



TAHP
The Texas Association of Health Plans

House Committee on Youth Health & Safety: Children's Medicaid Mental Health Coverage

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Who is Eligible for Medicaid?

Medicaid Provides Affordable, Quality Health Insurance for 4 Million Texans

Pregnant Women



Children



Older Texans



Texans with Disabilities



Texas Medicaid – 4 Million Texans

- Medicaid managed care is safety net health insurance that protects Texans who need it most, including children, mothers, grandparents, and Texans with disabilities.
- Texas partners with private health insurers to cover over **4 million Texans**, roughly 14% of the state's population. **97% of Medicaid in Texas is managed care.**

14%

of all Texans

25%

of all Texans on Medicare

51%

of all Texas births

50K

Veterans

47%

of all Texas children

45K

Texas children in foster care

58%

of nursing home residents

Medicaid Managed Care

Texas Uses Health Insurance Model for Medicaid

- **Managed care works just like insurance—every month, HHSC pays a health care premium to the MCO for each person** they cover (called the PMPM, per member per month) and in return the MCOs accept all financial risk.
- **MCOs are obligated to pay for all medically necessary services** for their members, even if it means the rates they receive from HHSC will not fully cover their costs.
- **MCOs are required to contract with and maintain an adequate network** of providers that are accepting patients.
- **MCOs must provide care coordination and service coordination**, including through registered nurses for Texans with the most severe health needs.
- **MCOs are held financially accountable for improving quality and outcomes** in line with nationally recognized standards.
- **MCOs also offer unique access to services** that go beyond the walls of a doctor's office including transportation, housing, meals, and support for daily challenges, enhancing member well-being.

What Does Medicaid Managed Care Cover?

Acute Care Services	Preventative care, diagnostics and medical treatments Ex: Physician, inpatient and outpatient hospital services, laboratory, x-ray services
Long-Term Services and Supports	Support with ongoing, daily activities for individuals with disabilities and older adults Ex: Community-based care, personal assistance with activities of daily living (cleaning, cooking), nursing facility services
Behavioral Health Services	Screening and treatment for mental health conditions and substance use disorders (SUD) Ex: Mental health counseling and treatment, medication assisted therapy for SUD, psychological and neuropsychological testing
Medical Transport Services	Non-emergency medical transportation (NEMT) Ex: Rides to a doctor's office or pharmacy and money for gas to drive to an appointment
Pharmacy Services	Coverage for prescription drugs

Full Continuum of Mental Health Services

Inpatient Hospital



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Most intensive level of care/monitoring for people with complex needs

Residential Treatment

Crisis Intervention Services

- Emergency room
- Crisis stabilization & crisis respite

\$\$\$ Short term stabilization for people in crisis



Outpatient Services

- Counseling/medication management
- Partial hospitalization (PHP) and intensive outpatient (IOP) programs
- Intensive therapy for at-risk youth (MST/FFT)

\$\$ Community based treatment and support



Prevention & Early Intervention

- Media campaigns & community resources
- School counselors

\$ Promote behavioral health wellness



Full Continuum Of Mental Health Services

- **Inpatient Hospital Care** is intensive, 24-hour mental health treatment provided either at an acute care hospital or at a freestanding psychiatric hospital.
 - **State Hospitals** are funded by the legislature and treat patients with mental health conditions. The majority of patients are adults and forensic patients awaiting competency restoration.
- **Residential Treatment Centers (RTCs)** provide 24-hour supervision and monitoring in a non-hospital setting, aimed at providing an intensive therapeutic environment for individuals with serious mental health and/or substance use issues.
- **Crisis Services** provide immediate, short-term stabilization and support for individuals experiencing a behavioral health health crisis.
- **Outpatient Services** are community-based behavioral health treatments including services such as diagnoses, counseling, psychiatric medication, and intensive outpatient programs.

Texas Medicaid Mental Health Coverage Gaps

Texas Medicaid only covers two ends of the spectrum, counseling and psychiatric medications or intensive inpatient hospitalization:

