 18.
- Children in the Adoption Assistance or Permanency Care Assistance Program who are transitioning from STAR Health to STAR or STAR Kids.
- Youth aged 21 years and younger with voluntary extended foster care placement agreements (Extended Foster Care).
- Youth aged 20 and younger who are former foster care children.

This report focuses on STAR Health members' use of several key services including preventive, physical, and mental health services.

Unless otherwise noted, the analysis in this report covers all eligible STAR Health members, including those in DFPS conservatorship and those not in DFPS conservatorship. In addition to certain populations listed above, those not in conservatorship include members who remained in STAR Health due to federal legislation requiring states to maintain Medicaid coverage for recipients through the PHE, regardless of continuing to meet Medicaid eligibility requirements.

## 3. STAR Health Service Use

### Report Framework

HHSC analyzed STAR Health service use data<sup>3</sup> from 2019 through 2023 to continue examining trends among member demographics and certain areas of service use. To be consistent with previous years' reports, the same data analysis methodology was applied to identify members in DFPS conservatorship.<sup>4</sup>

The data in this report reflect a time during which federal legislation required continuous coverage for Medicaid recipients due to the PHE. This resulted in an increased number of members retained under STAR Health who were no longer under DFPS conservatorship, many of whom were in the 18 and older age group. This population may have different needs than the population typically eligible for STAR Health. The data in this report also reflect part of the twelve-month unwinding of continuous Medicaid coverage, initiated in Texas on April 1, 2023, due to the [end of continuous Medicaid coverage](#) on March 31, 2023. The fluctuation in member enrollment plus the health care needs of adult members no longer under DFPS conservatorship, combined with changes in the way people used and accessed health care services during the PHE, posed a challenge for HHSC to provide service use analysis and develop recommendations based on this timeframe.

The service use categories HHSC examined for this report include preventive health care, mental health care, psychotropic medication use, therapy services (including occupational, physical, and speech therapy), physical health services (including diabetes and asthma), substance use disorder services, emergency room usage, and non-emergency medical transport services, and private duty nursing services.

This report also continues to examine the use of teleservices, which initially increased between 2020 and 2021 due to changes in the way people used and accessed health care during the PHE. While current use of certain teleservices

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<sup>3</sup> STAR Health service use data were prepared by Data Dissemination and Reporting in the Office of Data, Analytics, and Performance within HHSC. Data sources include: 8-month eligibility and Vendor Drug databases, Analytical Data Store and MTP Encounters Universe (BusinessObjects) maintained by Texas Medicaid & Healthcare Partnership (TMHP).

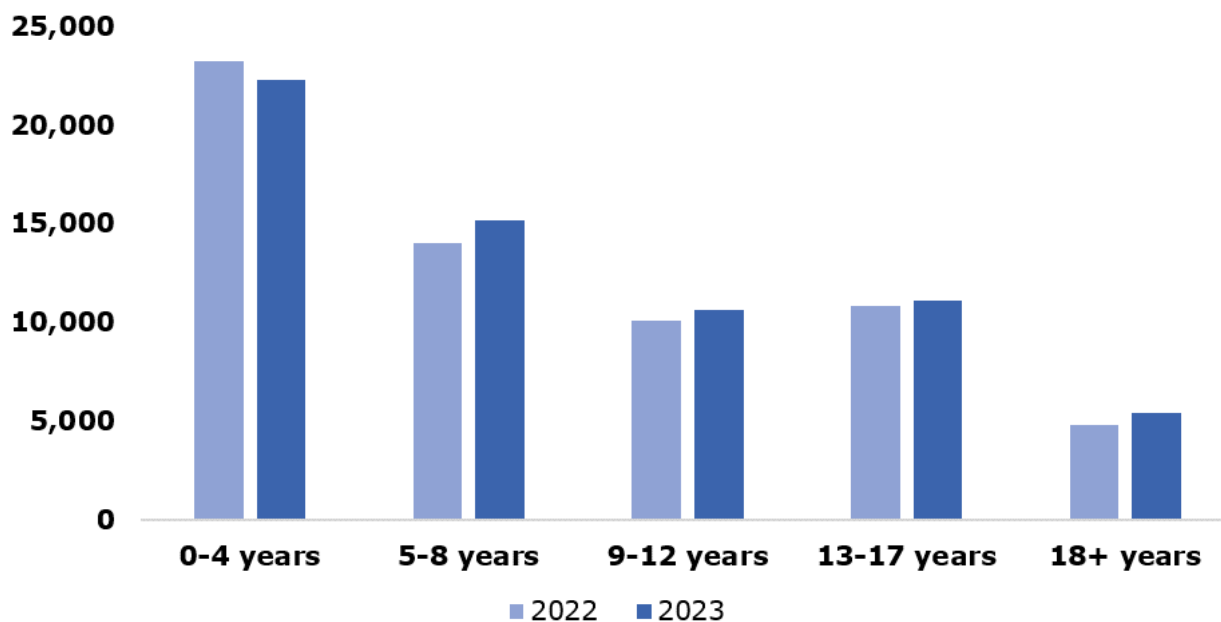
<sup>4</sup> HHSC received a list from DFPS of STAR Health members with entrance and exit dates for conservatorship. For members without an exit date, the methodology uses the last day of the reporting year (August 31, 2023), which may lead to an overcount of the days a member was in conservatorship during the year.

