

SUBJECT: Integration of behavioral and physical health services into managed care

COMMITTEE: Public Health — committee substitute recommended

VOTE: 10 ayes — Kolkhorst, Naishtat, Collier, Cortez, S. Davis, Guerra, S. King, Laubenberg, J.D. Sheffield, Zedler

0 nays

1 absent — Coleman

SENATE VOTE: On final passage, March 27 — 30-0 on Local and Uncontested Calendar

WITNESSES: For — Danette Castle, Texas Council of Community Centers; Anna Gray, Texas Catalyst for Empowerment; David Hedgcock, Providence Service Corp.; Greg Jensen, Lone Star Circle of Care; Dan Johnson, Pathways; Janet Paleo, Texas Council of Community Centers;
(*Registered, but did not testify*: Chase Bearden, Coalition of Texans with Disabilities; Brent Connett, Texas Conservative Coalition; Susan Garnett, MHMR of Tarrant County; Leah Gonzalez, The National Association of Social Workers Texas Chapter; Marshall Kenderdine, Texas Pediatric Society; Katharine Ligon, Center for Public Policy Priorities; Michelle Romero, Texas Medical Association; Nelson Salinas, Texas Association of Business; Gyl Switzer, Mental Health America of Texas)

Against — (*Registered, but did not testify*: Lee Spiller, Citizens Commission on Human Rights)

On — Greg Hansch, National Alliance on Mental Illness Texas;
(*Registered, but did not testify*: Meagan Longley, Hogg Foundation for Mental Health; Mike Maples, Department of State Health Services; Monica Thyssen, HHSC; Clayton Travis, Texans Care for Children)

BACKGROUND: Under a managed health care system, managed care organizations contract with providers and hospitals to form a network. The state pays the managed care organization an established monthly amount, rather than

paying each provider for each individual service, as in the fee-for-service model. The managed care organization then sets rates and distributes reimbursements to providers.

The NorthSTAR Program is a publicly funded managed care approach to the delivery for mental health and chemical dependency services to eligible residents in seven North Texas counties.

DIGEST: CSSB 58 would require HHSC to integrate behavioral health services — including targeted case management and psychiatric rehabilitation services — and physical health services for eligible persons into Medicaid managed care. Behavioral health services would be defined as mental health and substance abuse disorder services not including those provided through the NorthSTAR demonstration project.

Integration requirements. As part of integration, HHSC would ensure:

- an appropriate assessment tool was used to authorize services;
- providers were well qualified and able to provide an appropriate array of services;
- appropriate performance and quality outcomes were measured;
- two legally compliant health home pilot programs were established in two health service areas, representing two distinct regions of the state, for persons who were diagnosed with a serious mental illness and at least one other chronic health condition; and
- all behavioral health services provided were based on an approach to treatment where the expected outcome was recovery.

A managed care organization that contracted with HHSC would develop a network of public and private providers of behavioral health services and ensure that adults with serious mental illness and children with serious emotional disturbances had access to a comprehensive array of services.

HHSC would request from a federal agency any waivers necessary to implement the provisions in the bill.

Behavioral health integration advisory committee. HHSC and the Department of State Health Services would establish a behavioral health integration advisory committee. The committee would seek input from the behavioral health community and issue formal recommendations. Its membership would include:

- individuals with behavioral health conditions who were current or former recipients of publicly funded behavioral health services;
- representatives of managed care organizations with expertise in offering behavioral health services; and
- public and private providers of behavioral health services.

HHSC would provide administrative support to the advisory committee. The agency would establish the committee no later than September 1, 2013, and it would be set to expire four years from that date.

Effective date. The bill would take effect September 1, 2013.

**SUPPORTERS
SAY:**

CSSB 58 would make inroads into bridging the artificial divide in the treatment of behavioral and physical health. Improving the integration of behavioral and physical health services would expand consumer choice of providers, economize health service delivery, and recognize a growing consensus among medical practitioners and scholars that many behavioral health issues have biological origins.

Under current practice, most mental health services are provided through the managed care model. Targeted case management and psychiatric rehabilitation, however, are still provided on a fee-for-service basis. CSSB 58 would carve targeted case management and psychiatric rehabilitation into managed care, which would complete the integration of mental health and physical health services under the managed care model. The bill would not apply to the NorthSTAR service area.

Under the bill, HHSC would take a variety of measures to integrate behavioral and physical health care, including rules development, seeking a federal waiver amendment, amending contracts, and other means. The behavioral health integration advisory committee and the establishment of two health home pilots for individuals with a mental health condition and a chronic disease also would advance a more holistic approach to behavioral health issues.

The bill would grant HHSC enough flexibility to structure the integration in ways that created efficiencies while ensuring that those with mental illness had access to a comprehensive array of services that included public and private providers. The bill also would have a positive fiscal impact of \$1.1 million for fiscal 2014-15, as the state would gain cost

certainty under a managed care model and an increase in insurance premium tax revenue.

**OPPONENTS
SAY:**

While it would be important to integrate physical medicine into mental health centers, doing this the other way around would open the door to broadened mental health screening of patients who were not presenting with mental health concerns. This could lead to an increase in misdiagnoses and improper or unnecessary referrals.

NOTES:

The Legislative Budget Board estimates CSSB 58 would have a positive impact to general revenue funds of about \$1.1 million for the 2014-15 biennium and \$5.2 million for fiscal 2016-17.