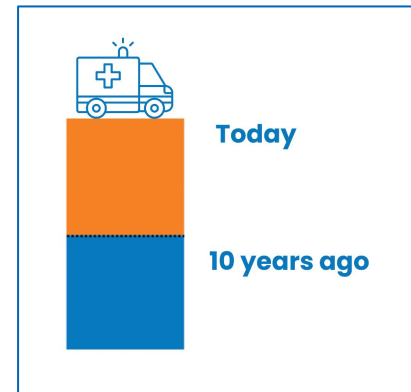
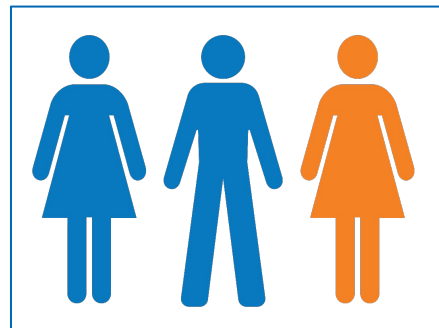
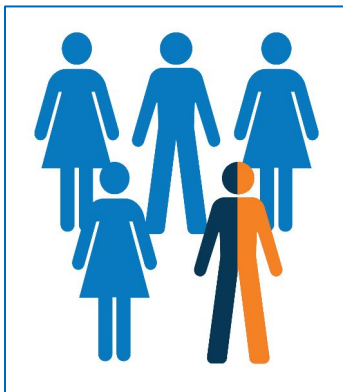


Texas Medicaid’s limited mental health coverage leaves millions, especially children, without essential services available in the private market, increasing risks of foster care placement, crises, and hospitalizations, while raising state costs.

Texas has Supported these Services, But Comprehensive Coverage Is Still a Problem

- **Texas Attempts:** Through various pilots, Local Mental Health Authority (LMHA) programs, foster care and ILOS plans, Texas has recognized the need for expanded mental health services.
- **This Approach is Not Working:** Without statewide, comprehensive, and predictable coverage, Texas cannot build the necessary provider base, families lack awareness of the benefits, and children are falling through the cracks, not getting the care they need.
- **ILOS Challenges:** SB 1177 (86R, 2019) expand many of these services through in lieu of services (ILOS), but new CMS rules add excessive documentation, complex waivers, and case-by-case approvals, making it administratively burdensome and ineffective.
- **Implementation Slows:** Five years later, phase 1 of SB 1177 implementation is still pending, delaying critical services to later phases.
- **Better Way:** Texas should add these as standard covered Medicaid benefits, ensuring parity with medical benefits like asthma and diabetes care.
 - The Texas Legislature and HHSC have already identified many of these services as evidence-based, medically necessary, and cost-effective.

At Stake: Texas Mental Health Needs



1 in 5 adults have a mental illness but only half get treatment

1 in 3 Texans on Medicaid live with a mental health or substance abuse problem

A quarter of high school students have seriously considered suicide within the past year

Mental health ER visits among kids have **doubled over the past decade**

Ensuring Comprehensive Texas Medicaid Coverage

Texas Medicaid covers 50% Texas kids, creating a meaningful opportunity to increase access to mental health services for millions of children.

- #1 Create coverage for “step-down” services** like intensive outpatient and partial hospitalization programs (IOP and PHP) which are routinely covered by private insurers, but not in Medicaid.
- #2 Focus on at-risk youth with coverage for short-term, effective community services** like functional family therapy (FFT) and multisystemic therapy (MST).
- #3 Add comprehensive crisis services as Medicaid benefits** including crisis stabilization and crisis respite to step in when families need in-home and out-of-home crisis support.
- #4 Provide psychiatric residential treatment for youth** by aligning licensure with federal PRTF Medicaid requirements so these services can be added as a Medicaid benefit.

1 Intensive Outpatient Therapy (IOP) & Partial Hospitalization Programs (PHP)

IOP and PHP are intensive mental health services that act as hospital “step up” and “step down” programs, similar to rehab or physical therapy for post-surgery recovery. These programs, which can help avoid hospitalization, are offered in hospitals or clinics, running 3-8 hours per day, 3-5 days a week. Patients receive treatment during the day and return home at night.

Populations Served: Texans who don't need 24-hour hospital level of care but need more than regular therapy.

Other States: Over 30 states cover [IOP](#) and [PHP](#).



Outcomes: Reduce costs and children can live at home

- ✓ **Reduce costs through fewer ER visits and hospital stays**, up to thousands of dollars over 2 years.
- ✓ **Children can keep going to school** and living successfully in their communities.

Previous Texas Legislation: [HB 2337 \(88R\)](#)

Texas Fiscal Estimate: \$3M GR annually (for both children and adults).

2 Outpatient Services: Better Options for At-Risk Youth

Functional family therapy (FFT) & multisystemic therapy (MST) are evidence-based, intensive, in-home or outpatient therapy programs targeting complex family dynamics and youth behavioral issues. These services improve family communication and relationships, prevent out-of-home placements, and reduce juvenile delinquency.

Populations Served: At-risk youth with violent offenses, serious mental health or substance use concerns, or a history of abuse or neglect.

Other States: 19 other states, + DC (MST)



Outcomes: Youth remain healthy at home and taxpayer savings

- ✓ **Cost savings** nearly double the anticipated cost. New Mexico Medicaid program saved \$133m over 2 years.
- ✓ **Significant reductions in substance use and arrests**, reduced recidivism, and youth remain at home and in school or working.

