

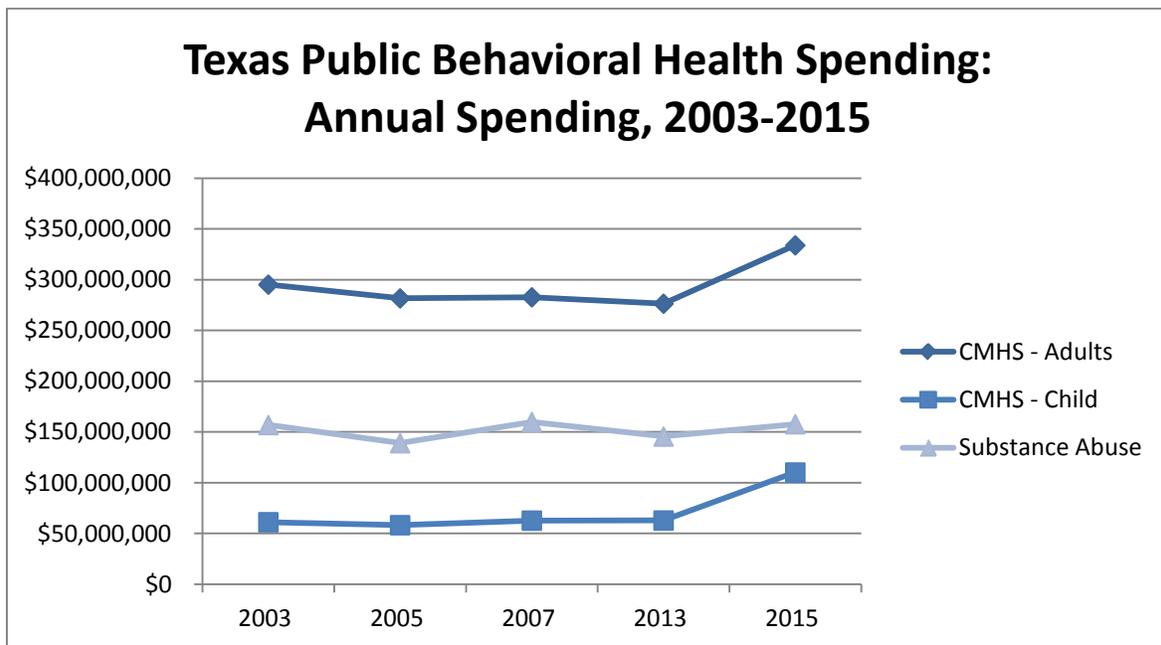
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## Sizing Up the 2014-15 Texas Budget: Mental Health

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The 2013 Legislative session produced exceptional gains for mental health and substance abuse care in Texas. Texas Legislators deserve praise for recognizing that all Texans benefit from a stronger mental health system with increased funds for prevention and better access to services. The 2014-2015 Department of State Health Services (DSHS) budget contains an unprecedented \$2.6 billion (All Funds) for the public mental health system, of which \$1.7 billion is state General Revenue (GR). This welcome attention ends a decade-long period of limited funding, and may move Texas out of the bottom rankings for per capita behavioral health spending. This policy brief outlines the major investments in behavioral health services and new directions in policy adopted by the 83<sup>rd</sup> Texas legislature.

### 2013 Decisions End a Long Dry Spell for Texas Public Behavioral Health Care



The Legislature’s 2013 decisions mark a high point after a decade of austerity for public behavioral health services. As shown in figure 1, funding levels for Community Mental Health services for adults and children as well as Substance Abuse services have remained stagnant since 2003, not keeping up with inflation and population growth. In fact, funding levels in 2010 placed Texas 49<sup>th</sup> in per capita expenditures for mental health services. At that year, when the national average for state spending on mental health services was \$121.74 per capita, Texas spent \$38.99. Particularly disconcerting was Texas’ investment falling so far below the middle, and only \$2.00 from the bottom. Although new rankings that reflect the 2014-2015 budget cycle will not be available for several years, we can envision that this new increase in funding will draw Texas closer towards the national average.

