



Report on Mental Health Appropriations and Federal Matching Opportunities

**As Required by
2022-23 General Appropriations Act,
Senate Bill 1, 87th Legislature, Regular
Session, 2021**

**Texas Health and Human Services
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Table of Contents

Table of Contents	ii
Executive Summary	1
Introduction	3
Background	4
Participation	6
Efforts to Leverage General Revenue Funds	6
Conclusion	8
List of Acronyms	9
Appendix A. General Revenue Used as IGT	A-1

Executive Summary

The *Report on Mental Health Appropriations and Federal Matching Opportunities* is submitted in compliance with the 2022-23 General Appropriations Act, Senate Bill 1, 87th Legislature, Regular Session, 2021 (Article II, Health and Human Services Commission [HHSC], Rider 48).

Rider 48 requires HHSC to submit a report describing the amount of general revenue used by local mental health authorities (LMHAs) and local behavioral health authorities (LBHAs) in fiscal year 2022 to draw down additional federal funds through the Texas Health Care Transformation and Quality Improvement 1115 Demonstration Waiver (1115 Waiver). The 1115 Waiver enables the state to expand the managed care delivery system and maintain supplemental payments to certain providers, including through the creation of a funding pool for the Delivery System Reform Incentive Payment (DSRIP) program. The DSRIP program incentivizes providers to improve access to care, delivery of care, and health outcomes of Texans, targeting Medicaid enrollees and low-income uninsured individuals. The authority for the DSRIP program expired on September 30, 2021. Final DSRIP payments will be made in January 2023.

DSRIP activities under the 1115 Waiver are funded at the federal medical assistance percentage¹ 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 participating in DSRIP were eligible to draw down federal funds based on achieving performance outcomes and other reporting requirements and were authorized to use general revenue funds appropriated for community mental health services as their IGT source.

As part of the DSRIP transition plan, Texas received approval from the Centers for Medicare & Medicaid Services (CMS) on November 15, 2021, to implement a new Directed Payment Program for Behavioral Health Services (DPP BHS), effective September 1, 2021, through August 31, 2022. CMS also approved a second year of DPP BHS, approving the program through August 31, 2023.

Under the DPP BHS, Community Mental Health Centers (CMHCs), LMHAs and LBHAs² can receive directed payments through Medicaid managed care

¹ Federal medical assistance percentage, or FMAP, is the percentage of federal matching funds allocated.

² LBHAs were added as an eligible provider type beginning in state fiscal year 2023.

organizations. The program incentivizes the providers to earn certification as a Texas Certified Community Behavioral Health Clinic (T-CCBHC).

The source of the non-federal share of DPP BHS is also IGTs. LMHAs/LBHAs are authorized to use general revenue funds appropriated for community mental health services as IGT. DPP BHS payments are included in managed care organization capitation rates and distributed to CMHCs, LBHAs and LMHAs that meet program requirements.

In fiscal year 2022, 38 LMHAs/LBHAs reported leveraging \$152,902,860 in state general revenue and \$20,936,940 from other funding sources to draw down \$337,684,326 in federal matching funds for DSRIP and DPP BHS activities.

Introduction

Rider 48 directs HHSC to submit a report on efforts to obtain federal funds, by leveraging community mental health services general revenue funds, to the Legislative Budget Board and the Governor by December 1 of each fiscal year.

HHSC and LMHAs/LBHAs provided data for the fiscal year 2022 report. HHSC provided data on the total IGT, federal funds, and all-funds payments for 1115 Waiver activities. LMHAs/LBHAs provided data on the amount of general revenue funds used for DSRIP and DPP BHS.

In addition to the reporting component, Rider 48 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 Waiver or other federal matching opportunities.

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

Background

The 82nd Legislature, Regular Session, 2011, directed HHSC to use 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.

HHSC obtained federal approval for the 1115 Waiver in December 2011. The 1115 Waiver enabled the state to expand the managed care delivery system and created 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 provided incentive payments to providers who implemented delivery system reforms and improved 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 was 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 were designed to increase access to healthcare, improve the experience of care, improve population health, and reduce the cost of healthcare without compromising quality.

HHSC contractually required LMHAs/LBHAs to maximize financial resources, including federal funding, to the extent possible via performance agreements. These agreements enabled LMHAs to expend general revenue for DSRIP activities. DSRIP activities were required to include evidence-based or evidence-informed strategies linked to data-driven strategic improvement goals.

