



Mental Health Appropriations and the 1115 Texas Medicaid Transformation Waiver

**As Required by the
2016-17 General Appropriations Act,
H.B. 1, 84th Legislature, Regular Session, 2015
(Article II, Department of State Health Services, Rider 59)**



**Department of State Health Services
January 2016**

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Introduction

[The 2016-17 General Appropriations Act, H.B. 1, 84th Legislature, Regular Session, 2015 \(Article II, Department of State Health Services, Rider 59\)](#) requires that the Department of State Health Service (DSHS) shall by contract require that general revenue funds provided to DSHS in this biennium be used, to the extent possible, to draw down additional federal funds through the 1115 transformation waiver or other federal matching opportunities. Nothing shall relieve a Local Mental Health Authority from an obligation to provide mental health services under the terms of a performance contract with DSHS or to reduce the amount of such obligation specified in the contract. Rider 59 requires DSHS to report to the Legislative Budget Board and the Governor by December of each year on the efforts to leverage these funds.

This report will provide an update on the amount of general revenue used by the community mental health centers (Centers) for fiscal year 2015. No funds have been used to leverage federal matching funds out of the appropriation for fiscal years 2016 and 2017 as of the date of this report. The first non-federal share payment for fiscal year 2016 will be made in January 2016.

1115 Texas Healthcare Transformation Waiver

The 82nd Texas Legislature directed the Health and Human Services Commission (HHSC) to expand Medicaid managed care to achieve savings and to preserve hospital access to funding consistent with upper payment limit (UPL) funding. The best approach to meet legislative mandates and to preserve funding, expand managed care, achieve savings, and improve quality was determined to be through an 1115 Medicaid Waiver. The 1115 Texas Healthcare Transformation Waiver is a five-year Medicaid demonstration waiver that created the Delivery System Reform Incentive Payment (DSRIP) funding pool that is designed to support coordinated care and quality improvements through 20 Regional Healthcare Partnerships (RHP).

Delivery System Reform Incentive Payment (DSRIP) Pool

DSRIP is an incentive program developed to transform delivery systems through infrastructure development and testing innovative care models. Examples of some DSRIP projects include improving care for individuals (including access, quality, and health outcomes), improving health for the population, and lowering costs through efficiencies and improvements. Projects are funded at the Medicaid federal matching rate with the non-federal share of funds coming from local or state public entities, known as Intergovernmental Transfer (IGT) payments. DSRIP funds must be 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.

Community Mental Health Center Participation in DSRIP

Texas made behavioral health a priority in DSRIP by allocating ten percent of the DSRIP funds to community mental health centers and including many behavioral health-focused project options in the DSRIP project menu. Community mental health centers receiving DSHS funding for adult, child, and crisis mental health services currently operate 259 four-year projects and 41 three-year projects ranging in topics such as:

- 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
- Expanding the number of community based settings to access 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

Use of General Revenue for Federal Matching Funds through the 1115 Waiver

DSHS required the Centers, through contract with DSHS, to utilize state general revenue funds as a source of IGT for DSRIP projects performed either by the Centers or by another entity for which the Center had agreed to provide IGT.

Efforts by Community Mental Health Centers to Leverage GR Funds

Based on DSRIP project payment data received from HHSC and verification of those data from the Centers, the Centers have used over \$110 million in state DSHS general revenue funds for IGT payments in fiscal year 2015 for demonstration year (DY) 2, 3 and 4¹ metric achievement to leverage the federal matching funds for the DSRIP projects.

The actual amount of IGT payments from all sources (DSHS, Department of Aging and Disability Services (DADS) and local funds) and federal funds received by the Centers for metrics and milestones achieved in DYs 2, 3 and 4 is reflected in Table 1 below. Appendix A provides a summary of the amount of DSHS general revenue funds that were used by each Center as IGT payments for achievement of DY 2, 3 and 4 project metrics and milestones in fiscal year 2015.

¹ Demonstration Years 2, 3 and 4 are equivalent to Federal Fiscal Years 2013, 2014 and 2015 respectively.

Table 1. Community Mental Health Center DSRIP Payments in FY 2015²

Waiver Demonstration Year Metric Achievement in FY 2015³	Total IGT Amount Paid in FY 15 using DSHS General Revenue	Total IGT Amount Paid in FY 2015 (All IGT Sources)	Total Payments Received in FY 2015 (Federal Funds Portion)	Total Payments Received in FY 2015 (All Funds)
DY 2	\$9,500,201	\$10,758,180	\$14,887,065	\$25,645,246
DY 3	\$89,411,713	\$110,518,612	\$152,934,575	\$263,453,187
DY 4	\$11,935,714	\$18,843,991	\$26,076,131	\$44,920,122
Total⁴	\$110,847,628	\$140,120,783	\$193,897,771	\$334,018,555

Associate Commissioner Comments:

Associate Commissioner recommends approval.