## Breakdown of the DSHS Budget

DSHS operates a behavioral health safety net—both mental health and substance abuse services—for the uninsured poor and for the state-defined “target population.” The DSHS system provides community-based outpatient services, crisis services, and intensive inpatient treatment to adults and children. The 2014-2015 budget allocates approximately \$2.6 billion in All Funds for mental health and substance abuse services of which \$1.7 billion is GR funding. The 2013 legislative session developed the final behavioral health funding in three stages. First, the 2012-2013 “base budget” funding level, which covers current services, was in the original budget bill filed. To that base, the legislature added funds for agency requests (called “Exceptional Items”) to address specific initiatives. Then, in an unusual move, legislators decided to allocate even more new funds to the public MH system. The resulting grand total is just over a 15% increase compared to the agency funding for 2012–2013. The final budget includes almost \$2.3 billion for the Department of State Health Services (DSHS) to cover the 2012-2013 base budget funding level, plus a combined \$332 million in new funding to expand mental health services and programs.

2014-2015	GR FUNDS	ALL FUNDS
Base Budget Total	\$1,511,100,785	\$2,306,645,725
MH Expansion Total	\$143,425,250	\$177,661,598
Agency Request Total	\$139,960,442	\$154,783,976
<b>GRAND TOTAL</b>	<b>\$1,794,486,477</b>	<b>\$2,639,091,299</b>

\*See attached for detailed budget breakdown.

### New Investments in Community Mental Health Services for Adults

**\$665 million** - All Funds will fund community-based outpatient services for adults, which is \$ 108.7 million above the 2012-2013 funding level. Community-based services encompass medication management, counseling and rehabilitative services. Some of the most notable DSHS budget “riders” (spending instructions included in the agency’s section of the

appropriations act) and agency requests for programs and initiatives to enhance current community mental health services for adults include:

- **Rider 78** – Establishes a performance-based incentive payment requirement for Community-based Adult, Children's, and Crisis services, in which the state can withhold 10% of the GR quarterly allocation to the Local Mental Health Authorities (LMHAs; does not include NorthSTAR) for failure to meet outcome targets.
- **Rider 79** – Of the total GR dedicated to Community-based Adult, Children's, and Crisis services, \$172.7 million GR must be used to draw down additional federal funds through the Medicaid 1115 Transformation Waiver.
- **Rider 81** – Creates a Home and Community-Based Services program, which allocated \$7.8 million in GR, for adults who have had extended and/or repeated inpatient care within a State Hospital. In addition, this Rider enables DSHS to seek a Medicaid 1915(i) state plan amendment, to support this initiative.
- **Rider 86** – Provides an additional \$4 million to the \$6 million GR allocation in the base budget in an effort to expand Mental Health services to Veterans, including increasing support and training for providers who serve them. This rider supports HB 2392, which requires DSHS to implement a mental health program for veterans that includes peer-to-peer counseling, access to licensed mental health professionals for volunteer coordinators and peers, and specialized training and technical assistance for volunteers coordinators and peers
- **Rider 85** – Directs DSHS to distribute \$43 million GR among the LMHAs and NorthSTAR in an effort to expand or improve community services for adults and children; targeting both those are who underserved but need more services, and new clients in need of services. The allocation must follow a specific methodology to ensure that funding per capita is increased and each LMHA can address its unmet community need.
- **Rider 92** – Seeks to eliminate the current waitlist for adult community services by dedicating more than \$46 million GR. In July 2013, there were more than 7,800 adults on the waitlist or receiving minimal services due to resource limitations to receive services in the Local Mental Health Authority areas; more than 5,200 of these adults are receiving no services and are on the wait list.
- **Rider 95** – A contingency Rider allocates \$10 million GR to establish a jail-diversion pilot program in Harris County, as directed by SB 1185. This program will target individuals who suffer from mental illness and substance abuse and offer treatment services as they leave jail, as well as assisting with benefit applications, housing and case management.
- **Agency Request for Supportive Housing** – Provides more than \$20 million GR for rental assistance to individuals who are homeless or at risk of homelessness, which provides state matching dollars for a Medicaid home and community-based services

state plan option. LMHAs will compete for state grants to fund their local housing programs, and DSHS will distribute a portion to NorthSTAR for supportive housing initiatives. DSHS has indicated this investment in supportive housing has a projected “return on investment” of \$39.2 million for the biennium.

### Community Mental Health Services for Children and Adolescents

**\$200 million** - All Funds will fund community-based outpatient services for children and adolescents, which is \$74.7 million above the 2012-2013 funding level. Similar to the community-based services for adults, the services for children focus on individual and family interventions such as social skills development, parenting skills, family therapy, case management, counseling, and medication management.