The DSRIP authority expired on September 30, 2021. On November 15, 2021, as part of the DSRIP transition, CMS approved a new Directed Payment Program for Behavioral Health Services (DPP BHS) effective September 1, 2021, through August 31, 2022. CMS approved a second year of DPP BHS on August 1, 2022, adding LBHAs for the period between September 1, 2022, through August 31, 2023. The DPP BHS includes additional payments, made through managed care organizations,

for CMHCs, LMHAs and LBHAs, to incentivize achieving or maintaining certification as T-CCBHCs. T-CCBHCs provide a comprehensive range of evidence-based mental health and substance use disorder services, with an emphasis on care coordination with local primary care (including Federally Qualified Health Centers and Rural Health Centers) and hospital providers, and integration with physical health care.

The DPP BHS program includes two components:

- Component One is a uniform dollar increase issued in monthly payments to all participating CMHCs, LMHAs and LBHAs. As a condition of participation, providers must report progress made toward certification or maintenance of T-CCBHC status. They must also report on the implementation status of activities foundational to quality improvements, such as telehealth services, collaborative care, integration of physical and behavioral health, and improved data exchange.
- Component Two is a uniform percent increase on certain T-CCBHC services. As a condition of participation, providers must report on metrics that align with T-CCBHC measures and goals. Providers that have T-CCBHC certification are eligible for greater rate enhancement.

Directed payments under DPP-BHS are supported by IGT from LMHAs and LBHAs.

Participation

At the inception of the DSRIP program, HHSC allocated 10 percent of DSRIP funds to community mental health centers and behavioral health services focused DSRIP activities. LMHAs engaged 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; and
- Implementing targeted behavioral health interventions to prevent unnecessary use of services in other settings, such as the emergency room or criminal justice system.

Participating LMHAs/LBHAs must submit status updates on progress towards or maintenance of T-CCBHC status as well as data on process and outcome measures aligned with T-CCBHC measures and goals.

Efforts to Leverage General Revenue Funds

Based on fiscal year 2022 HHSC DSRIP payment data and LMHA and LBHA-reported data, LMHAs and LBHAs transferred \$152,902,860 in general revenue funds to leverage federal matching funds for DSRIP and DPP BHS activities. Appendix A provides a summary of general revenue funds used by each LMHA and LBHA for DSRIP and DPP BHS IGT payments in fiscal year 2022.

Table 1 shows the total DSRIP IGT payments provided by LMHAs and LBHAs in fiscal year 2022, including all IGT sources, federal funds, and all funds.

Table 1. LMHA/LBHA DSRIP Payments in FY 2022³

IGT Amount (All IGT Sources)	Payments Received (Federal Funds)	Payments Received (All Funds)
\$108,109,570	\$219,495,188	\$327,604,758

Table 2, below, shows the total DPP BHS IGT funds provided by LMHAs and LBHAs in fiscal year 2022, including all IGT sources, federal funds, and all funds.

Table 2. DPP BHS Payments to LMHAs/LBHAs in FY 2022⁴

IGT Amount Collected (All IGT Sources)⁵	IGT Amount Utilized (All IGT Sources)⁶	Payments Received (Federal Funds)⁷	Payments Received (All Funds)
\$65,730,230	\$56,647,293	\$118,189,138	\$174,836,431

³ Texas Health and Human Services Commission, HHSC 1115 Texas Healthcare Transformation Waiver DSRIP Payment Database. Retrieved July 2022.

⁴ DPP BHS funds are for all participating LMHAs and LBHAs in the program. Per TAC Rule §353.1320, "Suggested IGT responsibilities will be based on the maximum dollars available under DPP BHS for the program period as determined by HHSC, plus 10 percent."

⁵ The IGT Amount Collected (All IGT Sources) includes the 10% IGT buffer that is not federally matched.

⁶ The IGT Amount Utilized (All IGT Sources) excludes the IGT buffer and reflects only the amount utilized as the Non-Federal share in the Payments Received (All Funds) amount during FY22 (9/1/21 – 8/31/22). HHSC will return the IGT buffer during the IGT reconciliation process if the funds are not utilized during the program period.

Conclusion

Rider 48 authorized LMHAs to use general revenue funds appropriated for community mental health services to leverage federal funds through the 1115 Waiver.

In fiscal year 2022, LMHAs and LBHAs received \$337,684,326 in federal matching funds for DSRIP and DPP BHS activities by leveraging \$152,902,860 in state general revenue and \$20,936,940 from other funding sources.

List of Acronyms

Acronym	Full Name
CMS	Centers for Medicare & Medicaid Services
CMHC	Community Mental Health Center
DPP BHS	Directed Payment Program for Behavioral Health Services
DSRIP	Delivery System Reform Incentive Payment
HHSC	Health and Human Services Commission
IDD	Intellectual and Developmental Disabilities
IGT	Intergovernmental Transfer
LBHA	Local Behavioral Health Authority
LMHA	Local Mental Health Authority
MHDD	Mental Health and Developmental Disabilities
MHID	Mental Health and Intellectual Disabilities
T-CCBHC	Texas Certified Community Behavioral Health Clinics

Appendix A. General Revenue Used as IGT

Table 1, below, shows the total value of DSRIP and DPP IGT funds for fiscal year 2022 and the reported amount of general revenue funds used by local authority to leverage federal matching funds.