Conclusion

Rider 59 gave the community mental health centers the authority to utilize general revenue funds appropriated to DSHS to leverage federal funds through the 1115 Texas Healthcare Transformation Waiver. For fiscal year 2015, the community mental health centers used over \$110 million in DSHS general revenue funds to draw down federal funds through the 1115 Texas Transformation waiver. In fiscal year 2015, the Centers implemented 300 projects in all 20 RHPs, and submitted over \$140 million in IGT payments from all sources to leverage over \$193 million in federal matching funds (\$334 million all funds). In fiscal year 2016, the Centers are projected to receive over \$252 million in federal matching funds for DSRIP payments (\$434 million all funds), by leveraging \$134 million in state general revenue from DSHS, and an additional \$48 million from DADS and other local funding sources for local behavioral health DSRIP projects.

² Texas Health and Human Services Commission. *HHSC 1115 Texas Healthcare Transformation Waiver DSRIP Project Payment Database*. Retrieved November 13, 2015.

³ Project metrics may be carried-forward into the next demonstration year if they are not achieved in the current demonstration year. IGT payments for DY 2 were made in fiscal year 2015 because they were reported in October 2014 as being achieved in DY 3. Not all Centers reported achievement of DY 4 metrics in the April reporting period. Demonstration Years 2, 3 and 4 are equivalent to Federal Fiscal Years 2013, 2014 and 2015 respectively.

⁴ Totals may be slightly off from actual payment amounts due to rounding to the nearest dollar.

Appendix A: Amount of DSHS General Revenue Used as IGT in Fiscal Year 2015 for Project Achievement of DY 2, DY 3, and DY 4 Metrics^{5,6}

Community Mental Health Center	Total DSHS GR funds used for DY 2 IGT⁷	Total DSHS GR funds used for DY 3 IGT	Total DSHS GR funds used for DY 4 IGT
ACCESS	-	-	-
Andrews Center	-	\$1,506,649	-
Austin Travis County Integral Care	-	\$8,402,186	\$1,560,193
Betty Hardwick Center	-	\$458,155	-
Bluebonnet Trails Community Services	\$865,356	\$6,003,287	-
Border Region Behavioral Health Center	\$1,111,647	\$1,696,061	\$347,734
Burke Center	\$281,341	\$1,790,430	
Camino Real Community Services	-	\$1,039,361	\$1,087,706
Center for Health Care Services	-	\$5,360,661	-
Central Counties Services	\$252,336	\$1,548,668	-
Central Plains Center	\$15,362	\$289,571	\$197,743
Central Texas MHMR dba Center for Life Resources	-	\$373,104	-
Coastal Plains Community Center		\$203,877	
Community Healthcore	-	\$1,384,813	-
Denton County MHMR Center	-	\$2,420,445	-
Emergence	-	\$3,552,417	\$110,639
Gulf Bend Center	-	-	-
Gulf Coast Center	\$75,173	\$964,348	\$543,700

⁵ Texas Health and Human Services Commission. *HHSC 1115 Texas Healthcare Transformation Waiver DSRIP Project Payment Database*. Retrieved November 13, 2015.

⁶ DSRIP reporting is completed in April and October of each year. If project metrics and milestones are achieved and approved, IGT payments are submitted in January (for October reporting) and July (for April reporting). The DY 3 amounts reflect actual IGT and federal payment amounts for the Centers based on April 2014 reporting.

⁷ For Centers that are listed without amounts of IGT, these Centers did not have a DSRIP payment for that Demonstration Year during fiscal year 2015, or did not use DSHS funds as a source of IGT for their DSRIP payment.

Community Mental Health Center	Total DSHS GR funds used for DY 2 IGT	Total DSHS GR funds used for DY 3 IGT	Total DSHS GR funds used for DY 4 IGT
Heart of Texas Region MHMR Center	\$332,941	\$1,735,767	\$187,975
Helen Farabee Centers	\$226,343	\$1,082,268	\$142,380
Hill Country Community MHMR Center	\$1,104,097	\$3,376,856	\$728,287
Lakes Regional MHMR Center	-	\$967,510	-
MHMR Brazos Valley	-	\$177,438	-
MHMR Services for Concho Valley	\$87,717	\$452,027	-
Mental Health and Mental Retardation Authority of Harris County	\$3,323,293	\$17,758,417	\$1,385,790
Mental Health and Mental Retardation of Tarrant County	-	\$8,498,078	\$948,176
Nueces County MHMR	\$65,302	\$922,755	-
Pecan Valley Centers of Behavioral and Developmental Healthcare	\$613,896	\$779,570	\$782,656
Permian Basin Community Health Centers for Mental Health and Mental Retardation	-	\$2,006,366	-
Spindletop Center	\$494,491	\$3,732,288	\$478,804
StarCare Specialty Health System (Lubbock Regional MHMR)	-	\$1,023,758	-
Texana Center	-	\$455,167	-
Texas Panhandle Centers	-	\$1,916,797	-
TEXOMA	\$178,535	\$1,316,574	\$97,879
Tri-County Services	-	\$889,289	\$550,819
Tropical Texas Behavioral Health	\$472,371	\$4,149,310	\$2,785,234
West Texas Centers	-	\$1,177,445	-
Total	\$9,500,201	\$89,411,713	\$11,935,714