Previous Texas Legislation: HB 2638 & HB 2404 (88R)

Texas Fiscal Estimate:

- MST & FFT will cost **\$8m GR** annually, with \$1.4m GR savings after 5 years.

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Crisis Stabilization and Crisis Respite

Crisis Stabilization provides immediate support to address acute symptoms through face-to-face assistance/counseling. This can occur at a facility such as a crisis stabilization unit or other locations like home or school, as an alternative to hospital admission.

Crisis Respite provides short-term relief for families struggling to care for a loved one with severe mental illness, either in-home or out-of-home, ranging from a few hours to a few days.

Populations Served: Individuals experiencing a behavioral health crisis, at risk of harm to themselves or others, and/or at high risk of admission to a psychiatric hospital.

Other States: [28 states](#) cover crisis stabilization & [10 states](#) cover crisis respite.



Outcomes: Comprehensive crisis services ensure patients receive clinically appropriate, timely care.

- ✓ **Help avoid costly ER and hospital stays.**
- ✓ **200% return on investment for every dollar spent on crisis stabilization services.**

Previous State Efforts: Texas funded GR grants to some LMHAs, primarily serving uninsured adults in a few areas of state.

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Psychiatric Residential Treatment Facilities

Psychiatric Residential Treatment Facilities (PRTF) are a type of high quality residential treatment center providing 24-hour care that is comprehensive and tailored, physician driven care with the goal of achieving discharge as soon as possible and promoting continuity of care in the community.

Populations Served: Children with serious emotional and behavioral disorders.

Other States: Over 30 other states cover PRTF.

Outcomes: A systematic review of studies show treatment in PRTFs result in improved youth mental health outcomes.



Previous Texas Legislation: Texas passed [HB 3121](#) (87R) in 2019, creating a voluntary heightened licensure standard, however, it has not been implemented and does not meet federal Medicaid requirements. HHSC has drafted rules and TAHP has [suggested](#) bringing these standards in alignment with federal requirements, so that Texas has the option to provide coverage.

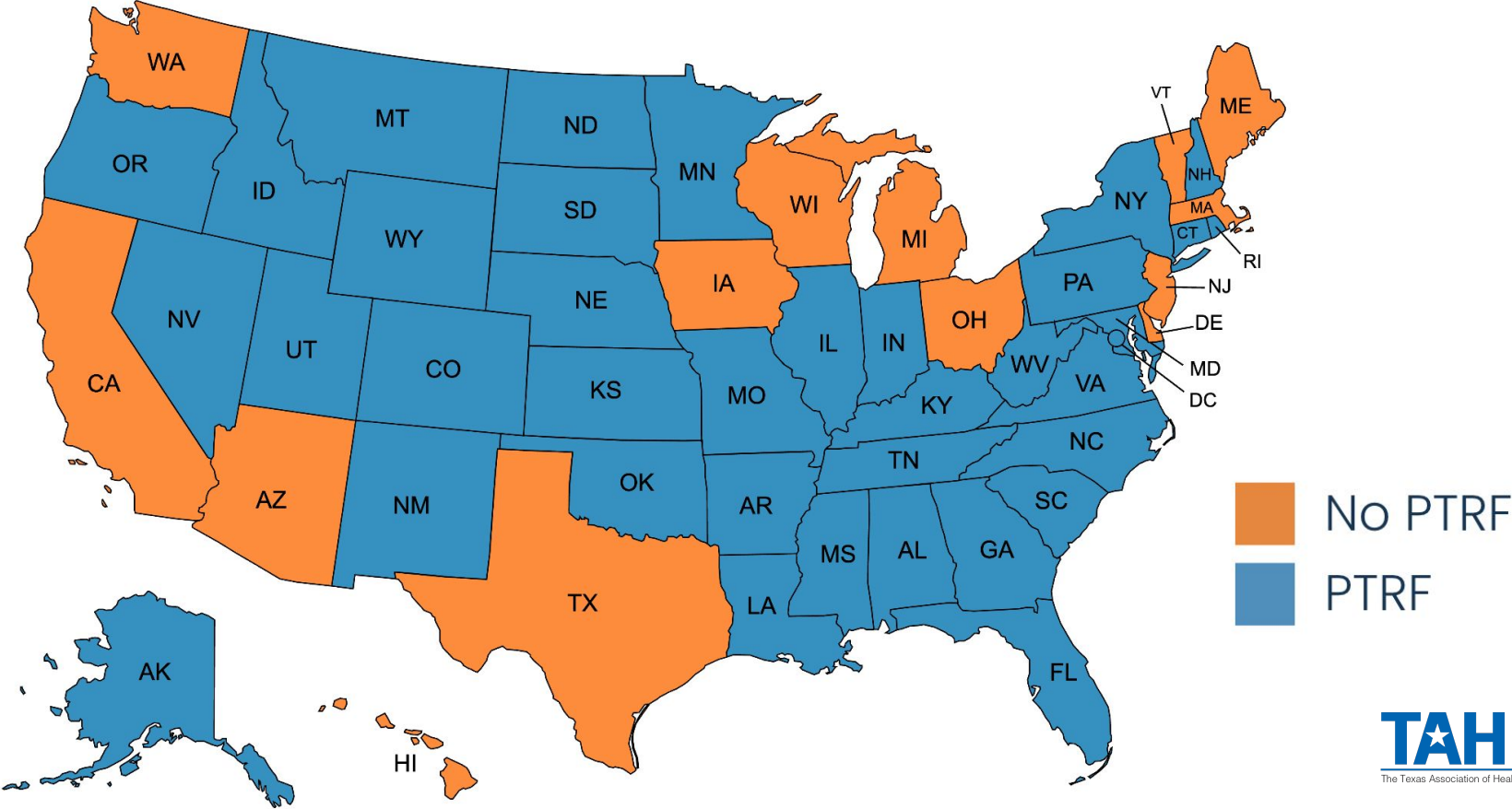
Texas Fiscal Estimate: \$56m GR annually.

