



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

As Required by

**2020-21 General Appropriations Act,
House Bill 1, 86th Legislature, Regular
Session, 2019 (Article II, Health and
Human Services Commission, Rider 55)**

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Executive Summary

The *Mental Health Appropriations and the 1115 Texas Medicaid Transformation Waiver* report is submitted in compliance with the 2020-21 General Appropriations Act, House Bill 1, 86th Legislature, Regular Session, 2019 (Article II, Health and Human Services Commission (HHSC), Rider 55).

Rider 55 requires a report describing the amount of general revenue used by local mental health authorities (LMHAs) in fiscal year 2020 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) activities.

DSRIP activities 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.

LMHAs are eligible to draw down federal funds based on achieving performance outcomes and other reporting requirements. DSRIP activities are designed to increase access to healthcare, improve the experience of healthcare, improve population health, or reduce the cost of health care without compromising quality.

In fiscal year 2020, 38 LMHAs reported leveraging \$151,986,265 in state general revenue and \$20,969,273 from other funding sources to draw down \$352,585,447 in federal matching funds for DSRIP activities.

1. Introduction

Rider 55 directs 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 2020 report was provided by HHSC and LMHAs. HHSC provided data on the total IGT, federal funds, and all funds payments for 1115 Medicaid Transformation Waiver activities. LMHAs provided data on the amount of general revenue funds used for DSRIP.

In addition to its reporting component, Rider 55 directs HHSC to require, by contract, 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, Regular Session, 2011, directed HHSC to utilize 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 create two funding pools: uncompensated care and DSRIP. The uncompensated care funding pool is used to reimburse providers for uncompensated care costs. The DSRIP funding pool provides incentive payments to providers who implement delivery system reforms and improve health outcomes through DSRIP activities.

In December 2017, HHSC received a five-year renewal of the waiver through September 30, 2022, including extension of the uncompensated care funding pool for five years and the DSRIP funding pool for four years.

The DSRIP funding pool is part of an incentive program designed to support coordinated care and quality improvements through 20 regional healthcare partnerships, comprised of local public entities, healthcare providers, and other stakeholders. DSRIP activities are designed to increase access to healthcare, improve the experience of care, improve population health, or reduce the cost of healthcare without compromising quality.

DSRIP activities 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 specific metrics, which include demonstrating improvements in certain outcomes.

Examples of system reform outcomes supported by DSRIP activities include:

- Improving care for individuals (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 activities. DSRIP activities must include evidence-based or evidence-informed strategies linked to data-driven strategic improvement goals. DSRIP activities 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.

4. DSRIP Participation

HHSC allocated 10 percent of DSRIP funds to community mental health centers and behavioral health-focused DSRIP activities. LMHAs receiving general revenue funding currently engage in activities related to the following topics:

- Crisis stabilization
- Alternatives to hospitalization for individuals with a mental health diagnosis
- Behavioral health integration with physical health
- Expanding community settings where behavioral health services might be provided
- Implementing technology-assisted behavioral health 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 2020 HHSC DSRIP payment data and LMHA-reported data, LMHAs transferred \$153,440,633 in general revenue funds to leverage federal matching funds for DSRIP activities. Appendix A provides a summary of general revenue funds used by each LMHA for IGT payments in fiscal year 2020.

Table 1, below, shows the DSRIP payments received by LMHAs in fiscal year 2020, including IGT payments from all IGT sources, federal funds, and all funds.

Table 1. LMHA DSRIP Payments in FY 2020¹

IGT Amount (All IGT Sources)	Payments Received (Federal Funds)	Payments Received (All Funds)
\$172,955,538	\$352,585,447	\$525,540,985

¹ Texas Health and Human Services Commission, HHSC 1115 Texas Healthcare Transformation Waiver DSRIP Payment Database. Retrieved July 2020.

