



Mental Health Appropriations and the 1115 Texas Medicaid Transformation Waiver

**As Required by the
2014-2015 General Appropriations Act, S.B. 1
83rd Legislature, Regular Session, 2013
(Article II, Department of State Health Services, Rider 79)**



**Department of State Health Services
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Table of Contents

Executive Summary1

Introduction.....2

Background2

 1115 Texas Healthcare Transformation Waiver2

 Community Mental Health Center Participation in DSRIP2

Use of General Revenue for Federal Matching Funds through the 1115 Waiver3

 Reporting Requirements.....3

 Efforts by Community Mental Health Centers to Leverage GR Funds4

Conclusion5

Appendix A: Amount of DSHS General Revenue Used as IGT in DY 2 and DY 3.....6

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Executive Summary

This report was required by the [2014-2015 General Appropriations Act, S.B. 1, 83rd Legislature, Regular Session](#), 2013 (Article II, Department of State Health Services, Rider 79). Rider 79 gave community mental health centers the authority to utilize over \$183 million in new state appropriated general revenue to draw down additional federal funds through the 1115 Texas Healthcare Transformation Waiver. The Department of State Health Services (DSHS) is required to submit a report to the Legislative Budget Board and the Governor's office on the efforts to leverage these funds by December 2014.

The Delivery System Reform Incentive Payment (DSRIP) Pool, established through the 1115 Texas Healthcare Transformation Waiver, has provided an opportunity to leverage state and local public funds to earn additional federal matching funds to increase behavioral health service capacity and enable innovative models to improve how care is delivered in Texas.

As a result of the community mental health centers (the Centers) being given authority to leverage additional general revenue funds that the Centers have received through performance contracts with DSHS in fiscal year 2014 and 2015, the Centers are currently operating 292 four-year projects and 47 three-year DSRIP projects. These projects are valued at over \$1.5 billion over all four years of the waiver. In fiscal year 2014, the Centers submitted over \$134 million in intergovernmental transfer (IGT) payments using DSHS appropriated General Revenue funds as a primary source of IGT to help leverage the federal matching funds for the Centers' DSRIP projects.

Introduction

The [2014-2015 General Appropriations Act, Senate Bill \(S.B.\) 1, 83rd Legislature, Regular Session](#), 2013 (Article II, Department of State Health Services, Rider 79) requires that DSHS funds appropriated to strategies B.2.1, Mental Health Services for Adults, B.2.2, Mental Health Services for Children, and B.2.3 Community Mental Health Crisis Services, shall by contract require that \$183,233,978 in General Revenue (GR) 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 (LMHA) 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 79 requires DSHS to report to the Legislative Budget Board and the Governor by December 2014 on the efforts to leverage these funds.

For the fiscal years 2014 and 2015, the community mental health centers are projected to use over \$190 million in DSHS General Revenue funds to draw down additional federal funds through the 1115 Texas Healthcare Transformation Waiver.

Background

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 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 292 four-year projects and 47 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, and
- implementing targeted behavioral health interventions to prevent unnecessary use of services in other settings such as the emergency room or criminal justice system.

Based on actual DSRIP payment amounts to the Centers, as of November 2014, the Centers have submitted over \$160 million for IGT payments, using state appropriated DSHS GR funds as the primary source of IGT, for project achievements in the first three years of the waiver to leverage the federal matching funds for DSRIP projects. Of the total IGT payments made to date, over \$134 million in IGT payments have been made in fiscal year 2014 for project achievements in years two and three of the waiver¹.

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.

Reporting Requirements

DSHS collaborated with the Texas Council of Community Mental Health Centers (the Texas Council) to develop a reporting template that would allow the Centers to demonstrate how much of the appropriated state GR funds were being used as a source of IGT payment for local DSRIP projects. The reporting template was approved by the Texas Council and the Legislative Budget Board in January 2014. The Centers were required to report on the items listed below.

- For four-year and three-year projects where the Center is the performing provider, the Centers reported on:
 - The Regional Healthcare Partnership (RHP) where the project is being implemented,
 - DSRIP project option and description, and
 - IGT for each project by waiver demonstration year and specifying:
 - the amount of state GR funds from DSHS,
 - the amount of state GR funds from the Department of Aging and Disability Services (DADS), and
 - the amount of local funds.
- For any projects where the Center is not the performing provider but the Center is the IGT provider, the Centers reported on:
 - The Regional Healthcare Partnership (RHP) where the project is being implemented,

¹ As of the date this report was released, the waiver is in its fourth year of a five-year waiver cycle.

- Performing Provider Name (organization implementing the project)
- DSRIP project option and description, and
- IGT for each project by waiver demonstration year– noting the purpose of the IGT, and providing:
 - the amount of state GR funds from DSHS,
 - the amount of state GR funds from DADS, and
 - the amount of local funds.

The Centers provided preliminary data to DSHS in February 2014. During the first reporting cycle, each Center participating in the 1115 waiver and that is receiving funds out of the budget strategies listed in Rider 79, reported on the actual amount of DSHS, DADS, and local funds that were used as IGT for each project in the first demonstration year (DY 1). The Centers also reported the amount of funds that they anticipated using for IGT payments in DYs 2-5. DSHS required the Centers to update the report by November 1, 2014, so that actual IGT payments made for DY1, 2 and 3 metric and milestone achievements could be included in this report.²

Efforts by Community Mental Health Centers to Leverage GR Funds

Based on reports submitted to DSHS by the Centers in November 2014 and data received from HHSC, the Centers have used or anticipate using over \$190 million in state DSHS general revenue for IGT payments for project achievements in DYs 1, 2 and 3 to leverage the federal matching funds for the DSRIP projects.

