



**Report on Mental Health Appropriations  
and the 1115 Texas Medicaid  
Transformation Waiver**

**As Required By  
2016-17 General Appropriations Act,  
H.B. 1, 84th Legislature, Regular Session, 2015  
(Article II, Department of State Health Services, Rider 59)**

**Health and Human Services Commission  
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## **1. Executive Summary**

The 2016-17 General Appropriations Act, House Bill 1, 84th Legislature, Regular Session, 2015 (Article II, Department of State Health Services [DSHS], Rider 59), requires general revenue funds provided to DSHS for community mental health services in the 2016-17 biennium be used, to the extent possible, to draw down additional federal funds through the 1115 Texas Medicaid Transformation Waiver or other federal matching opportunities. This report provides data on use of general revenue funding by Local Mental Health Authorities (LMHAs) to draw down these matching funds.

Delivery System Reform Incentive Payment (DSRIP) projects under the 1115 Texas Medicaid Transformation Waiver are funded at the Medicaid federal matching rate with the non-federal share of funds coming from local or state public entities, known as intergovernmental transfer (IGT) payments. In fiscal year 2016, 37 LMHAs used IGT funds to draw down \$221,743,004 in federal funding for 327 DSRIP projects. Thirty-five LMHAs used \$133,415,160 of DSHS general revenue funds as part or all of their IGT funding. The number of LMHAs which reported using general revenue in fiscal year 2016 was higher than in fiscal year 2015, when 17 LMHAs reported using DSHS general revenue as IGT funding.

## **2. Introduction**

LMHAs serve as “safety net” providers for medically indigent mental health consumers in Texas. They receive general revenue through performance contracts with the state to provide these services. Rider 59 directs DSHS, by contract, to require general revenue funds provided for community mental health services in the 2016-17 biennium be used, to the extent possible, to draw down additional federal funds through the 1115 Texas Medicaid Transformation Waiver or other federal matching opportunities. LMHAs also remain obligated to provide mental health services under the terms of their performance contracts with the state or to reduce the amount of such obligation specified in their contracts. Further, Rider 59 requires DSHS to report annually to the Legislative Budget Board and the Governor on efforts to leverage DSHS community mental health services general revenue funds to obtain federal funds.

Senate Bill 200, 84th Legislature, Regular Session, 2015, required the transfer of the DSHS Mental Health and Substance Abuse division, which administered behavioral health services and programs, to the Health and Human Services Commission (HHSC) on September 1, 2016. As a result, HHSC is now responsible for the reporting requirements under Rider 59.

This report describes the amount of DSHS general revenue used by LMHAs in fiscal year 2016 to draw down additional federal funds through the 1115 Texas Medicaid Transformation Waiver.

## **3. Background**

The 82nd Legislature directed HHSC to expand Medicaid managed care to achieve program savings and preserve hospital access to funding consistent with Upper Payment Limit funding. HHSC determined the best approach to meet legislative mandates, preserve funding, expand managed care, achieve savings, and improve quality was through a Medicaid waiver. Consequently, HHSC obtained federal approval for a five-year Section 1115 research and

demonstration waiver, known as the 1115 Texas Medicaid Transformation Waiver. This waiver enabled the state to expand the managed care delivery system and created two funding pools: one to reimburse providers for uncompensated care (UC) costs (UC pool), and the other to provide incentive payments to providers who implement and operate delivery system reforms.

(DSRIP pool).

The DSRIP funding pool is an incentive program designed to support coordinated care and quality improvements through 20 Regional Healthcare Partnerships, comprised of local public entities, health care providers and other stakeholders. DSRIP projects are designed to improve the experience of care, improve population health, and/or reduce the cost of health care without compromising quality. Projects are funded at the Medicaid federal matching rate, with the non-federal share, known as IGT funds, coming from local public entities, such as public hospital districts and LMHAs.

Examples of DSRIP projects include improving care for individuals (including access, quality, and health outcomes), improving health for the population, and lowering costs through efficiencies and improvements. DSRIP funds are earned based on achievement of project-specific metrics each year, which may include establishing project infrastructure, serving additional clients, and demonstrating improvements in certain outcomes.