- **Rider 78** – Outcomes and Accountability: establishes performance targets for LMHAs, see description under Adults for details.
- **Rider 79** – 1115 Transformation waiver, see description under Adults for details.
- **Rider 80** – Enables the state to expand the Youth Empowerment Services (a 1915(c) Medicaid waiver) program statewide pending the approval of the Centers for Medicare and Medicaid Services (CMS). YES are intensive community-based services and supports for children with serious emotional disturbances and their families who otherwise need institutional care (e.g., psychiatric inpatient care) or whose parents would turn to state custody for care. The State will contribute \$24.3 million GR.
- **Rider 85** – Expand or improve community services for adults and children; see description under Adults for details.
- **Rider 84** – Dedicates \$5 million GR to increase evidenced-based training programs for school personnel and community members to recognize risk factors in children linked to suicide, emotional disturbance, or substance abuse. This Rider supports a section of HB 3793, which enables LMHAs to train educators and other personnel in Mental Health First Aid.
- **Rider 92** – Similar to the description for adults, this Rider seeks to eliminate the current waitlist for community-based services by dedicating more than \$2 million GR. In July 2013, there were more than 300 children either on the waitlist or receiving minimal services due to resource limitations to receive services in the Local Mental Health Authority areas; more than 190 of these children were receiving no services and on the wait list.
- **Agency Request for Residential Treatment Centers (RTCs)** – Funds \$2 million GR to provide 10-beds within private (licensed) RTCs for children who are at-risk for parental relinquishment of rights due to the severity of their mental illness and need for intense intervention. This rider is linked to SB 44, which aims to reduce parent’s relinquishment

of custody by enabling them to have joint custody with the state while the child is in treatment.

### Community Mental Health Crisis Services

**\$221 million** - All Funds will fund community-based crisis services, which is \$ 52.6 million above the 2012-2013 funding level. Current crisis service funding includes a 24-hour statewide MH Crisis hotline as well as local crisis programs such as mobile crisis outreach teams to respond to individuals in crisis, respite services, and outpatient competency restoration services. The Budget Riders and Agency Requests for specified programs/initiatives that will expand on these capacities include:

- **Rider 66** – Provides \$8 million GR (flat funding) to continue current Outpatient Competency Restoration Programs.
- **Rider 74** – A contingency Rider for SB 1475 allocates more than \$3 million GR to establish a jail-based competency restoration program. The pilot program creates a 4 year program with the goal of restoring a defendant’s competency within 60 days. The program will offer 40 beds within one or two jails.
- **Rider 78** – Outcomes and Accountability, establishes performance targets for LMHAs, see description under Adults for more details.
- **Rider 79** – 1115 Transformation waiver, see description under Adults for details.
- **Rider 90** – Creates a grant program for public and private entities to partner together to provide community-based mental health and substance abuse services, especially to individuals who are homeless or at risk of homelessness. SB 1 includes \$25 million GR to fund this initiative.

### *NorthSTAR Behavior Health Services*

NorthSTAR (in the Dallas area) provides the same community services as the LMHAs as well as substance abuse services, which are coordinated under the mental health services allowing for integrated care in a single system of care. \$226.5 million All Funds will fund NorthSTAR, which is \$20.3 million above the 2012-2013 funding level.

- **Rider 85** – Expand or improve community services for adults and children: of the \$43 million GR allocated for this overall, the Rider specifies that at least \$6 million must go to NorthSTAR; see description under Adults for more details.

### *Substance Abuse Services*

**\$315 million** - All Funds will fund Substance Abuse services, which is \$26.2 million above the 2012-2013 funding level. DSHS substance abuse services focus on prevention, intervention and treatment services. A range of services includes screening and assessment, residential and

ambulatory detoxification, intensive and supportive residential, and outpatient programs. Historically, substance abuse services in Texas have been severely underfunded, and the majority of the funds for services were funded with federal block grant dollars. S.B. 1 includes four DSHS budget requests related to substance abuse:

- **Capacity Expansion** – \$4.9 million GR will serve an additional 1,896 individuals during the biennium on substance abuse services that focus on prevention, intervention and treatment services
- **Provider Rate** – \$10.6 million to increase the payment rates for substance abuse treatment providers, which have not increased in more than 5 years.
- **DFPS slots** – \$10.1 million creates additional capacity dedicated to serving parents whose children are in DFPS custody due to parental substance abuse. This initiative has the potential to reduce the time children are in state custody by speeding parents' access to treatment.
- **Oxford House** – \$1.14 million enables to the state to establish and maintain supportive housing for people in substance abuse recovery who also have mental illness diagnoses. This investment has a projected “return on investment” of \$5 million for the biennium.

