



# **Report on Mental Health Appropriations and Federal Matching Opportunities**

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**As Required by  
2024-25 General Appropriations Act,  
House Bill 1, 88th Legislature, Regular  
Session, 2023, HHSC Rider 43**

**Texas Health and Human Services**

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## Executive Summary

The *Report on Mental Health Appropriations and Federal Matching Opportunities* is submitted in compliance with the 2024-25 General Appropriations Act, House Bill 1, 88th Legislature, Regular Session, 2023 (Article II, Health and Human Services Commission [HHSC], Rider 43).

Rider 43 requires HHSC to submit an annual report describing efforts by local mental health authorities (LMHAs) and local behavioral health authorities (LBHAs) to use general revenue funds appropriated for community mental health services, to the extent possible, to leverage and draw down additional federal funds through the 1115 Transformation Waiver or other federal matching opportunities.

In federal fiscal year 2022, 38 LMHAs and or LBHAs who received HHSC appropriated funds for community mental health services reported using appropriated funds to leverage and draw down additional federal funds through the Texas Health Care Transformation and Quality Improvement 1115 Demonstration Waiver (1115 Waiver) or other federal matching opportunities.

# 1. Introduction

Rider 43 directs HHSC to submit a report to the Legislative Budget Board and the Governor by December 1 of each fiscal year regarding LMHA/LBHA efforts to obtain federal funds by leveraging community mental health services general revenue funds.

In addition to the reporting component, Rider 43 directs HHSC to require, by contract, that general revenue funds appropriated for community mental health services be used, to the extent possible, to draw down additional federal funds through the 1115 Waiver or other federal matching opportunities.

The 1115 Waiver and State Medicaid program have provided several opportunities for LMHAs and or LBHAs to draw down additional federal funds. These include the Delivery System Reform Incentive Payment (DSRIP) program, Directed Payment Program for Behavioral Health Services (DPP BHS), and Public Health Provider-Charity Care Program (PHP-CCP).

## 2. 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 approval for the 1115 Waiver from the federal Centers for Medicare and Medicaid Services (CMS) 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 reimbursed providers for uncompensated care costs. The DSRIP funding pool provided incentive payments to providers who implemented delivery system reforms and improved health outcomes. In 2021, CMS approved waiver amendments which replaced DSRIP with DPP BHS and added the PHP-CCP.

### Delivery System Reform Incentive Payment

The DSRIP funding pool program under the 1115 waiver was 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 funded at the federal medical assistance percentage<sup>1</sup> matching rate with the non-federal share of funds provided by state or local public entities, such as LMHAs and LBHAs. These funds are known as intergovernmental transfer (IGT) payments. LMHAs and or LBHAs participating in DSRIP earned incentive payments based on achieving performance targets on outcome measures and meeting other reporting requirements. Additionally, LMHAs and LBHAs were authorized to use general revenue funds appropriated for community mental health services as their IGT source. DSRIP authority expired on September 30, 2021.

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

## **Directed Payment Program for Behavioral Health Services**

On November 15, 2021, as part of the transition from DSRIP, CMS approved the DPP BHS program, which was effective September 1, 2021.<sup>2</sup> The DPP BHS includes payments, made through managed care organizations, to community mental health centers, LMHAs and LBHAs, to incentivize the Texas Certified Behavioral Health Clinics (T-CCBHCs) model of care. 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. LBHAs and LMHAs provide IGTs as the non-federal portion of the rate enhancements in DPP BHS.

## **Public Health Provider-Charity Care Program**

On December 22, 2021, as part of the 1115 Waiver extension, CMS approved the PHP-CCP, effective October 1, 2021.<sup>3</sup> The PHP-CCP provides reimbursements to LMHAs and LBHAs for the cost of delivering behavioral health services to low-income uninsured individuals when those costs are not reimbursed by another source.