remains higher than use prior to the PHE, the overall use of teleservices declined in 2022 and 2023.

## STAR Health Demographics

Figure 1 below displays STAR Health members by age group from 2022 to 2023. The data show an increase in members for each group except ages 0-4, which decreased from 23,221 in 2022 to 22,626 in 2023 (four percent decrease). The largest increase in members occurred in age group 18+ years from 4,860 in 2022 to 5,433 in 2023 (12 percent increase), followed by age group 5-8 from 14,051 in 2022 to 15,178 members in 2023 (eight percent increase).

**Figure 1. STAR Health Members by Age 2022 and 2023**



In 2023, there was a slight increase in the number of STAR Health members across all [DFPS regions](#) except for Lubbock, Austin, and San Antonio (1.4 percent, 2.4 percent, and 5.0 percent decreases, respectively).

## Preventive Health Care

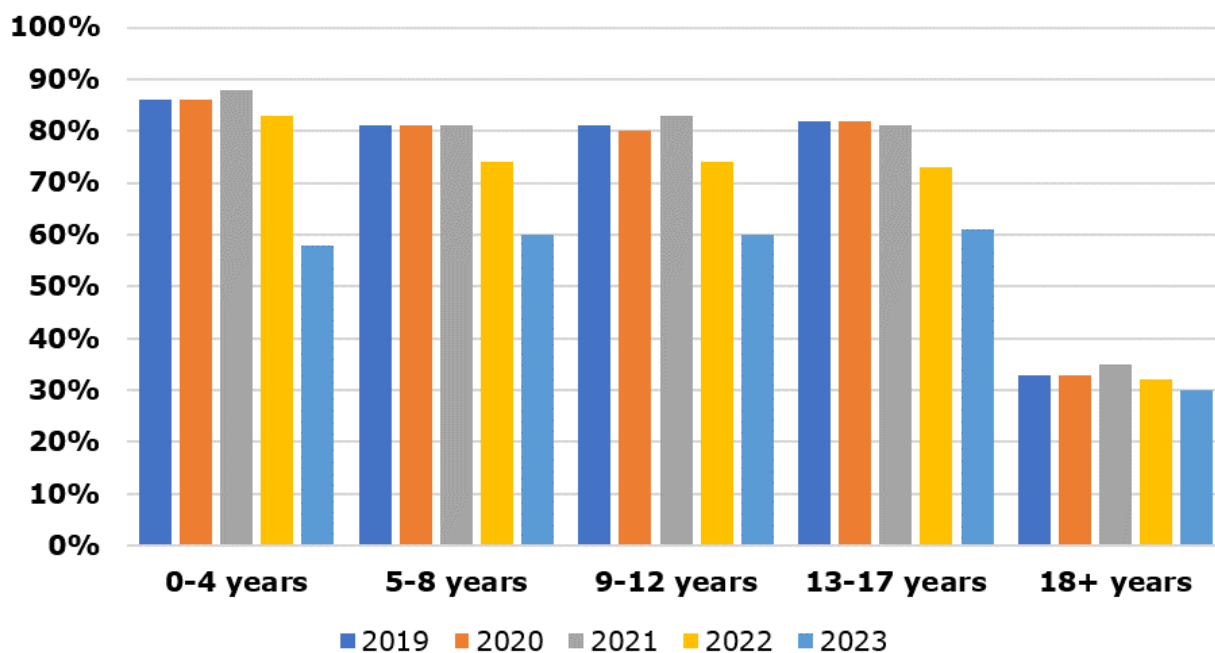
Preventive health care services provide comprehensive evaluation and monitoring of physical and behavioral health conditions. This may include medical history, physical examination, laboratory and diagnostic procedures, and health counseling that encompasses both anticipatory guidance and risk factor reduction