#### *State Mental Health Hospitals*

**\$835 million** - All Funds will fund the nine state-owned Mental Health Hospitals, which is \$44.5 million above the 2012-2013 funding level. The State Hospitals provide civil and forensic (criminal) inpatient services for adults, adolescents, and children. The population within the hospitals has shifted in recent years to more forensic beds than civil beds, which has resulted in the state having to contract for beds within community hospitals to accommodate civil commitments.

- **Rider 83** – Compels DSHS to develop a ten-year plan to examine the operational needs of the state hospitals such as infrastructure and capacity needs. The plan must also include a look at best practices within inpatient settings, and transitional services for clients moving from hospitals back into the community setting.
- **Rider 87** – Requires DSHS to submit a report to the Legislature related to staffing levels and issues within the State Hospitals such as turnover, recruitment, and retention.
- Other funding added to the State Hospital budget strategy includes: \$4.4 million to restore the Victoria Fields adolescent unit at North Texas State Hospital; \$2 million for Psychiatric Residency stipends in an effort to recruit more providers to work in the state hospitals, and \$30 million for other renovations within the facilities.

### *Community Mental Hospitals*

**\$153 million** - All Funds will fund more than 400 beds with Community Mental Health Hospitals throughout the state. Community hospitals are not owned by the state, but receive funds to enable individuals with a mental illness to receive inpatient services close to their own community.

- **Rider 88** – Allows the state to use \$2.4 million GR towards six civil commitment beds within Harris County Psychiatric Center (Community Hospital) for individuals who do not need long-term inpatient treatment.

### *Other Notable Budget Riders and Allocations*

- **Rider 58** – Requires DSHS to develop, conduct, and report outcome data for individuals who are medically indigent or Medicaid enrollees, and who obtain mental health and/or substance abuse services throughout the public system.
- **Rider 76** – DSHS anticipates that in 2015 approximately 44,000 clients currently served by the agency, including those who receive services within the mental health and substance abuse system, will be eligible to purchase health insurance coverage through the Healthcare Exchange (Marketplace) created by the Affordable Care Act. The agency estimates that uptake of clients into the Marketplace will likely result a reduction in agency costs of \$11.6 million All Funds. Therefore, S.B. 1 includes a reduction of \$11.6 million GR across 18 DSHS programs including all of the mental health and substance abuse programs.
- **Rider 93** – Requires DSHS to collect emergency room data that could be used to measure and report potentially preventable emergency room visits. Although this Rider targets health registries and vital statistics, there are also opportunities for the State to collect data related to mental health and substance abuse such as suicide attempts.

## **Conclusion**

The \$2.6 billion total investment, especially \$332 million in new funding, into the public mental health and substance abuse service provides the opportunity to enhance the Texas system's infrastructure and commitment to ensure that individuals with serious mental illness and substance abuse disorders receive the necessary services. These essential services are designed to help individuals with serious mental illness build resilience and foster recovery and function as independently as possible in their community. The addition of \$332 million to the state budget for behavioral health needs—a 15% increase—is a tremendous step forward for our state. Ultimately, Texas' improved behavioral health access will also benefit from capacity gains developed under Texas' Medicaid 1115 "transformation" waiver, plus both newly insured Texans and the improved behavioral health benefits in insurance plans under the ACA. In the aggregate, for Texas to maximize progress toward a healthier and more productive population, this new level of funding must be maintained by future legislatures.