PHP-CCP utilizes certified public expenditures (CPEs), which are expenditures certified by a governmental entity to represent its contribution of public funds in providing services that are eligible for federal matching Medicaid funds, as the non-federal share.<sup>4</sup>

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<sup>2</sup> CMS approved DPP BHS for Year 3 on July 31, 2023. Rate enhancement Directed Payment Programs require annual approval.

<sup>3</sup> CMS approved a second year of PHP-CCP at which time the program transitioned to Charity Care only. Charity care refers to healthcare services provided without expectation of reimbursement to uninsured individuals who meet the provider's charity care policy.

<sup>4</sup> <https://www.hhs.texas.gov/providers/medicaid-business-resources/medicaid-supplemental-payment-directed-payment-programs/non-federal-share-funding-certain-medicaid-payments>

### 3. Efforts to Maximize Federal Funds

HHSC provided data on the federal matching funds received by LMHAs and LBHAs for 1115 Waiver activities. LMHAs and LBHAs provided data on the use of appropriations as IGT supporting DSRIP and DPP BHS, as well as the use of appropriated funds to support the non-federal share of their participation in the PHP-CCP program.

Based on federal fiscal year 2022 HHSC payment data and LMHA/LBHA reported data, 38 LMHAs and LBHAs who receive HHSC appropriations for mental health services reported using appropriated funds to leverage federal matching funds. Appendix A enumerates the amounts of IGT, and CPE contributed by each LMHA and LBHA in federal fiscal year 2022.

Table 1, below, shows the total amount of IGT and CPE for federal fiscal year 2022.

**Table 1. LMHA/LBHA Payments in FFY 2022<sup>5</sup>**

<b>IGT Amount (All IGT Sources)<sup>6</sup></b>	<b>CPE Amount (All CPE Sources)<sup>7</sup></b>
\$190,395,046	\$125,700,395

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<sup>5</sup> Texas Health and Human Services Commission, HHSC 1115 Texas Healthcare Transformation Waiver Payment Database. Retrieved September 2023.

<sup>6</sup> Total IGTs for the DSRIP and DPP BHS programs.

<sup>7</sup> Total non-federal share of eligible activities claimed/reported for the PHP-CCP program.

## 4. Conclusion

Rider 43 authorized LMHAs and LBHAs to use general revenue funds appropriated for community mental health services to leverage federal funds through the 1115 Waiver or other federal matching opportunities.

In federal fiscal year 2022, 38 LMHAs and LBHAs reported leveraging appropriated funds to draw down additional federal matching funds through the Texas Healthcare Transformation and Quality Improvement 1115 Demonstration Waiver (1115 Waiver) or other federal matching opportunities.



# List of Acronyms

<b>Acronym</b>	<b>Full Name</b>
CMS	Centers for Medicare & Medicaid Services
CPEs	Certified Public Expenditures
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
PHP-CCP	Public Health Provider-Charity Care Program
T-CCBHC	Texas Certified Community Behavioral Health Clinics

## Appendix A. IGT and CPE by LMHA/LBHA

Table 1, below, shows the total amount of DSRIP and DPP BHS IGT funds and PHP-CCP CPE funds for federal fiscal year 2022, through the 1115 waiver, by local authority.