interventions. Preventive claims for the total STAR Health population dropped across all demographics including age, race, and DFPS region in 2023. STAR Health members with at least one claim for preventive services decreased from 79 percent in 2022 to 61 percent in 2023.

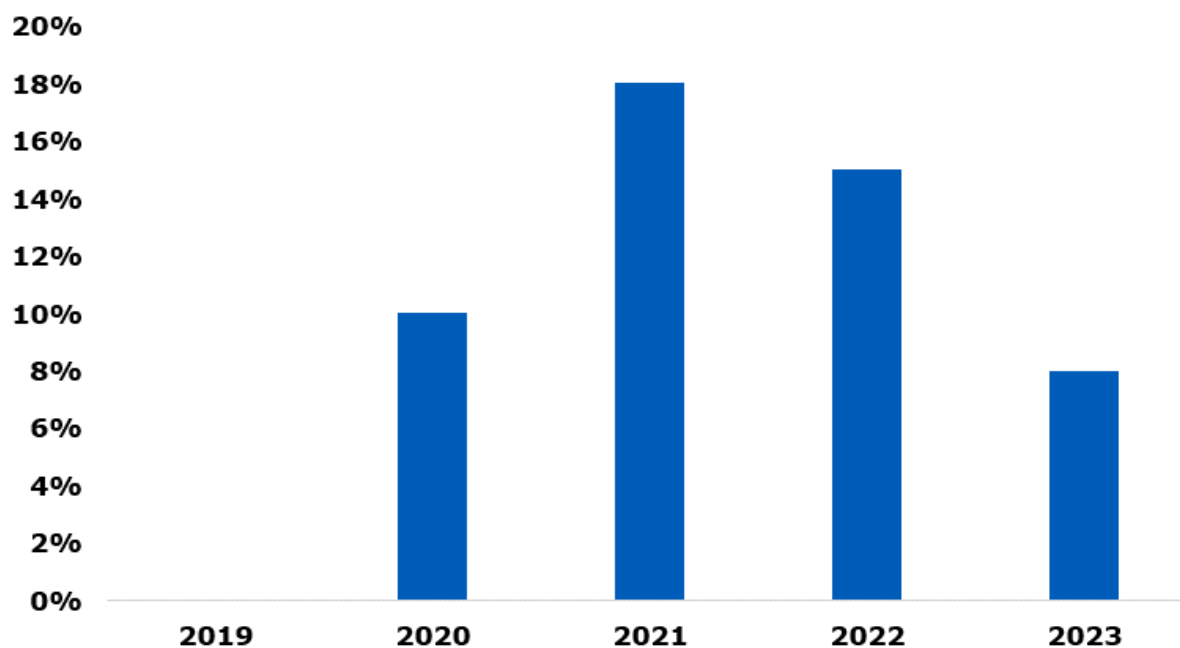
Figure 2 below illustrates STAR Health members by age group with at least one claim for preventive services from 2019 through 2023. Preventive claims for STAR Health members dropped across all age groups in 2023. Members in age group 0-4 had a 25-percentage point decrease in preventive health care claims in 2023, which was the largest decrease among all age groups. Adult STAR Health members had the lowest use of preventive health care in 2023, however the drop in percentage claims for this age group was the smallest at just two percent.

**Figure 2. STAR Health Members Preventive Health Care Use by Age 2019-2023**



When categorized between in-person and teleservices, data show that preventive care via teleservices has consistently decreased from its peak in 2021 during the PHE. Figure 3 below shows that, for teleservices, STAR Health members with at least one claim for preventive health care dropped from 15 percent in 2022 to eight percent in 2023. Data across all service use categories explored in this report illustrate a decline in teleservices claims.