Table 1. General revenue used as IGT by LMHAs/LBHAs in FY 2022

Local Authority	DSRIP IGT Total ⁸	DPP IGT Total ⁹	General Revenue ¹⁰
ACCESS MHMR	\$152,834	\$253,725	\$406,559
Andrews Center	\$985,697	\$847,011	\$1,832,708
Betty Hardwick Center	\$577,033	\$1,009,913	\$1,586,946
Bluebonnet Trails Community Services	\$4,805,758	\$2,772,623	\$7,578,381
Border Region Behavioral Health Center	\$1,552,153	\$3,145,314	\$4,697,467
Burke Center	\$2,507,940	\$1,862,658	\$2,811,168
Camino Real Community Services	\$2,148,839	\$3,281,182	\$5,430,021
Center for Health Care Services, The	\$6,896,385	\$3,755,543	\$3,573,333
Center for Life Resources	\$280,500	\$668,826	\$949,326
Central Counties Services	\$2,761,339	\$815,471	\$1,250,260
Central Plains Center	\$348,523	\$173,357	\$521,880
Coastal Plains Community Center	\$864,632	\$776,612	\$1,641,244
Community Healthcare	\$2,396,795	\$2,006,874	\$3,759,751
Denton County MHMR Center	\$2,144,657	\$412,205	\$2,556,862
El Paso Emergence Health Network	\$3,575,267	\$2,647,509	\$6,222,776
Gulf Bend Center	\$897,027	\$512,868	\$1,409,895
Gulf Coast Center, The	\$2,047,368	\$548,773	\$2,596,141
Harris Center for Mental Health & IDD, The	\$18,768,670	\$5,603,719	\$24,372,389
Heart of Texas Region MHMR Center	\$1,307,307	\$1,509,620	\$2,816,927
Helen Farabee Centers	\$1,187,888	\$457,920	\$1,645,808
Hill Country MHDD Centers	\$3,952,257	\$914,091	\$4,866,348

⁸ Texas Health and Human Services Commission, HHSC 1115 Texas Healthcare Transformation Waiver DSRIP Payment Database. Retrieved July 2022.

⁹ In accordance with the DPP for BHS state directed payment preprint for Program Year 1 (approved by CMS in November 2021), each DPP BHS program period is equal to a state fiscal year beginning September 1 and ending August 31 of the following year. The amounts in the table reported above are reflective of the IGT Amounts Collected from each LMHA/LBHA for DPP BHS Program Year 1, State Fiscal Year 22 (9/1/21-8/31/22).

¹⁰ LMHA/LBHA-reported data regarding general revenue funds used as local match for DSRIP and DPP BHS. September 2022.

Local Authority	DSRIP IGT Total⁸	DPP IGT Total⁹	General Revenue¹⁰
Integral Care	\$7,443,955	\$3,790,414	\$11,234,368
Lakes Regional Community Center	\$3,557,202	\$1,044,074	\$3,520,644
LifePath Systems	\$2,766,420	\$742,330	\$3,508,750
MHMR Authority of Brazos Valley	\$402,506	\$514,193	\$916,699
MHMR of Tarrant County	\$7,678,287	\$3,315,894	\$10,994,181
MHMR Services for the Concho Valley	\$396,509	\$206,596	\$603,105
Nueces Center for MHID	\$1,338,343	\$567,234	\$1,905,577
Pecan Valley Centers	\$1,860,527	\$547,048	\$2,407,575
PermiaCare	\$1,314,387	\$1,414,600	\$2,728,987
Spindletop Center	\$2,685,460	\$2,705,066	\$5,390,526
STARCARE Specialty Health System	\$987,589	\$849,544	\$1,837,133
Texana Center	\$2,549,833	\$1,393,397	\$3,943,230
Texas Panhandle Centers	\$1,311,755	\$457,179	\$1,768,934
Texoma Community Center	\$1,318,991	\$753,381	\$2,071,372
Tri-County Behavioral Healthcare	\$2,093,147	\$1,884,456	\$3,977,603
Tropical Texas Behavioral Health	\$9,440,118	\$10,635,703	\$11,829,004
West Texas Centers	\$805,672	\$933,310	\$1,738,982
Total	\$108,109,570	\$65,730,230	\$152,902,860