**Table 2. Total IGT and CPE by LMHA/LBHA in FFY 2022<sup>8</sup>**

<b>Local Authority</b>	<b>DSRIP IGT Total</b>	<b>DPP BHS IGT Total</b>	<b>PHP-CCP CPE Total</b>
<b>ACCESS MHMR</b>	\$152,834	\$328,846	N/A <sup>9</sup>
<b>Andrews Center</b>	\$985,697	\$1,065,072	\$1,803,731
<b>Betty Hardwick Center</b>	\$577,033	\$1,243,956	\$878,840
<b>Bluebonnet Trails Community Services</b>	\$4,805,758	\$3,450,393	\$6,572,093
<b>Border Region Behavioral Health Center</b>	\$1,552,153	\$3,869,904	\$2,790,830
<b>Burke Center</b>	\$2,507,940	\$2,404,139	\$2,402,983
<b>Camino Real Community Services</b>	\$2,148,839	\$4,186,298	\$375,767
<b>Center for Health Care Services, The</b>	\$6,896,385	\$4,639,765	\$12,016,054
<b>Center for Life Resources</b>	\$280,500	\$830,222	\$597,221
<b>Central Counties Services</b>	\$2,761,339	\$1,154,914	\$3,093,649
<b>Central Plains Center</b>	\$348,523	\$347,169	\$52,398
<b>Coastal Plains Community Center</b>	\$864,632	\$933,840	\$886,306
<b>Community Healthcore</b>	\$2,396,795	\$2,350,295	\$2,724,975
<b>Denton County MHMR Center</b>	\$2,144,657	\$557,714	\$2,088,405
<b>Emergence Health Network</b>	\$3,575,267	\$2,759,625	\$5,717,302
<b>Gulf Bend Center</b>	\$897,027	\$629,743	\$1,178,571
<b>Gulf Coast Center, The</b>	\$2,047,368	\$689,620	\$2,659,999
<b>Harris Center for Mental Health &amp; IDD, The</b>	\$18,768,670	\$6,976,476	\$22,237,501
<b>Heart of Texas Region MHMR Center</b>	\$1,307,307	\$1,898,349	\$3,231,318
<b>Helen Farabee Centers</b>	\$1,187,888	\$574,773	\$1,046,547
<b>Hill Country MHDD Centers</b>	\$3,952,257	\$1,105,329	\$2,756,834
<b>Integral Care</b>	\$7,443,955	\$4,347,701	\$11,384,002
<b>Lakes Regional Community Center</b>	\$3,557,202	\$1,303,057	\$3,224,439
<b>LifePath Systems</b>	\$2,766,420	\$1,391,504	\$3,218,079
<b>MHMR Authority of Brazos Valley</b>	\$402,506	\$590,831	\$334,066

<sup>8</sup> Texas Health and Human Services Commission, HHSC 1115 Texas Healthcare Transformation Waiver DSRIP Payment Database. Retrieved September 2023.

<sup>9</sup> Information not available on the PHP-CCP Year 1 data file.

<b>Local Authority</b>	<b>DSRIP IGT Total</b>	<b>DPP BHS IGT Total</b>	<b>PHP-CCP CPE Total</b>
<b>MHMR of Tarrant County</b>	\$7,678,287	\$4,844,447	\$8,269,359
<b>MHMR Services for the Concho Valley</b>	\$396,509	\$262,463	\$675,553
<b>Nueces Center for MHID</b>	\$1,338,343	\$744,366	\$963,476
<b>Pecan Valley Centers</b>	\$1,860,527	\$1,197,525	\$2,194,359
<b>PermiaCare</b>	\$1,314,387	\$1,795,162	\$987,072
<b>Spindletop Center</b>	\$2,685,460	\$3,336,102	\$2,593,108
<b>STARCARE Specialty Health System</b>	\$987,589	\$979,014	\$1,680,443
<b>Texana Center</b>	\$2,549,833	\$1,798,818	\$3,190,727
<b>Texas Panhandle Centers</b>	\$1,311,755	\$568,104	\$1,596,080
<b>Texoma Community Center</b>	\$1,318,991	\$925,829	\$1,068,127
<b>Tri-County Behavioral Healthcare</b>	\$2,093,147	\$2,305,450	\$2,273,908
<b>Tropical Texas Behavioral Health</b>	\$9,440,118	\$12,733,306	\$5,759,797
<b>West Texas Centers</b>	\$805,672	\$1,165,355	\$1,176,476
<b>Total</b>	<b>\$108,109,570</b>	<b>\$82,285,476</b>	<b>\$125,700,395</b>

Note: Totals above do not include funds paid to listed providers through the Medicaid Administrative Claiming (MAC) program. MAC is approved through the Medicaid State Plan and is used to reimburse for certain Medicaid related administrative activities. The total CPE amount for MAC in FFY2022 was \$53,622,026.