**Figure 3. STAR Health Members Preventive Health Care Teleservices Use 2019-2023<sup>5</sup>**



## Mental Health Care

Mental health services in Texas Medicaid include psychiatric diagnostic evaluation, psychotherapy, testing, electroconvulsive therapy, targeted case management and rehabilitation, and inpatient psychiatric services.

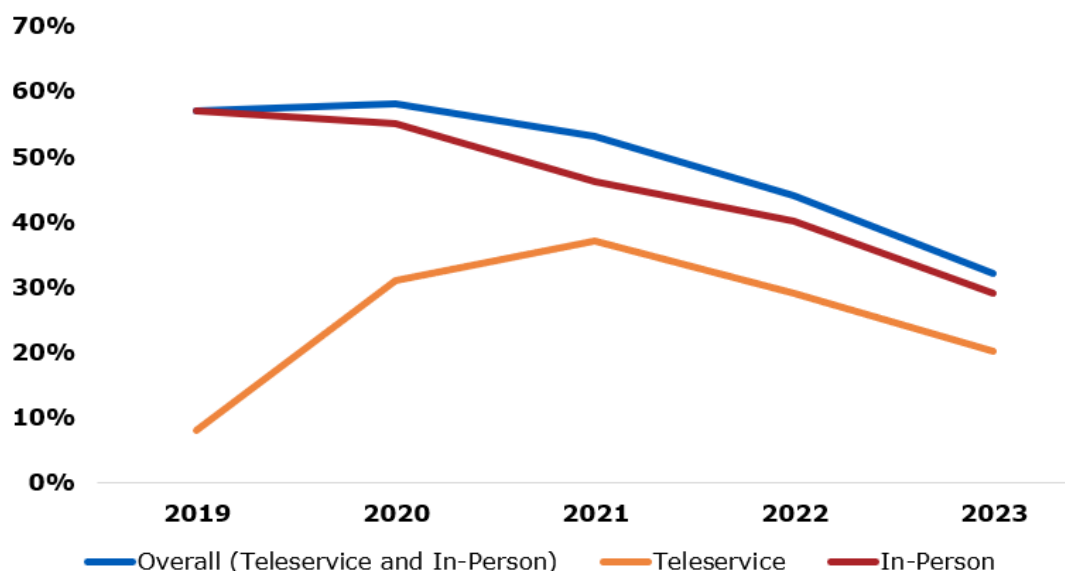
Figure 4 below compares mental health services via combined teleservices and in-person, teleservices only, and in-person only, illustrating a decrease in the use of mental health services in all three categories.<sup>6</sup> STAR Health members with at least one mental health claim decreased from 57 percent in 2019 to 32 percent in 2023. Mental health teleservices claims, over the same time period, peaked at 38 percent in 2021 and decreased to 20 percent in 2023.

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<sup>5</sup> Preventive health care was not available through teleservice prior to the PHE.

<sup>6</sup> Claims may not equal 100 percent when teleservice and in-person services are added together because a member can have mental health claims in both categories.

**Figure 4. STAR Health Members Mental Health Use 2019-2023**



## Psychotropic Medication

[Psychotropic medication](#) is prescribed for mental, emotional, or behavioral health conditions. While the use of psychotropic medications has an established [role](#) in the treatment of children and youth in foster care with such conditions, there are ongoing efforts across the United States to monitor and decrease the use of psychotropic medication in this population. There is a continued need to balance use among children in foster care, who may have [complex health care needs](#) due to trauma and emotional or psychological stress.

HHSC and DFPS have coordinated since 2004 to assess and monitor the [prescription of psychotropic medications](#) to children in foster care and to implement strategies to assist health care providers in prescribing psychotropic medications appropriately. HHSC and DFPS, along with university and medical school faculty, community psychiatrists, and others review and update the [psychotropic medication utilization parameters](#) regularly. Additionally, HHSC and DFPS meet quarterly to review psychotropic medication utilization and trends to identify opportunities for improvement.

Figure 5 below compares claims for psychotropic medication use by age group for the STAR Health and [STAR](#) Medicaid programs. Data show that youth in STAR Health continue to have higher rates of psychotropic medication use than youth in

other Medicaid programs<sup>7</sup> In 2023, youth in STAR Health age 13-17 continued to receive the highest number of mental health services (55 percent) compared to other age groups in DFPS conservatorship (rates ranging from 15 percent to 47 percent). The higher use rate of psychotropic medication for youth ages 13-17 aligns with the higher diagnosis rates of mental health conditions for youth in DFPS conservatorship, including more severe mental health conditions<sup>8,9</sup>.

