



Mental Health Appropriations and the 1115 Texas Medicaid Transformation Waiver

As Required by

**2018-19 General Appropriations Act,
Senate Bill 1, 85th Legislature,
Regular Session, 2017 (Article II,
Health and Human Services
Commission, Rider 45)**

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Executive Summary

The *Mental Health Appropriations and the 1115 Texas Medicaid Transformation Waiver* report is submitted in compliance with the 2018-19 General Appropriations Act, Senate Bill 1, 85th Legislature, Regular Session, 2017 (Article II, Health and Human Services Commission [HHSC], Rider 45).

Per Rider 45, this report describes the amount of general revenue used by local mental health authorities (LMHAs) in fiscal year 2017 to draw down additional federal funds through the 1115 Texas Medicaid Transformation Waiver. This waiver enabled the State to expand the managed care delivery system and created a funding pool for Delivery System Reform Incentive Payment (DSRIP) projects to provide incentive payments to providers for delivery system reforms.

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. These funds are known as intergovernmental transfer (IGT) payments.

In fiscal year 2017, 38 LMHAs used IGT funds to draw down \$246,063,804 in federal funding for 260 DSRIP projects. The 38 LMHAs used \$151,685,701 in general revenue funds as part or all of their IGT funding in fiscal year 2017, an increase from fiscal year 2016 when 35 LMHAs reported using HHSC general revenue as IGT funding. LMHAs are eligible to draw down federal funds based on the performance of DSRIP projects, which are designed to improve the experience of healthcare, improve population health, or reduce the cost of health care without compromising quality.

1. Introduction

Rider 45 requires HHSC to submit a report annually, by December 1, to the Legislative Budget Board and the Governor on efforts to leverage community mental health services general revenue funds to obtain federal funds.

Data for the fiscal year 2017 report was provided by HHSC and LMHAs. HHSC provided the total IGT, federal funds, and all funds payments for 1115 Medicaid Transformation Waiver projects. LMHAs provided the amount of general revenue funds used as match to draw federal funds for DSRIP projects.

In addition to its reporting component, Rider 45 directs HHSC, by contract, to require that general revenue funds provided for community mental health adult, child, and crisis services be used, to the extent possible, to draw down additional federal funds through the 1115 Texas Medicaid Transformation Waiver or other federal matching opportunities.

HHSC contracts with LMHAs to provide these services. The contracts are known as performance agreements, and LMHAs are obligated under the rider to provide mental health services under the agreement's terms.

2. Background

The 82nd Legislature directed HHSC to expand Medicaid managed care to achieve program savings and preserve hospital access to funding consistent with the maximum payment allowed under Medicaid, known as the federal Upper Payment Limit. HHSC determined a Medicaid waiver was the best approach to meet legislative mandates, preserve funding, expand managed care, achieve savings, and improve quality.

In December 2011, HHSC obtained federal approval for a 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. The uncompensated care funding pool is used to reimburse providers for uncompensated care costs. The DSRIP funding pool is used to provide incentive payments to providers who implement and operate delivery system reforms through DSRIP projects.

The DSRIP funding pool is part of an incentive program designed to support coordinated care and quality improvements through 20 regional healthcare partnerships (RHPs), comprised of local public entities, health-care providers, and other stakeholders. DSRIP projects are designed to improve the experience of care, improve population health, or reduce the cost of health care without compromising quality. Projects are funded at the Medicaid federal matching rate. The non-federal share, IGT funds, comes from local public entities, such as public hospital districts and LMHAs. 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.

Examples of DSRIP projects include projects supporting system reform outcomes such as:

- improving care for individuals (including access, quality, and health outcomes);
- improving health for the population; and
- lowering costs through efficiencies and improvements.

3. Contractual Requirements

HHSC requires LMHAs to maximize financial resources, including federal funding, to the extent possible in LMHA performance agreements. These agreements enable 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; and
- prevent long-term or permanent out-of-home placement for children with severe emotional disturbance.

LMHAs operated 260 projects in Waiver Demonstration Year 6 (October 1, 2016 - September 30, 2017). This number is lower than the 327 projects reported during the last demonstration year because LMHAs chose to discontinue some projects or combine projects operating across multiple RHPs.

4. DSRIP Participation

HHSC allocated 10 percent of DSRIP funds to community mental health centers and behavioral health-focused projects. LMHAs receiving community mental health services funding currently operate 260 projects with varying topics:

- 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

Efforts to Leverage General Revenue Funds

Based on fiscal year 2017, HHSC DSRIP project payment data and LMHA-reported data, 38 LMHAs used more than \$151 million in community mental health services general revenue funds to leverage federal matching funds for their DSRIP projects. Appendix A provides a summary of general revenue funds used by each LMHA for IGT payments in fiscal year 2017.

Table 1, below, shows the payment amounts received by LMHAS in fiscal year 2017 (Waiver Demonstration Year 6), including IGT payments from all sources, federal funds, and all funds.