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Psychiatric Residential Treatment Facilities: Licensure Issues Create Coverage Obstacles

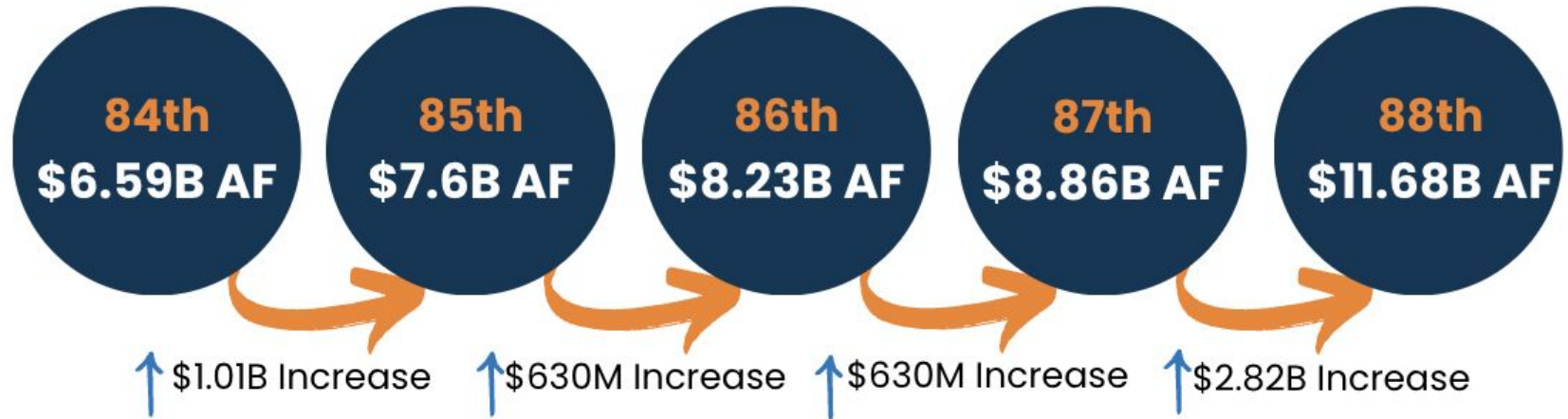
- **Residential Treatment Centers (RTCs):** Currently, RTCs serving youth in Texas are only required to get a general child care license, falling short of federal Medicaid requirements for treating children with complex mental health needs. **Psychiatric Residential Treatment Centers (PRTFs) are high quality RTCs.**
- **Two Part Process:** In order for Texas Medicaid patients to access psychiatric residential treatment, the state must both reform licensure standards to meet federal PRTF requirements and approve the benefit.
- **Both Steps Missing:** Texas doesn't currently license PRTFs or offer this benefit in Medicaid, leaving families without these treatment options.
- **Foster Care Loophole:** However, Texas foster care does offer licensed residential treatment (including with federal matching funds) leaving some parents to place their children in foster care to gain access to needed care.

Psychiatric Residential Treatment Facilities by State



Texas Legislative Behavioral Health Investments

The legislature has increased funding for behavioral health session over session, nearly doubling funding in the last 10 years:



- \$ New Medicaid Coverage Total Annual Cost: \$75M GR** annually (missing crisis)
- **PHP & IOP: \$3M GR** annually
 - **MST & FFT: \$8M GR** annually
 - **PRTF: \$56M GR** annually

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