However, since 2004, the overall percent of youth in DFPS conservatorship receiving psychotropic medications has decreased, and data shows that, from 2022 to 2023, psychotropic medication claims dropped from 22 percent to 21 percent for all STAR Health members.

**Figure 5. STAR Health and STAR Members with Psychotropic Medication Claims 2023**

Age Group	Percent of STAR Health Members with Claims	Percent of STAR Members with Claims
0-4	4%	2%
5-8	20%	6%
9-12	32%	9%
13-17	44%	11%
18+	26%	9%
All Age Groups	21%	7%

## Therapy Services

Therapy services in Texas Medicaid can include occupational therapy, physical therapy, and speech therapy. Physical therapy is rehabilitative treatment concerned with restoring function or preventing disability in movement and mobility caused by illness, injury, or birth defect. Occupational therapy uses purposeful activities to obtain or regain skills needed for activities of daily living and functional skills needed for daily life. Speech therapy is designed to ameliorate, restore, or rehabilitate speech language communication and swallowing disorders that have been lost or damaged because of a chronic, acute, or acute exacerbation of a medical condition.

In 2022, 15 percent of STAR Health members had at least one occupational therapy, physical therapy, and/or speech therapy claim compared to 10 percent in 2023. Figure 6 below categorizes the 2023 data by age group and shows that 19

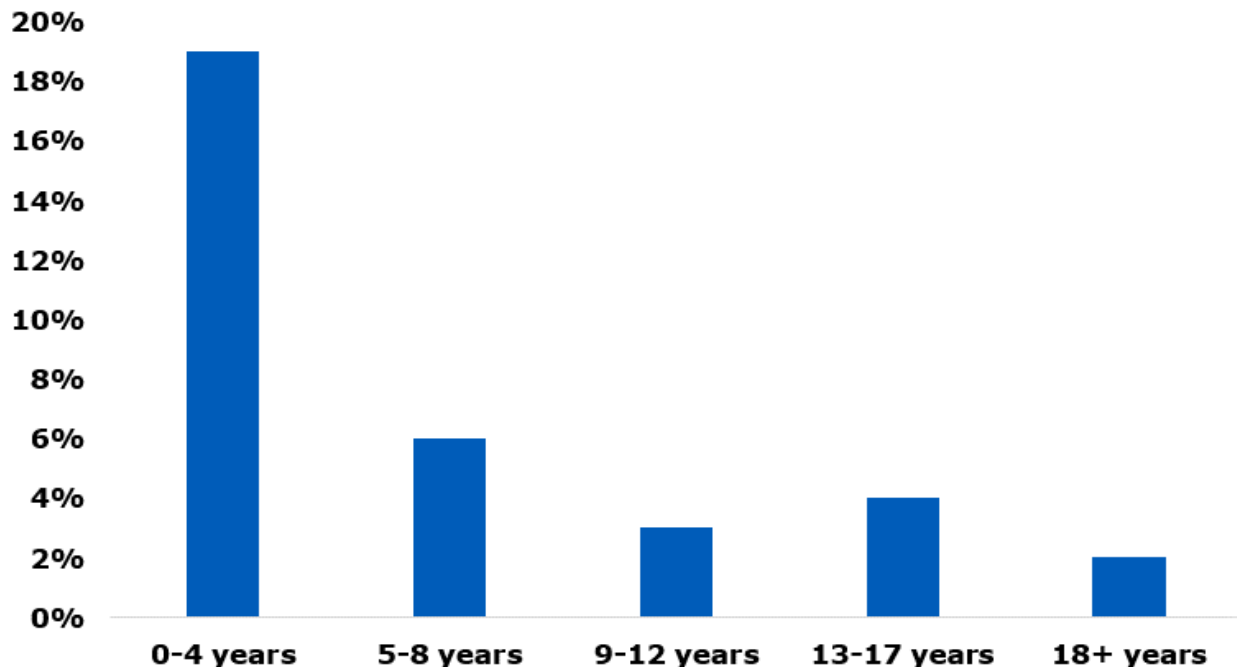
<sup>7</sup> HHSC’s Data, Analytics, and Performance internal reporting.