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<b>DSHS Budget Strategies</b>	2014-2015 All Funds	2014-2015 GR Funds
<i>Community MH SVCS - ADULTS</i>	\$551,354,323	\$422,432,197
<i>Community MH SVCS - CHILDREN</i>	\$125,495,554	\$79,955,360
<i>COMMUNITY MH CRISIS SVCS</i>	\$168,132,374	\$164,532,374
<i>NORTHSTAR BEHAV HLTH WAIVER</i>	\$210,169,317	\$67,320,901
<i>SUBSTANCE ABUSE PREV/INTERV/TREAT</i>	\$291,210,871	\$46,169,771
<i>MH STATE HOSPITALS</i>	\$809,542,313	\$592,749,209
<i>MH COMMUNITY HOSPITALS</i>	\$150,740,973	\$137,940,973
<b>Total</b>	<b>\$2,306,645,725</b>	<b>\$1,511,100,785</b>
<b>Mental Health Expansion</b>		
<b>Public Awareness</b>	<b>All Funds</b>	<b>General Revenue</b>
	\$1,600,000	\$1,600,000
<b>Prevention &amp; Early Identification</b>	\$5,000,000	\$5,000,000
<b>Crisis Services</b>	\$25,000,000	\$25,000,000
<b>Community MH Treatment</b>		
<i>CBMHS - Adults and Youth</i>	\$20,000,000	\$20,000,000
<i>YES Waiver</i>	\$58,611,348	\$24,375,000
<b>Public / Private Partnerships</b>	\$25,000,000	\$25,000,000
<b>LMHA Expansion to Serve Underserved</b>	\$17,000,000	\$17,000,000
<b>NorthSTAR</b>	\$6,000,000	\$6,000,000
<b>MH for Veterans</b>	\$4,000,000	\$4,000,000
<b>Harris County Psych. Center (6 beds)</b>	\$2,400,000	\$2,400,000
<b>Harris County Jail Diversion Pilot Program</b>	\$10,000,000	\$10,000,000
<b>Jail-Based Competency Restoration (SB 1475)</b>	\$3,050,250	\$3,050,250
<b>MH Expansion TOTAL</b>	<b>\$177,661,598</b>	<b>\$143,425,250</b>
<b>Agency Requests</b>		
<b>#1. State Hospital Patient Safety &amp; Operations</b>	<b>All Funds</b>	<b>General Revenue</b>
<i>Security Cameras</i>		
<i>Resident Stipends</i>	\$2,000,000	\$2,000,000
<b>#1. TOTAL</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>
<b>#6. Waiting Lists</b>		
<i>MH Adults</i>	\$46,103,128	\$46,103,128
<i>MH Children</i>	\$2,095,600	\$2,095,600
<b>#6. TOTAL</b>	<b>\$48,198,728</b>	<b>\$48,198,728</b>
<b>#7. Substance Abuse</b>		
<i>Capacity Expansion</i>	\$4,941,828	\$4,941,828
<i>SA Provider Rate</i>	\$10,696,478	\$10,696,478
<i>DFPS Slots</i>	\$10,136,707	\$10,136,707
<b>#7. TOTAL</b>	<b>\$25,775,013</b>	<b>\$25,775,013</b>
<b>#8. Behavioral Health</b>		
<i>Oxford House</i>	\$1,140,000	\$1,140,000
<i>DFPS Slots</i>	\$2,056,262	\$2,056,262
<i>Rental Assistance</i>	\$24,840,940	\$20,017,406
<b>#8. TOTAL</b>	<b>\$28,037,202</b>	<b>\$23,213,668</b>
<b>Additional Items*</b>		
<i>Patient Safety Initiative (SB 152)</i>	\$1,300,000	\$1,300,000
<i>Psychiatric Nursing Assistants</i>	\$14,790,336	\$14,790,336
<i>Bonds for State Hospitals</i>	\$10,000,000	
<i>Victoria Fileds</i>	\$4,429,463	\$4,429,436
<i>Hospital Repairs (HB 1025)</i>	\$20,000,000	\$20,000,000
<i>HHSC Enterprise - State Hospital Laundry Facility Equipment</i>	\$253,260	\$253,260
<b>Total</b>	<b>\$50,773,059</b>	<b>\$40,773,032</b>
<b>Agency Request TOTAL</b>	<b>\$154,784,002</b>	<b>\$139,960,441</b>
<b>ADDITIONAL MONEY TOTAL</b>	<b>\$332,445,600</b>	<b>\$263,385,691</b>
<b>TOTAL: DSHS Strategies and Expansion</b>		
	<b>All Funds</b>	<b>General Revenue</b>
	<b>\$2,639,091,325</b>	<b>\$1,774,486,476</b>