The actual amount of IGT payments from all sources (DSHS, DADS and local funds) and federal funds received by the Centers for metrics and milestones achieved in DY 2 and 3 is reflected in Table 1 below³. In fiscal year 2014, the Centers received over \$325 million in DSRIP payments (all funds), leveraging the IGT support of state GR from DSHS and DADS and other local funding sources. Appendix A provides a summary of the amount of DSHS GR funds that were used or are designated to be used by each Center as IGT payments for project metrics and milestones achieved in DY 2 and DY 3.

Table 1. Community Mental Health Center DSRIP Payments in FY 2014

Waiver Demonstration Year	Total IGT Amount Paid in FY 2014 (All IGT Sources)	Total Payments Received in FY 2014 (Federal Funds Portion)	Total Payments Received in FY 2014 (All Funds)
DY 2	92,703,199	131,705,416	224,408,615
DY 3 ⁴	41,899,472	59,527,475	101,426,947
Total	134,602,671	191,232,891	325,835,562

² DSRIP reporting is completed in April and October of each year. If project metrics and milestones are approved, IGT payments are submitted in January (for October reporting) and June (for April Reporting).

³ Demonstration Year 2 and 3 are equivalent to Federal Fiscal Year 2013-2014.

⁴ The DY 3 amounts reflect actual IGT and Federal payment amounts for the Centers based on April 2014 reporting. DY 3 DSRIP payments have only been made based on metric and milestone achievement reported in April 2014. For DY 3 metrics and milestones that were achieved and reported in October 2014, the amounts of IGT and Federal Funds will not be finalized until January DSRIP payments are made.

For DY 4 and 5, the Centers anticipate using an additional \$258 million in DSHS GR funds to help leverage an additional \$777 million in all funds for behavioral health services.

Conclusion

Rider 79 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 the fiscal years 2014 and 2015, the community mental health centers are projected to use over \$190 million in DSHS General Revenue funds to draw down federal funds through the 1115 Texas Transformation waiver. In fiscal year 2014, the Centers have implemented nearly 350 projects in all twenty Regional Healthcare Partnerships, and earned \$191,232,891 in federal funds (\$325,835,562 all funds), submitting over \$134 million in IGT payments for project achievements in DYs 2 and 3 to help earn federal matching funds. The Centers anticipate utilizing an additional \$258 million in DSHS appropriated GR funds to help earn approximately an additional \$777 million (all funds) for local behavioral health DSRIP projects.

Appendix A: Amount of DSHS General Revenue Used as IGT in DY 2 and DY 3

Community Mental Health Center	Total DY 2 DSHS GR funds used for IGT⁵	Total DY 3 DSHS GR funds expected to be used for IGT⁶
ACCESS	-	-
Andrews Center	790,596	918,031
Austin Travis County Integral Care	6,571,937	5,899,825
Betty Hardwick Center	668,245	792,331
Bluebonnet Trails Community Services	4,913,842	897,601
Border Region Behavioral Health Center	2,103,429	2,556,123
Burke Center	1,134,097	260,656
Camino Real Community Services	1,790,901	2,035,451
Center for Health Care Services	4,716,412	1,021,997
Central Counties Services	2,439,701	3,134,404
Central Plains Center	435,840	145,374
Central Texas MHMR dba Center for Life Resources	351,606	383,064
Coastal Plains Community Center	-	-
Community Healthcore	2,957,726	2,933,339
Denton County MHMR Center	1,969,109	1,787,968
Emergence	-	-
Gulf Bend Center	-	-
Gulf Coast Center	1,801,455	2,202,797
Heart of Texas Region MHMR Center	1,453,947	1,567,066
Helen Farabee Centers	1,038,500	378,023
Hill Country Community MHMR Center	5,038,793	5,865,764
Lakes Regional MHMR Center	1,119,883	389,150
MHMR Brazos Valley	130,128	261,600
MHMR Services for Concho Valley	283,355	552,078

⁵ For Centers that are listed without amounts of IGT listed, these Centers either did not report using DSHS GR funds as a source of IGT or are not participating in 4-year DSRIP projects.

⁶ A portion of the amount listed for DY 3 is included in the amounts listed in Table 1 for the IGT payments that have already been made. IGT payments for the remainder of DY 3 DSRIP payments is not due until January 2015.

Community Mental Health Center	Total DY 2 DSHS GR funds used for IGT	Total DY 3 DSHS GR funds expected to be used for IGT
Mental Health and Mental Retardation Authority of Harris County	23,891,697	27,891,479
Mental Health and Mental Retardation of Tarrant County	6,663,321	7,616,417
Nueces County MHMR	293,019	185,427
Pecan Valley Centers of Behavioral and Developmental Healthcare	1,082,763	3,839,299
Permian Basin Community Health Centers for Mental Health and Mental Retardation	1,696,073	1,980,283
Spindletop Center	1,177,824	1,383,152
StarCare Specialty Health System	2,198,975	1,404,495
Texana Center	720,773	1,500,695
Texas Panhandle Centers	1,239,730	1,415,730
TEXOMA	1,293,693	1,489,102
Tri-County Services	-	1,058,904
Tropical Texas Behavioral Health	4,143,276	1,890,220
West Texas Centers	1,072,476	3,096,192
Total	87,183,122	88,734,038