<sup>8</sup> Severe mental health conditions include, but are not limited to bipolar disorder, major depressive disorder, and schizophrenia.

<sup>9</sup> HHSC’s Data, Analytics, and Performance internal reporting.

percent of children ages 0-4 had at least one claim for therapy services, which is more than the ten percent or fewer for claims in each of the other age groups. Because younger children in general tend to receive these types of therapy services, this trend may not be specific to the STAR Health population.

**Figure 6. STAR Health Therapies Occupational Therapy, Physical Therapy, and Speech Therapy by Age and Combined In-person and Teleservices 2023**



## Physical Health Care Services

HHSC reviewed physical health inpatient and outpatient paid claims where primary diagnoses include Type 1 diabetes mellitus, Type 2 diabetes mellitus, other specific diabetes mellitus, and asthma. The overall percentage of youth in DFPS conservatorship with at least one physical health claim related to these diagnoses dropped from six percent in 2022 to five percent in 2023. The group with the highest use was ages 13-17 (six percent), followed by youth in groups with ages 0-12 (four percent), then adults 18+ (three percent). Physical health claims across race groups remained consistent in 2023, with use rates between two and six percent. Physical health claims across DFPS regions also remained consistent in 2023 with use rates between three and seven percent.

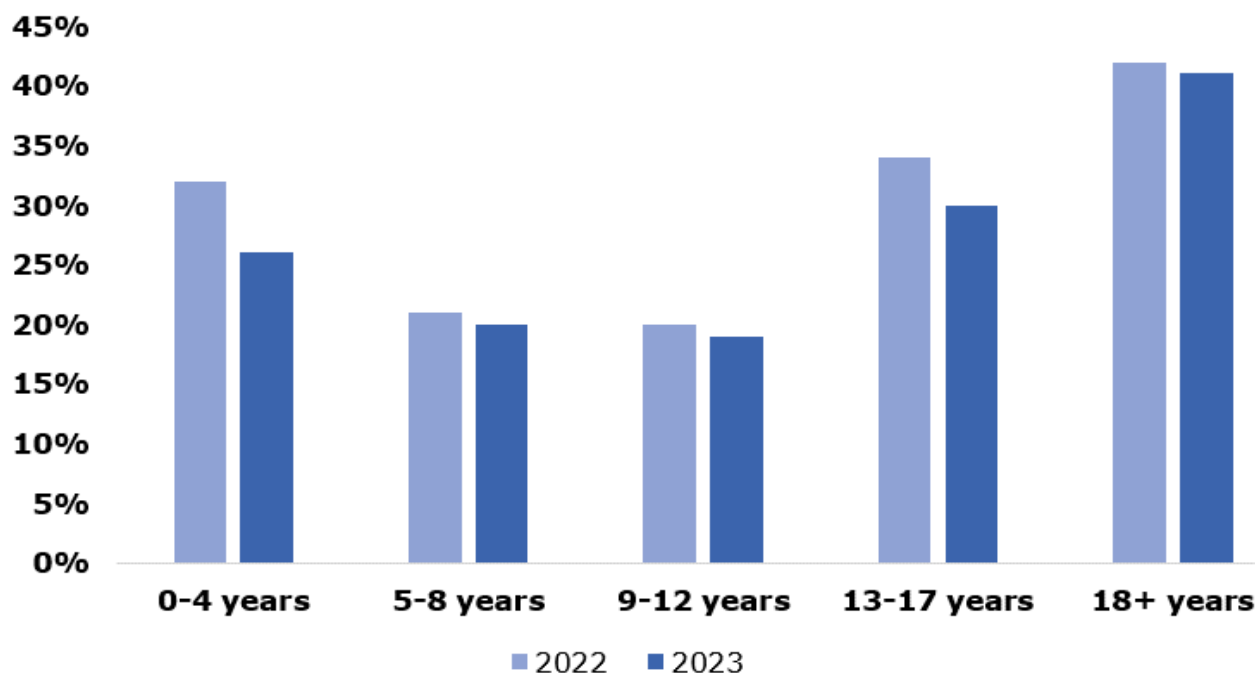
## **Substance Use Disorder Services**

Substance use disorder services in Texas Medicaid include evaluation/assessment, counseling, medication-assisted treatment, withdrawal management, residential treatment, and screening, brief intervention, and referral to treatment services. Substance use disorder claims remain stable, with one percent of the total STAR Health population having claims in both 2022 and 2023. When categorized by age group, data show that four percent of STAR Health members in group 13-17, and three percent of members in group 18+ had claims for substance abuse in 2023. These findings are consistent with data from 2022.

