



Report on Mental Health Appropriations and Federal Matching Opportunities

**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 2023,¹ all 39 LMHAs and 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 The 2023 federal fiscal year ran from October 1, 2022 to September 30, 2023.

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 and 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 LBHAs to draw down additional federal funds, including the Directed Payment Program for Behavioral Health Services (DPP BHS) and the 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 Delivery System Reform Incentive Payment (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. The DSRIP authority expired on September 30, 2021. In 2021, CMS approved waiver amendments which replaced DSRIP with DPP BHS and added the PHP-CCP.

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, 2021.² 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 contribute intergovernmental transfer (IGT) payments³ to cover the non-federal share of the rate enhancements in DPP BHS.

² CMS approved DPP BHS for Year 4 on July 29, 2024. Rate enhancement Directed Payment Programs require annual approval.

³ Intergovernmental Transfer is a transfer of local funds to the Health and Human Services Commission for the purpose of federal match in a Medicaid program.

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, 2021.⁴ 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.⁵

⁴ 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.

⁵ <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

The data from HHSC represents state general revenue funds contributed by LMHAs and LBHAs to receive federal matching funds for 1115 Waiver activities.

Based on federal fiscal year 2023 HHSC data, all 39 LMHAs and LBHAs that received HHSC appropriations for mental health services used these funds to obtain federal matching funds. Appendix A enumerates the amounts of IGT and CPE contributed by each LMHA and LBHA in federal fiscal year 2023.

Table 1, below, shows the total amount of IGT and CPE for federal fiscal year 2023.

Table 1. LMHA/LBHA Payments in FFY 2023⁶

IGT Amount (All IGT Sources)⁷	CPE Amount (All CPE Sources)⁸
\$71,452,429	\$146,332,126

⁶ Texas Health and Human Services Commission, HHSC 1115 Texas Healthcare Transformation Waiver Payment Database.

⁷ Total IGTs for the DPP BHS programs.

⁸ 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 2023, all 39 LMHAs and LBHAs reported leveraging appropriated funds to draw down additional federal matching funds through the Texas Healthcare Transformation 1115 Waiver or other federal matching opportunities.

List of Acronyms

Acronym	Full Name
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 DPP BHS IGT funds and PHP-CCP CPE funds for federal fiscal year 2023, through the 1115 waiver, by local authority.

Table 2. Total IGT and CPE by LMHA/LBHA in FFY 2023⁹

Local Authority	DPP BHS IGT Total	PHP-CCP CPE Total
ACCESS MHMR	\$283,493	\$308,590
Andrews Center	\$1,114,467	\$1,600,142
Betty Hardwick Center	\$1,023,245	\$1,045,623
Bluebonnet Trails Community Services	\$3,063,556	\$6,172,684
Border Region Behavioral Health Center	\$3,185,983	\$904,478
Burke Center	\$1,674,079	\$4,907,968
Camino Real Community Services	\$4,183,357	\$1,541,874
Center for Health Care Services, The	\$4,063,437	\$20,527,903
Center for Life Resources	\$669,504	\$774,752
Central Counties Services	\$838,947	\$2,540,224
Central Plains Center	\$358,677	\$329,788
Coastal Plains Community Center	\$784,799	\$1,660,381
Community Healthcore	\$1,841,805	\$1,831,398
Denton County MHMR Center	\$596,178	\$2,338,675
Emergence Health Network	\$2,454,332	\$4,746,003
Gulf Bend Center	\$464,925	\$858,034
Gulf Coast Center, The	\$569,755	\$2,304,253
Harris Center for Mental Health & IDD, The	\$5,886,462	\$22,576,710
Heart of Texas Region MHMR Center	\$1,487,125	\$2,276,954
Helen Farabee Centers	\$522,720	\$1,152,757
Hill Country MHDD Centers	\$894,504	\$4,809,855
Integral Care	\$3,185,574	\$8,963,659
Lakes Regional Community Center	\$1,058,672	\$3,540,410
LifePath Systems	\$1,822,358	\$2,759,519
MHMR Authority of Brazos Valley	\$434,747	\$108,815
MHMR of Tarrant County	\$4,119,441	\$10,723,050

⁹ Texas Health and Human Services Commission, HHSC 1115 Texas Healthcare Transformation Waiver Payment Database.

Local Authority	DPP BHS IGT Total	PHP-CCP CPE Total
MHMR Services for the Concho Valley	\$144,016	\$685,484
Nueces Center for MHID	\$714,300	\$1,659,813
North Texas Behavioral Health Authority	\$1,557,556	\$6,208,562
Pecan Valley Centers	\$1,002,264	\$2,143,047
PermiaCare	\$1,888,307	\$1,471,127
Spindletop Center	\$2,481,756	\$1,492,555
StarCare Specialty Health System	\$953,434	\$1,810,305
Texana Center	\$1,822,856	\$2,236,849
Texas Panhandle Centers	\$670,586	\$1,410,099
Texoma Community Center	\$775,894	\$648,027
Tri-County Behavioral Healthcare	\$1,439,252	\$1,592,052
Tropical Texas Behavioral Health	\$10,419,464	\$12,641,484
West Texas Centers	\$1,000,604	\$1,028,224
Total¹⁰	\$71,452,429	\$146,332,126

¹⁰ The total sum may vary slightly due to rounding adjustments applied to individual amounts.