The 2014-15 General Appropriations Act, S.B. 1, 83rd Legislature, Regular Session

(Article II, DSHS, Rider 79), directed DSHS to include provisions in its performance contracts with LMHAs requiring general revenue funds appropriated for community mental health services be used, to the extent possible, to draw down additional federal funds through the state's 1115 Texas Medicaid Transformation Waiver or other federal matching opportunities. LMHAs remained obligated to provide mental health services under the terms of their performance contracts with DSHS or to reduce the amount of obligation specified in their contracts.

The 84th Legislature continued this requirement with the passage of Rider 59.

### **3.1 Data Reporting and Evaluation Process**

Data for this report was obtained from two sources:

- HHSC's 1115 Texas Medicaid Transformation Waiver project data for fiscal year 2016 regarding total IGT, federal funds, and all funds payments
- LMHA-reported data regarding the amount of DSHS general revenue funds used as match to draw federal funds for achievement of DSRIP project metrics in fiscal year 2016

## **4. Contractual Requirements**

Through the LMHA performance contracts, HHSC requires the LMHAs to maximize financial resources, including federal funding, to the extent possible. The contract also enables LMHAs to expend general revenue for DSRIP projects. DSRIP projects must include evidence-based or evidence-informed strategies linked to data-driven strategic improvement goals. DSRIP projects must primarily relate to one or more of the following priority transformative areas:

- Provide alternatives to inappropriate settings of care (e.g., potentially preventable inpatient psychiatric care, emergency departments, jails, juvenile detention)
- Improve and expand the behavioral health workforce
- Integrate mental health and substance use disorder services with physical health and other community-based supports
- Prevent long-term or permanent out-of-home placement for children with severe emotional disturbance

#### 4.1 Local Mental Health Authorities' DSRIP Participation

Texas made behavioral health a priority in DSRIP by allocating 10 percent of DSRIP funds to community mental health centers and including many behavioral health-focused project options in the DSRIP project menu. LMHAs receiving community mental health services funding currently operate 327 projects in topic areas such as:

- Crisis stabilization
- Alternatives to hospitalizations for individuals with a mental health diagnosis
- Behavioral health integration with physical health
- Expanding community settings where behavioral health services may be provided
- Implementing technology-assisted behavioral health care services
- Implementing targeted behavioral health interventions to prevent unnecessary use of services in other settings such as the emergency room or criminal justice system

Community mental health centers not designated as LMHAs did not receive general revenue funding. Therefore, their DSRIP project data is not included in this report. These include mental health centers that were wholly contained within the Dallas service delivery area.

#### 4.2 Local Mental Health Authorities' Efforts to Leverage General Revenue Funds

Based on HHSC DSRIP project payment data and LMHA-reported data for fiscal year 2016, 35 LMHAs used more than \$133 million in DSHS community mental health services general revenue funds to leverage federal matching funds for their DSRIP projects (see Appendix A).

Table 1 reflects the amount of IGT payments totaling \$166,394,584, from all sources (such as DSHS, Department of Aging and Disability Services, and local funds) and federal funds received by the LMHAs in fiscal year 2016 (considered Waiver Demonstration Year [DY] 5). Previous waiver demonstration years were highlighted in the fiscal year 2015 Rider 59 report submitted in January 2016. Appendix A provides a summary of the amount of general revenue funds used by each LMHA for IGT payments in fiscal year 2016, in order of amount of total IGT funds.

**Table 1. Local Mental Health Authority DSRIP Payments in FY 2016**

Waiver DY Metric Achievement	IGT Amount Paid (All IGT Sources)	Payments Received (Federal Funds)	Payments Received (All Funds)
DY 5	\$166,394,584	\$221,743,004	\$388,137,588

Source: Texas Health and Human Services Commission, *HHSC 1115 Texas Healthcare Transformation Waiver DSRIP Project Payment Database*. Retrieved January 19, 2017.

## 5. Conclusion

Rider 59 gave LMHAs the authority to use general revenue funds appropriated for community mental health services to leverage federal funds through the 1115 Texas Medicaid Transformation Waiver. As reflected in Table 1, in fiscal year 2016, the LMHAs received more than \$221 million in federal matching funds for DSRIP projects by leveraging more than \$133 million in state general revenue from DSHS and more than \$33 million from other state and local funding sources. Centers with higher total IGT payments, such as the Mental Health and Mental Retardation Authority (MHMRA) of Harris County,<sup>1</sup> MHMR of Tarrant County, and the Center for Health Care Services in Bexar County, drew correspondingly greater amounts of federal funding.