## **Emergency Room Services**

An emergency department is an organized hospital-based facility for the provision of unscheduled episodic services to clients who present for immediate medical attention. Figure 7 shows, by age group, that emergency room services for all STAR Health members decreased from 32 percent in 2022 to 28 percent in 2023. This differs from the increase from 29 percent in 2021 to 32 percent in 2022. Age group 18+ continues to have the highest use rate (41 percent) and had the smallest decrease of all age groups from 2022 to 2023 (one percentage point). This data, when considered along with an increase in enrollment for all age groups, may suggest the 18+ age group continues to rely on emergency services as opposed to primary care.

**Figure 7. STAR Health Members ER Use by Age 2022-2023**



## Non-Emergency Medical Transport Services

Non-emergency medical transport services claims remain low in 2023, at two percent of the STAR Health population. Data indicates usage between one and two percent for all age groups except for group 18+, which was five percent.

## Private Duty Nursing

Private duty nursing claims are low among the STAR Health population with total use claims of one percent in 2021, 2022 and 2023.<sup>10</sup>

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<sup>10</sup> Private duty nursing as defined in [42 Code of Federal Regulations §440.80](#) and [1 Texas Administrative Code §363.303](#).

## 4. Collaboration with Residential Child-Care Providers

### Focus Group

Texas Government Code, Section 533.00521, requires HHSC to collaborate with residential child-care providers regarding any unmet needs of children in foster care and the development of capacity for providing quality medical, behavioral health, and other services. A consistent takeaway from the collaborations in 2022 (statewide survey) and 2023 (listening session) was the need for joint process improvement through increased collaboration between HHSC, DFPS, SSCCs, and the STAR Health MCO to facilitate a shared understanding of each entity's policies, requirements, and responsibilities regarding STAR Health services.

In 2024, HHSC hosted a focus group with a sample of residential child-care providers to explore intentional and feasible ideas toward the improvement of joint processes and increased collaboration supporting effective service delivery for STAR Health members.

HHSC collaborated with the Texas Alliance of Child and Family Services (TACFS) to identify and recruit a statewide representative sample of residential child-care providers to participate in the focus group. In addition, TACFS included in the organization's newsletter an article from HHSC requesting TACFS members email HHSC ideas for improving processes and increasing collaboration between June 12 and 25, 2024. HHSC did not receive written feedback from TACFS members before or after the requested date.

HHSC held the focus group virtually on June 27, 2024, and attendees included representatives from licensed child-placing agencies, licensed general residential operations (including residential treatment centers and emergency shelters), and one counseling organization that only provides services to STAR Health members.

During the focus group, HHSC solicited actionable ideas through a facilitated discussion on joint process improvement and increased communication from the perspective of residential providers regarding:

- Past or present collaborative efforts with HHSC, DFPS, and/or the STAR Health MCO designed to support effective use of STAR Health services;



- Effective communication strategies when changes occur in policy or procedures impacting work related to STAR Health service delivery;
- Considerations regarding the intended outcome when changes in policy occur versus actual practice; and
- The importance of a shared understanding among entities regarding policies, requirements, and responsibilities related to STAR Health services.

## Themes

The facilitated discussions resulted in two themes for improvement around planning for major changes impacting residential child-care providers and additional education and billing assistance.

### **Desire to Participate in Planning for Major Changes**

Focus group participants expressed the value of their inclusion in workgroups and committees held by DFPS and HHSC. However, they reported that residential child-care providers are not always consulted when HHSC, DFPS, and STAR Health make major policy or procedural changes that impact the ability of residential child-care providers to ensure children in their care obtain necessary health care services. For example, the 2023 STAR Health MCO contract change requiring all STAR Health members to receive service coordination came as a surprise to many residential child-care providers, resulting in foster parents and caregivers being confused and contacting their residential child-care operation or HHSC Child Care Regulation for information instead of the STAR Health MCO. Prior to the 2023 STAR Health MCO contract change, STAR Health members received service management or service coordination; however, HHSC consolidated the terms to require all STAR Health members to receive service coordination and incorporated a tiered service coordination system to further improve and tailor service coordination activities for members. These changes align with other Medicaid managed care programs. Some focus group participants suggested that receiving advance notice of or being included in the roll-out of upcoming changes to STAR Health would improve their ability to share important information, helping foster parents and caregivers know what to expect.