Table 1. LMHA DSRIP Payments in FY 2017 – Waiver Demonstration Year 6¹

IGT Amount Paid (All IGT Sources)	Payments Received (Federal Funds)	Payments Received (All Funds)
\$191,928,015.07	\$246,063,803.93	\$437,991,819.00

¹ Source: Texas Health and Human Services Commission, HHSC 1115 Texas Healthcare Transformation Waiver DSRIP Project Payment Database. Retrieved September, 2017.

5. Conclusion

Rider 45 authorized LMHAs to use general revenue funds appropriated for community mental health services to leverage federal funds through the 1115 Texas Medicaid Transformation Waiver.

In fiscal year 2017, LMHAs received more than \$246 million in federal matching funds for DSRIP projects by leveraging more than \$151 million in state general revenue from HHSC and more than \$40 million from other state and local funding sources.

List of Acronyms

Acronym	Full Name
DSRIP	Delivery System Reform Incentive Payment
HHSC	Health and Human Services Commission
IGT	Intergovernmental Transfer
LMHA	Local Mental Health Authority
MHMR	Mental Health and Mental Retardation
MHMRA	Mental Health and Mental Retardation Authority
RHP	Regional Health Partnership

Appendix A. General Revenue Used as IGT in Fiscal Year 2017

Community Mental Health Center	IGT Total²	General Revenue³
Abilene Regional MHMR	\$1,145,892.26	\$1,145,892.26
Anderson Cherokee Community MHMR Center	\$170,724.03	\$170,724.03
Andrews Center	\$2,270,317.22	\$2,270,317.22
Austin Travis County MHMR Center	\$14,793,733.23	\$14,793,733.23
Bluebonnet Trails Community MHMR Center	\$8,429,530.88	\$8,093,045.34
Border Region MHMR Community Center	\$1,012,522.82	\$1,012,522.82
Burke Center	\$5,728,363.57	\$3,723,436.00
Camino Real Community Services	\$3,148,740.14	\$1,500,000.00
Central Counties Center for MHMR Services	\$4,133,715.96	\$4,133,715.96
Central Plains Center for MHMR	\$452,475.17	\$450,000.00
Central Texas MHMR	\$509,266.25	\$509,266.25
Coastal Plains Community MHMR Center	\$1,294,973.02	\$1,294,973.02
Collin County (LifePath) ⁴	\$2,432,648.24	\$2,432,648.24
Denton County MHMR Center	\$3,100,370.07	\$3,100,370.07
El Paso Community MHMR	\$2,729,487.03	\$2,729,487.03
Gulf Bend MHMR Center	\$1,446,182.39	\$1,446,182.39
Heart of Texas Region MHMR Center	\$2,650,991.88	\$2,359,813.00

² Source: Texas Health and Human Services Commission, HHSC 1115 Texas Healthcare Transformation Waiver DSRIP Project Payment Database. Retrieved September 2017.

³ Source: LMHA-reported data regarding general revenue funds used as local match for DSRIP, October 2016 – July 2017.

⁴ Lifepath became an LMHA in 2017 and is thus included in this year's report

Community Mental Health Center	IGT Total²	General Revenue³
Helen Farabee Centers	\$1,684,935.09	\$1,684,935.09
Hill Country Community MHMR	\$7,155,520.19	\$2,257,839.26
Lakes Regional MHMR Center	\$5,760,890.85	\$5,524,533.74
Lubbock Regional MHMR Center	\$1,937,255.05	\$1,937,255.05
MHMR Authority of Brazos Valley	\$420,871.93	\$420,871.93
MHMR of Tarrant County	\$14,501,060.68	\$14,501,060.68
MHMR Services for the Concho Valley	\$848,238.56	\$417,163.72
MHMR Services of Texoma	\$1,915,718.09	\$564,562.00
MHMRA of Harris County	\$35,123,296.73	\$31,552,938.73
Nueces County MHMR Community Center	\$2,743,663.97	\$2,306,138.00
Pecan Valley MHMR Region	\$2,988,066.34	\$2,988,066.34
Permian Basin Community Centers	\$2,531,104.55	\$2,531,104.55
Sabine Valley Regional MHMR Center	\$3,857,118.73	\$3,857,118.73
Spindletop Center	\$6,002,196.35	\$6,002,196.35
Texana Center	\$6,131,135.87	\$3,486,487.19
Texas Panhandle MHMR	\$2,400,622.44	\$2,400,622.44
The Center for Health Care Services	\$15,310,991.78	\$1,218,739.12
The Gulf Coast Center	\$3,776,486.41	\$3,776,486.41
Tri-County Behavioral Healthcare	\$2,604,654.98	\$2,604,654.98
Tropical Texas Behavioral Health	\$17,299,322.98	\$9,001,870.97
West Texas Centers for MHMR	\$1,484,929.34	\$1,484,929.34
Total	\$191,928,015.07	\$151,685,701.48