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<sup>1</sup> MHMRA of Harris County changed its name to The Harris Center for Mental Health and IDD, effective January 20, 2016.

## List of Acronyms

Acronym	Full Name
DSHS	Department of State Health Services
DSRIP	Delivery System Reform Incentive Payment
DY	Demonstration Year
HHSC	Health and Human Services Commission
IDD	Intellectual and Developmental Disabilities
IGT	Intergovernmental Transfer
LMHA	Local Mental Health Authority
MHMR	Mental Health and Mental Retardation
MHMRA	Mental Health and Mental Retardation Authority

## Appendix A: DSHS General Revenue Used as IGT in Fiscal Year 2016

Community Mental Health Center	IGT Total <sup>2</sup>	DSHS General Revenue <sup>3</sup>
MHMRA of Harris County <sup>4</sup>	\$27,743,188	\$25,766,017
MHMR of Tarrant County	\$13,807,382	\$13,807,382
The Center for Health Care Services	\$13,386,403	\$336,370
Austin Travis County MHMR Center	\$12,736,869	\$12,736,869
Bluebonnet Trails Community MHMR Center	\$9,027,835	\$8,413,636
El Paso Community MHMR	\$7,903,910	\$7,090,845
Tropical Texas Behavioral Health	\$7,688,257	\$7,979,785
Hill Country Community MHMR	\$5,517,542	\$3,483,356
Burke Center	\$5,196,994	\$3,389,853
Lakes Regional MHMR Center	\$4,881,327	\$3,438,470
Camino Real Community Services	\$4,605,826	\$1,540,000
Texana Center	\$4,383,791	\$2,283,830
Pecan Valley MHMR Region	\$4,318,605	\$4,318,605
Spindletop Center	\$4,158,856	\$4,158,856
The Gulf Coast Center	\$3,913,009	\$2,985,392
Border Region MHMR Community Center	\$3,527,275	\$3,527,275
Central Counties Center for MHMR Services	\$3,051,880	\$2,485,936
Denton County MHMR Center	\$3,043,630	\$3,043,630
Tri-County Behavioral Healthcare	\$2,755,891	\$2,755,931
Permian Basin Community Centers	\$2,286,444	\$2,286,444
Nueces County MHMR Community Center	\$2,262,393	\$1,574,377
Heart of Texas Region MH & MR Center	\$2,089,965	\$1,945,393

<sup>2</sup> Texas Health and Human Services Commission. HHSC 1115 Texas Healthcare Transformation Waiver DSRIP Project Payment Database. Retrieved January 19, 2017.

<sup>3</sup> Survey responses from LMHAs, January 2017.

<sup>4</sup> MHMRA of Harris County changed its name to The Harris Center for Mental Health and IDD, effective January 20, 2016.

<b>Community Mental Health Center</b>	<b>IGT Total<sup>2</sup></b>	<b>DSHS General Revenue<sup>3</sup></b>
Texas Panhandle MHMR	\$2,029,786	\$2,029,786
Coastal Plains Community MHMR Center	\$1,955,063	\$1,955,063
Sabine Valley Regional MHMR Center	\$1,843,435	\$1,843,435
MHMR Services of Texoma	\$1,840,783	\$0
Lubbock Regional MHMR Center	\$1,711,051	\$1,711,051
Andrews Center	\$1,567,269	\$1,567,269
Helen Farabee Centers	\$1,381,296	\$902,093
Gulf Bend MHMR Center	\$1,279,411	\$0
West Texas Centers for MHMR	\$1,231,273	\$1,231,273
Abilene Regional MHMR	\$969,398	\$969,398
MHMR Services for the Concho Valley	\$847,339	\$450,822
Central Texas MHMR	\$537,273	\$537,273
MHMR Authority of Brazos Valley	\$417,828	\$417,828
Central Plains Center for MHMR	\$341,651	\$324,569
Anderson Cherokee Community MHMR Center	\$154,459	\$127,048
<b>Total</b>	<b>\$166,394,584</b>	<b>\$133,415,160</b>