## **Impacts to Residential Child-Care Facilities that Employ or Contract with Health Care Providers**

Residential child-care providers may employ or contract with health care providers as part of their responsibility to ensure children obtain necessary health care services. In addition to reporting that the Medicaid reimbursement rate can impact their ability to hire or contract with health care providers, focus group participants reported residential child-care providers need:

- Additional education related to the process a health care provider must follow to become credentialed under the STAR Health MCO; and
- Assistance with billing issues and resolving claims complaints and appeals.

While the focus group did not have concrete ideas for how to resolve these challenges, some focus group participants expressed it would be helpful to have direct points of contact at the STAR Health MCO rather than communicating with general hotlines or email addresses. Broad ideas expressed by the focus group are summarized in Section 6, Recommendations.

## 5. Exploration of Strategies for Maximizing Federal Funds

Texas Government Code, Section 533.00521, requires HHSC to identify options to obtain federal Medicaid matching funds to pay for a safe home-like or community-based residential setting for a child in DFPS conservatorship. Federal policies limit when room and board costs are eligible for federal Medicaid matching funds. In the 2023 and 2024 Annual Reviews of STAR Health Services, HHSC found that federal Medicaid matching funds were not available to pay for a safe home-like or community-based residential setting for a child in DFPS conservatorship.

During the annual evaluation for this report, HHSC confirmed that federal Medicaid matching funds remain unavailable for the facility type described in Texas Government Code, Section 533.00521. For additional information, please refer to Section 5, Exploration of Strategies for Maximizing Federal Funds, in the [2023 Annual Review of STAR Health Services](#).

## 6. Recommendations

After reviewing the STAR Health service use data and the feedback from the focus group of residential child-care providers, HHSC recommends that, with DFPS and SSCC support, HHSC take action toward joint process improvement in three areas:

- Residential child-care provider participation when planning and implementing major changes impacting STAR Health;
- Credentialing and claims resolution; and
- Preventive services monitoring.

### Residential Child-Care Provider Participation in Changes to STAR Health

HHSC, DFPS, SSCCs, and the STAR Health MCO should establish a communications strategy to share information about changes that impact the STAR Health contract, STAR Health providers, and the residential child-care providers' responsibility in ensuring children's health care needs are met. These entities could explore processes for stakeholder involvement after implementation to help ensure a policy's intent is reflected in the provision of direct services to STAR Health members and their caregivers.

An example of a major change that will impact the provision of health care to children in DFPS conservatorship is DFPS's [Texas Child-Centered Care \(T3C\)](#) project. HHSC recommends DFPS and SSCCs continue to jointly work with HHSC to engage and inform the STAR Health MCO, STAR Health providers, and residential child-care providers about this change.

### Credentialing and Claims Resolution

HHSC and the STAR Health MCO to share existing resources about the STAR Health MCO provider credentialing process with SSCCs and residential child-care providers and explore activities to increase the use of STAR Health MCO provider relations resources for provider complaints related to claims and reimbursement.

## **Preventive Service Monitoring**

HHSC and DFPS continue to monitor the use of STAR Health preventive services due to the downward trends noted in Section 3, STAR Health Service Use, and for impacts related to the continuous coverage for Medicaid recipients during the PHE and the unwinding of continuous Medicaid coverage in 2023. The STAR Health MCO, DFPS, and SSCCs work jointly to increase awareness of STAR Health covered preventive services, highlighting those available for children in the 0-4 age group.

## List of Acronyms

<b>Acronym</b>	<b>Full Name</b>
DFPS	Department of Family and Protective Services
HHSC	Health and Human Services Commission
MCO	Managed Care Organization
PHE	COVID-19 Public Health Emergency
SSCC	Single Source Continuum Contractor
STAR	State of Texas Access Reform
T3C	Texas Child-Centered Care
TACFS	Texas Alliance of Child and Family Services