5. Conclusion

Rider 55 authorizes 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 2020, LMHAs received \$352,585,447 in federal matching funds for DSRIP activities by leveraging \$153,440,633 in state general revenue and \$19,514,905 from other funding sources.

List of Acronyms

Acronym	Full Name
DSRIP	Delivery System Reform Incentive Payment
HHSC	Health and Human Services Commission
IDD	Intellectual and Developmental Disabilities
IGT	Intergovernmental Transfer
LMHA	Local Mental Health Authority
MHDD	Mental Health and Developmental Disabilities
MHID	Mental Health and Intellectual Disabilities
MHMR	Mental Health and Mental Retardation

Appendix A. General Revenue Used as IGT

Community Mental Health Center	IGT Total ²	General Revenue ³
ACCESS MHMR	\$190,521.58	\$190,521.58
Andrews Center	\$1,327,370.00	\$1,327,370.00
Betty Hardwick Center	\$885,890.36	\$885,890.36
Bluebonnet Trails Community Services	\$6,568,664.54	\$6,568,664.54
Border Region Behavioral Health Center	\$2,374,647.53	\$2,374,647.53
Burke	\$5,651,325.10	\$3,723,436.00
Camino Real Community Services	\$3,519,611.53	\$3,519,611.53
Center for Health Care Services, The	\$9,608,131.85	\$1,145,819.44
Center for Life Resources	\$392,551.87	\$392,551.87
Central Counties Services	\$3,862,337.74	\$3,862,337.74
Central Plains Center	\$609,706.39	\$605,000.00
Coastal Plains Community Center	\$1,250,827.57	\$1,250,827.57
Community Healthcore	\$3,074,339.24	\$3,074,339.24
Denton County MHMR Center	\$2,234,668.64	\$2,234,668.64
El Paso Emergence Health Network	\$4,394,750.37	\$4,394,750.37
Gulf Bend Center	\$1,369,688.28	\$1,369,688.28
Gulf Coast Center, The	\$2,710,135.49	\$2,710,135.49
Harris Center for Mental Health & IDD, The	\$42,475,768.58	\$42,475,768.58
Heart of Texas Region MHMR Center	\$1,894,896.70	\$1,894,896.70
Helen Farabee Centers	\$1,330,176.74	\$1,306,599.24
Hill Country MHDD Centers	\$5,221,503.99	\$3,932,656.77
Integral Care	\$10,932,267.09	\$10,932,267.09
Lakes Regional Community Center	\$4,208,155.41	\$3,600,911.80

² Texas Health and Human Services Commission, HHSC 1115 Texas Healthcare Transformation Waiver DSRIP Payment Database. Retrieved July 2020.

³ LMHA-reported data regarding general revenue funds used as local match for DSRIP. August 2020.

Community Mental Health Center	IGT Total²	General Revenue³
LifePath Systems	\$3,904,080.64	\$3,904,080.64
MHMR Authority of Brazos Valley	\$660,024.51	\$660,024.51
MHMR of Tarrant County	\$11,132,565.01	\$11,132,565.01
MHMR Services for the Concho Valley	\$448,747.17	\$448,747.17
Nueces Center for MHID	\$1,936,124.65	\$1,936,124.65
Pecan Valley Centers	\$2,463,413.76	\$2,463,413.76
PermiaCare	\$1,867,500.84	\$1,867,500.84
Spindletop Center	\$6,101,753.90	\$6,101,753.90
STARCARE Specialty Health System	\$1,411,063.00	\$1,411,063.00
Texana Center	\$4,010,735.53	\$4,010,735.53
Texas Panhandle Centers	\$2,104,875.06	\$2,104,875.06
Texoma Community Center	\$1,459,074.25	\$1,459,074.25
Tri-County Behavioral Healthcare	\$2,438,471.32	\$2,438,471.32
Tropical Texas Behavioral Health	\$15,680,368.27	\$8,480,039.49
West Texas Centers	\$1,248,803.81	\$1,248,803.81
Total	\$172,955,538.31	\$153,440,633.30